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Solar A/S Annual general meeting 2024

15 March 2024



Agenda

1. The Board of Directors' report
2. Approval of the annual report
3. Allocation of profits
4. Indicative vote for the approval of the remuneration report
5. Proposal for the Board of Directors' remuneration
6. Election of members to the Board of Directors
7. Appointment of auditor
8. Proposals from the Board of Directors
9. Authorisation to the chair of the meeting
10. Any other business

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The Board of Directors' report

Michael Troensegaard Andersen
Chair of the Board of Directors



EBITDA in 2023 was one of the best results in Solar's history

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2023

Revenue
DKK million

13,031

EBITDA
DKK million

871

EBITDA
Margin

6.7

2022

Revenue
DKK million

13,863

EBITDA
DKK million

1,175

EBITDA
Margin

8.5

Follow-up on 2023

Stronger than expected

- Expansion of our warehouse in Alkmaar, the Netherlands
- Cost containment initiatives

As expected

- Normalisation of our inventory
- EBITDA margin

Weaker than expected

- Revenue
- Gross profit



SBTi targets

- Our target for CO₂ reduction was approved by SBTi
- Our target for scope 1 and 2 is to become CO₂ neutral in 2030
- Our target for scope 3 is a 25% CO₂ reduction in 2030



Giving back to nature

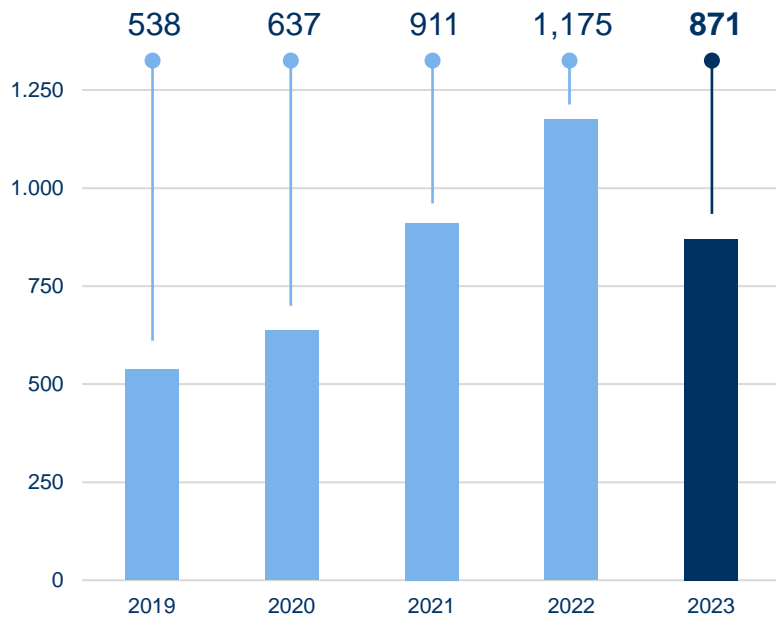
- Planted 116,000 threes near head office
- Purchased additional 677 hectares in Latvia
- Our ambition is to plant 1.5 million threes during the next 3 years

EBITDA in 2023 was among Solar's best results

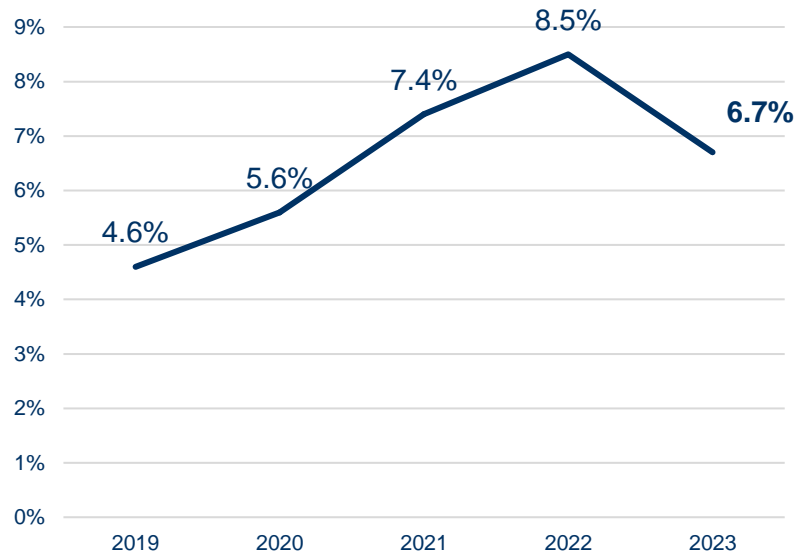
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EBITDA 2019-2023

DKK million



EBITDA margin 2019-2023



2023: Payment of dividend of DKK 329m to shareholders, corresponding to DKK 45 per share

- In 2023, we paid DKK 45.00 in ordinary dividend, corresponding to DKK 329m and a dividend percentage of 50%.
- In 2024, it is proposed to the annual general meeting to pay DKK 30.00 in dividend per share, corresponding to a total of DKK 219m and a dividend percentage of 63%.

Solar's ambition is to pay an attractive dividend to our shareholders.

Over a five-year period, Solar's share has generated a total shareholder return of **266%**.



New strategy 2024-26: Solve

After a slowdown in 2024, we assume that the remaining part of the strategy period (2025-26) will be characterised by:

- Average yearly GDP growth of at least 1.5%.
- Low cost and wage inflation.
- Pick-up in industry and construction.
- Continued government subsidies for the green transition.

Financial targets

EBITDA margin
for 2026

> **6.0** %

Gearing

1.0-3.0x



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Report

Jens E. Andersen
CEO

Core+ strategy 2021-23 yielded results

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3.0

DKK bn

**EBITDA
2021-23**

- The best results in Solar's history

- Merged and expanded warehouses and installed AutoStore
- Decided to invest additional approx. DKK 400m, net, in a new warehouse in Kumla, Sweden



**Invested almost
DKK 1bn in the
business**

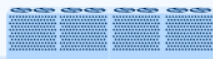
1.3

DKK bn

Dividend

- Paid DKK 1.3bn in dividend to our shareholders

**Solar is resilient
and ready to
take on a
challenging
2024**



Solve 2024-26

Strategic focus areas and targets

All the strategic focus areas are core competences in Solar



Climate & Energy

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

Share of revenue

> **15%**



Concept strength

We drive profitability by focusing on concept strength, which will also enhance our position in the value chain.

Gross profit margin improvement

> **0.7** Percentage points



Solution sales

We increase our market share through solutions selling, where we aim to increase the share of wallet with existing customers and attract new B2B customers.

Share of revenue

> **20%**

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With Solve, it is our ambition to get even closer to where our customers' decisions are made

Solve 2024-26

Strategic focus areas and targets

Sustainability



Climate impact

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

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

65%



Sustainable supply chain

We source energy efficient products, which comply with the latest standards, from suppliers, who are characterised by respecting human rights, the environment, and society.

Spend covered by Code of Conduct

> **95%**



Diversity and inclusion

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

Women in senior management*

> **25%**

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With Solve, it is our ambition to get even closer to where our customers' decisions are made

The foundation for Solve are Solar's

Dedicated people

Digital leadership

Superior logistics

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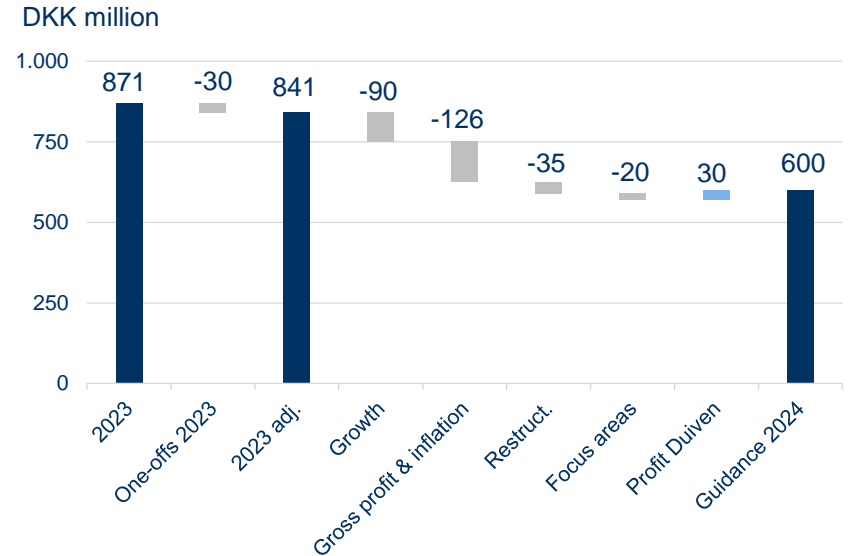
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2024 guidance: Revenue of DKK 12.5bn and EBITDA of DKK 600m

Main assumptions

- 2024 is impacted by a more unpredictable market outlook due to the geopolitical and macroeconomic situation.
- Expected recovery in the macroeconomic situation at the end of 2024.
- Pressure on the gross profit margin, while we elevate our delivery service level at the same time.
- Expected continued cost and wage inflation throughout H1 2024.
- Sale of our warehouse in Duiven with expected capital gain.

Overall development in EBITDA



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Financial statements 2023

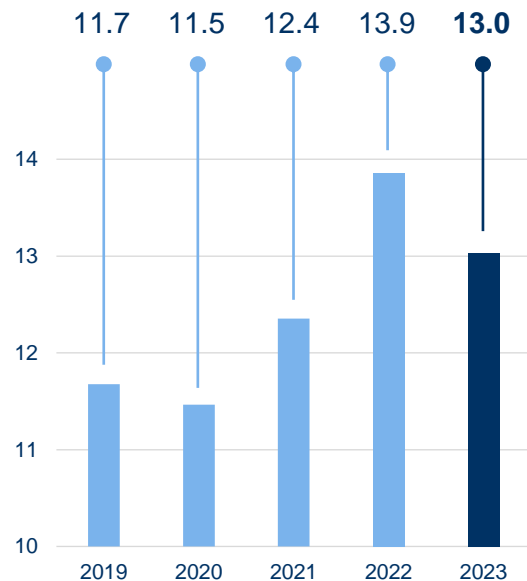
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Michael H. Jeppesen
CFO



EBITDA declined due to less one-off income and declining revenue and gross profit margin

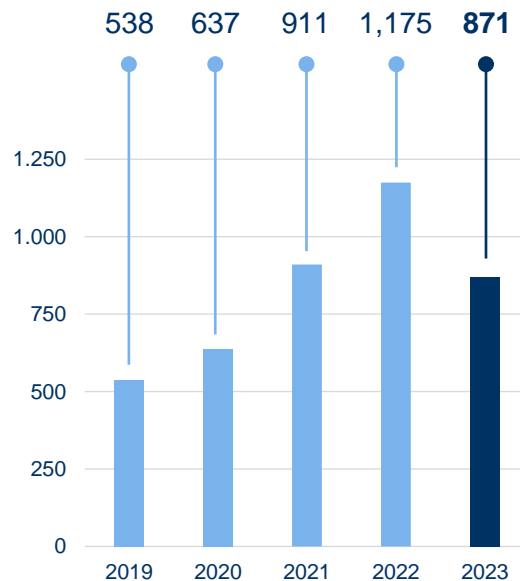
Revenue

DKK billion



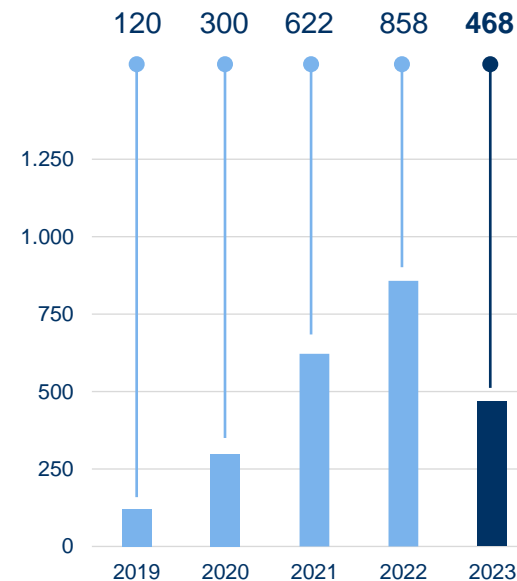
EBITDA

DKK million



EBT

DKK million

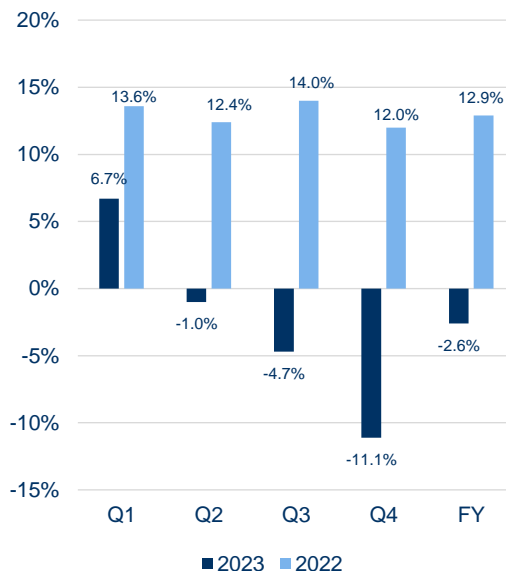


Revenue amounted to DKK 13.0bn. We assess that we have maintained our market share.

Adjusted organic growth amounted to -2.6%

- As expected, we saw negative growth in 2023. The market development had a negative effect on all our main markets, particularly in Q4.
- Installation: Adjusted organic growth amounted to -4.9% (9.6%). Solar Norge saw positive growth, while all other main markets saw negative growth.
- Industry: Adjusted organic growth amounted 2% (16.6%). MAG45 posted double-digit growth and Solar Norge saw solid growth.
- Trade: Adjusted organic growth amounted to -4.6% (23%).

Organic growth adjusted for no. of working days



Solar Group

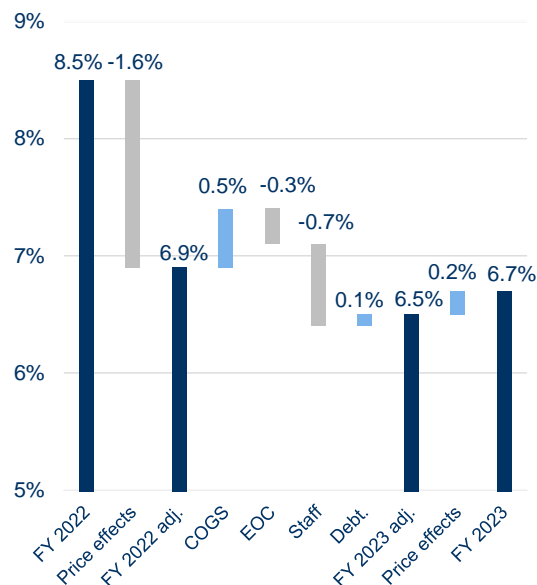
	2023	2022
Revenue, DKK million	13,031	13,863
Revenue growth, %	-6.0	12.2
Adj. organic growth, %	-2.6	12.9

EBITDA of DKK 871m was in line with our expectations

EBITDA in 2023 among the best in Solar's history

- When adjusted for one-off income, the underlying EBITDA amounted to DKK 841m (DKK 960m), corresponding to an underlying EBITDA margin of 6.5% (6.9%).
- Gross profit margin amounted to 22.5% (23.4%). The growth in concept sales during H2 was not sufficient to offset the loss in gross profit margin in other categories, including Climate & Energy, which experienced strong headwinds.
- External operating costs and staff costs amounted to an unchanged DKK 2.0bn due to initiated measures and despite the impact from inflation.

EBITDA margin development



Solar Group

	2023	2022
Revenue, DKK million	13,031	13,863
Revenue growth, %	-6.0	12.2
Adj. organic growth, %	-2.6	12.9
Gross profit, DKK million	2,930	3,245
Gross profit, %	22.5	23.4
EBITDA, DKK million	871	1,175
EBITDA margin	6.7	8.5

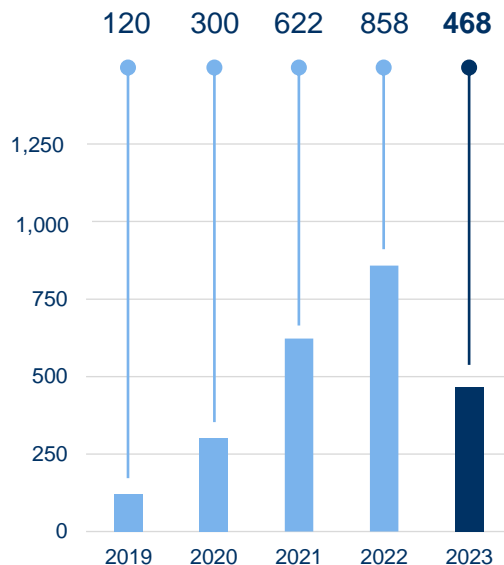
Earnings before tax amounted to DKK 468m

Earnings before tax (EBT)

- EBT declined by DKK 390m.
- Apart from declining revenue and gross profit, increased depreciation, amortisation and interests also had a negative effect.
- In relation to revenue, EBT thus amounted to 3.6% (6.2%).

EBT

DKK million

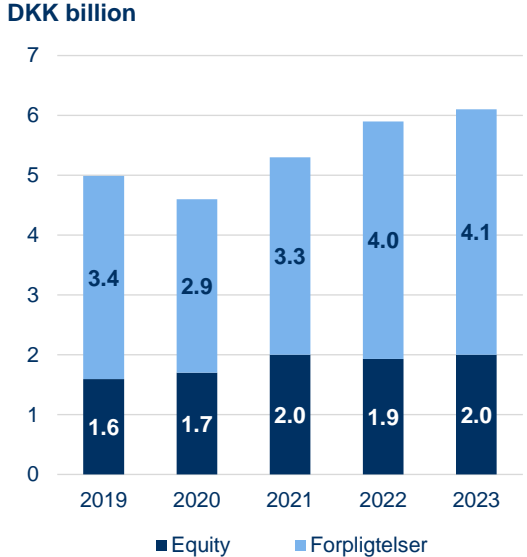


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	2023	2022
EBITDA, DKK million	871	1,175
EBITDA margin	6.7	8.5
EBIT, DKK million	558	909
EBIT margin	4.3	6.6
EBT, DKK million	468	858
EBT margin	3.6	6.2
PAT, DKK million	348	660
PAT margin	2.7	4.8

The balance sheet total increased among other things due to large investments

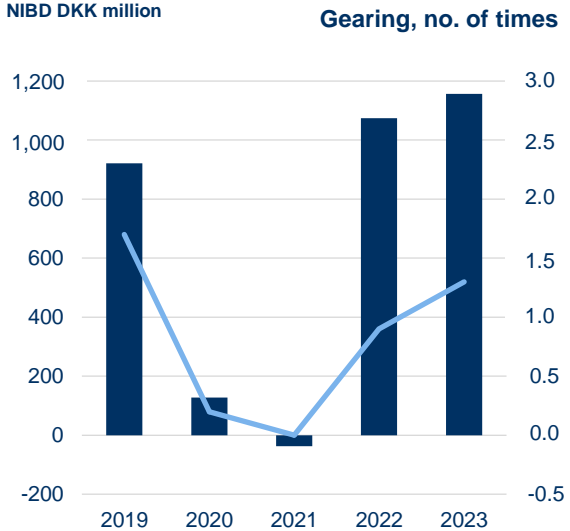
Balance sheet total increased by DKK 211m



Balance sheet total and gearing increased

- Balance sheet total amounted to DKK 6.1bn
- Equity ratio of 32%.
- At the end of 2023, net interest-bearing debt amounted to DKK 1,157m
- At the end of 2023, the net working capital was reduced to 14.6% from 15.9%.
- The inventory was reduced because of a normalisation of supply chains.
- Trade receivables were reduced because of negative revenue growth in Q4.
- Gearing of 1.3 times EBITDA.

Gearing increased to 1.3 times EBITDA

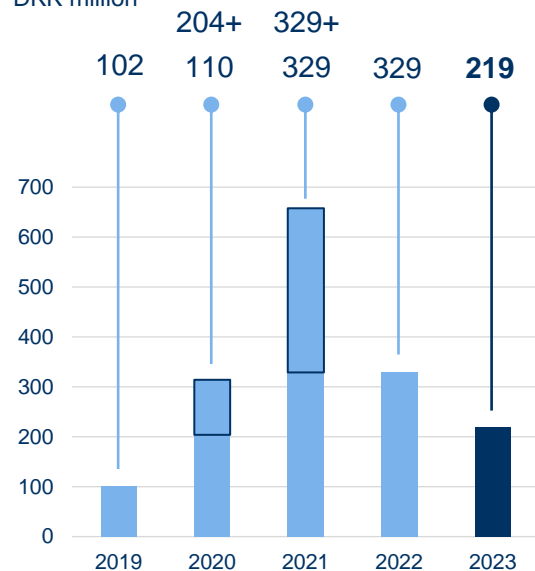


Allocation of profit.

Proposed dividend of DKK 219m

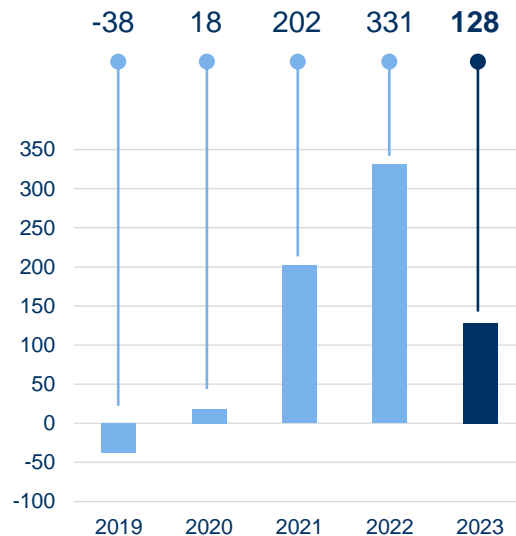
Dividend

DKK million



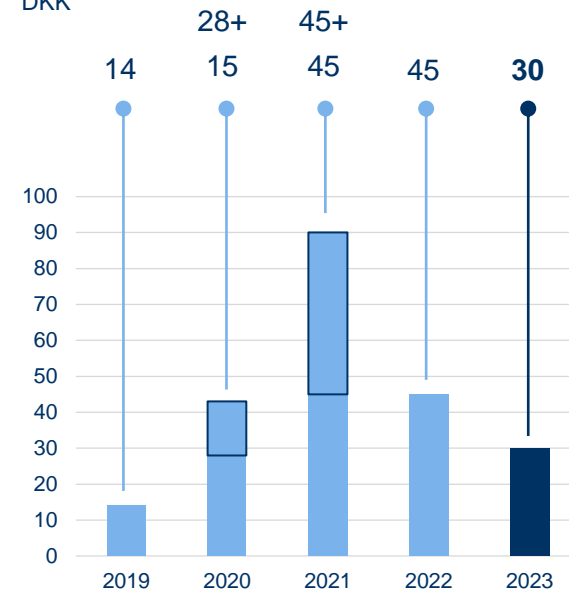
Retained earnings

DKK million



Dividend per share

DKK



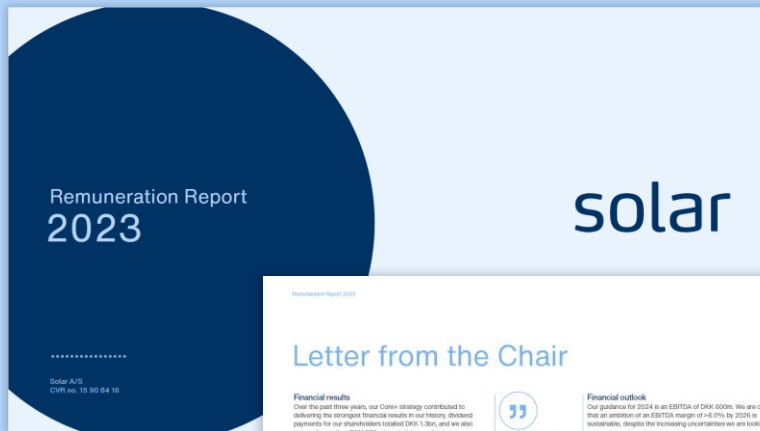
Other items on the agenda

Bo Holse
Chair

Remuneration report 2023

Indicative vote on approval of the remuneration report

Indicative vote on the remuneration report prepared by the Board of Directors concerning remuneration of members of the Board of Directors and the Executive Board in 2023.



Board of Directors' remuneration

Approval of remuneration to members of the Board of Directors

- The Board of Directors proposes that the fixed fee for the Board of Directors in 2024 remains DKK 200,000.
- The chair of the Board of Directors will receive triple remuneration, while the vice chair of the Board of Directors and the chair of the Audit Committee will receive 1½ times the remuneration covering their extended duties.
- In accordance with the framework set out in the remuneration policy, it is also proposed that that members of the Board of Directors in addition to the fixed fee receive DKK 15,000 for each physical board meeting or committee meeting that they attend, and DKK 7,500 for each virtual board meeting or committee meeting that they attend.



The nomination committee proposes

Re-election of the current members of the Board of Directors



Michael T. Andersen



Jesper Dalsgaard



Louise Knauer



Peter Bang



Morten Chrone



Katrine Borum

Appointment of auditor

In line with the Audit Committee's recommendation, the Board of Directors proposes that Deloitte, Statsautoriseret Revisionspartnerselskab, be re-elected as company auditor and that Deloitte, Statsautoriseret Revisionspartnerselskab, be elected as new sustainability auditor.

The Audit Committee has not been influenced by third parties and is not subject to any agreements with third parties limiting the general meeting's election of certain auditors or audit firms.

The Deloitte logo is displayed in a large, bold, black sans-serif font. The period at the end of the word is a small, solid green circle. The logo is positioned on the right side of the slide, set against a light blue background that features a large, curved white shape on the left side.

Authorisations to the Board of Directors

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Distribution of extraordinary dividend

- The Board of Directors proposes that the company's Board of Directors be authorised in the period up until the next Annual General Meeting to resolve to distribute extraordinary dividend of up to DKK 50.00 per share.

Acquisition of own shares

- Furthermore, the Board of Directors proposes that the company's Board of Directors be authorised in the period until the next Annual General Meeting to allow the company to acquire own shares for consideration. It is proposed that the authorisation be granted for the acquisition of up to 10% of the share capital, and in such a manner that the consideration does not deviate by more than 10% from the latest quoted market price for the company's class B shares at the time of acquisition.



Remuneration policy

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Approval of revised remuneration policy

The Board of Directors proposes that the company's remuneration policy be amended in accordance with the attached appendix 3, in which the proposed amendments are highlighted.

The following amendments are deemed to be significant:

- The types of share-based incentives that can be granted as variable remuneration have been narrowed down to only class B shares (and no longer include share options, phantom shares or similar instruments).
- The framework for the maximum annual variable remuneration that may be granted (except the extraordinary incentives provided for in the remuneration policy, item 3.3.3) has been broadened, as the framework has been increased from 100% to 110% of the Executive Board member's fixed annual remuneration. If the grant covers several years, the value cannot exceed an amount corresponding to 110% of the Executive Board member's latest fixed annual remuneration multiplied by the number of years of the grant period.

The rest of the amendments include non-essential amendments, such as clarifications and further elaborations.



Authorisation to the chair of the meeting

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The Board of Directors proposes that the general meeting authorises the chair (with a right of substitution) to register with the Danish Business Authority the reportable resolutions adopted by the general meeting and to make such amendments to the documents prepared in connection with these resolutions as may be required by the Danish Business Authority in order to register these resolutions.



**Any other
business**

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A man with a beard and long hair, wearing a grey long-sleeved shirt, a bright yellow safety vest with reflective stripes, and dark pants, is standing in a server room. He is looking at a server rack and has his hand on a panel. The room is filled with rows of server racks, and there are green cables visible in the background. A wooden frame is leaning against a wall in the background. The floor is concrete. The lighting is bright, coming from overhead fixtures.