

# Q3 2023 Quarterly Report

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# AGENDA

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# Q3 2023 - highlights

## Q3 2023 results

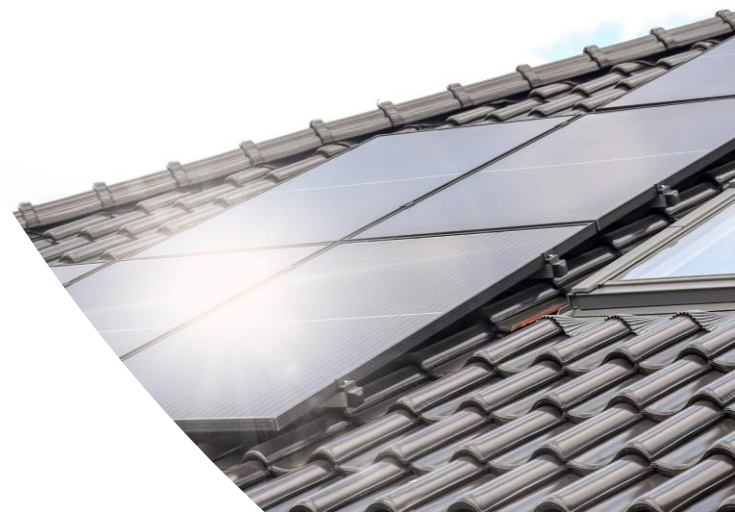
- Revenue reached DKK 3.0bn in Q3, in line with expectations.
- EBITDA reached DKK 187m, equalling a margin of 6.3%.

## Segments and strategic focus areas

- ThermoNova delivered as expected on growth rates
- Industry and Trade delivered an adjusted organic growth of 0% and 9%, respectively.
- Installation is facing head winds and delivered an adjusted organic growth of -10%.

## Guidance

- Revenue and EBITDA guidance of DKK 13,500m and DKK 900m, respectively, reconfirmed.





# Striving for operational excellence

## Tickets to growth

- Added a total of 18,600 sqm of warehouse.
- Installed three AutoStore systems, totalling 210,000 boxes and 215 robots.
- Replaced a number of manually operated forklifts with Automated Guided Vehicles (AGVs).

## Reaping benefits

- Increased hourly production in our warehouses.
- Almost reached 100% correctly packaged customer orders.
- Reduced use of plastic in packaging process by 80%.

## Future opportunities

- Investing in a new modern warehouse in Kumla, Sweden.
- Divesting the two existing warehouses.
- Net investment will amount to approx. DKK 400m.

# Approved by SBTi

The approval of our ambitions by SBTi is a great acknowledgement. It endorses how we will contribute to reducing CO<sub>2</sub>e and confirms our ambitious commitment to the Paris Agreement.

## Approved by SBTi

- Net-zero in Scope 1 and 2 by 2030.
- 25% reduction of scope 3 emissions across the value chain.



# Q3 2023 Financial highlights

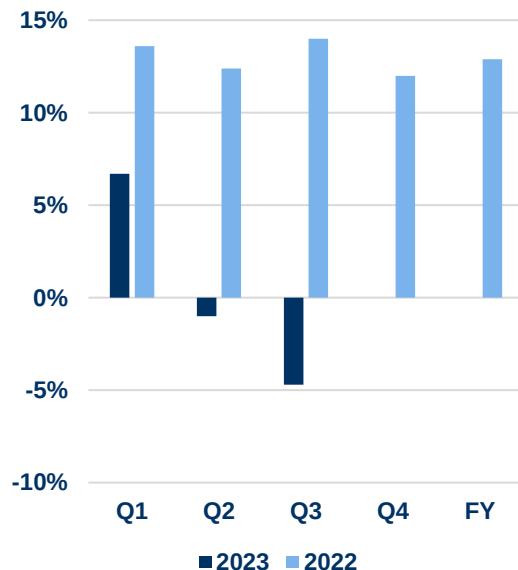
# Our assessment is that we maintained overall market share

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## As expected, growth declined

- Revenue from Climate & Energy did not reach the expected growth rates in Q3. Sales of high-capacity ThermoNova industrial heat pumps delivered the expected growth rates, while heat pump sales for the residential market were disappointing.
- **Installation:** Adjusted organic growth relating to the electrical business as well as the heating and plumbing business amounted to around -10% (13%).
- **Industry:** Adjusted organic growth of around 0% (17%). Solar Norge saw positive growth, while MAG45 posted double-digit growth.
- **Trade:** Adjusted organic growth of around 9% (9%), primarily supported by strong growth in Solar Danmark and Solar Sverige.

## Adjusted organic growth



## Solar Group

|                        | Q3<br>2023 | Q3<br>2022 |
|------------------------|------------|------------|
| Revenue, DKKm          | 2,965      | 3,266      |
| Revenue growth, %      | -9.2       | 13.7       |
| Adj. organic growth, % | -4.7       | 14.0       |

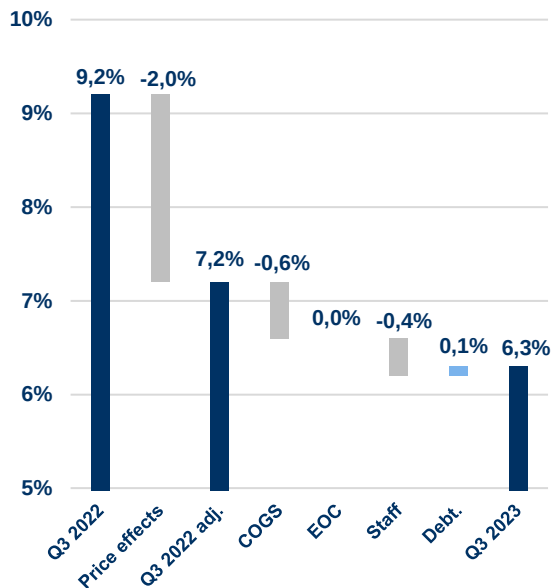
# Q3 EBITDA of DKK 187m is in line with our expectations

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## Our cost containment initiatives continue to deliver

- Adjusted for one-off price effects in Q3 2022, the underlying EBITDA margin amounted to 6.3% (7.2%).
- By way of comparison, one-off price effects in Q3 2022 improved the underlying gross profit margin by approx. 2 percentage points, while one-off price effects were negligible in Q3 2023. More than half of the remaining decline in gross profit margin relates to Climate & Energy products, particularly solar panels.
- Several measures were initiated in Q1, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. These initiatives became effective in Q2, and despite the impact of inflation, costs declined in Q3 compared to previous quarters and last year.

## Q3 EBITDA margin



## Solar Group

|                        | Q3 2023 | Q3 2022 |
|------------------------|---------|---------|
| Revenue, DKKm          | 2,965   | 3,266   |
| Revenue growth, %      | -9.2    | 13.7    |
| Adj. organic growth, % | -4.7    | 14.0    |
| Gross profit, DKKm     | 637     | 786     |
| Gross profit margin    | 21.5    | 24.1    |
| EBITDA, DKKm           | 187     | 301     |
| EBITDA margin          | 6.3     | 9.2     |

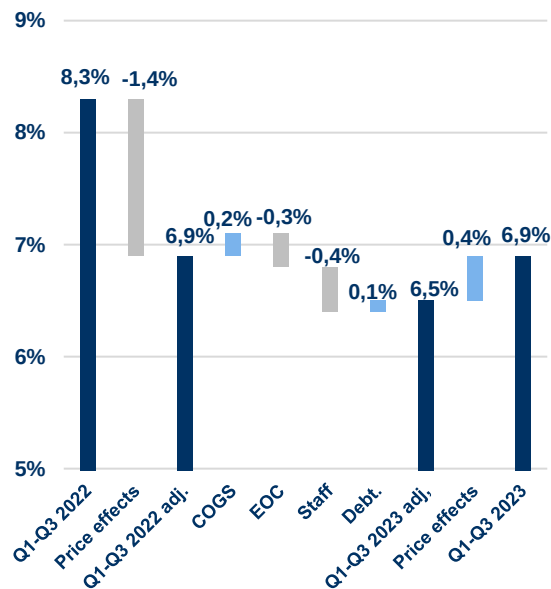
# Q1-Q3 EBITDA of DKK 681m is in line with our expectations

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## Underlying gross profit margin up by 0.2 percentage points

- When adjusted for one-off price effects, the underlying EBITDA margin amounted to 6.5% (6.9%).
- Gross profit amounted to DKK 2.2bn (DKK 2.4bn) and gross profit margin amounted to 22.5% (23.3%). However, adjusted for one-off price effects, the underlying gross profit margin improved by approx. 0.2 percentage points.
- Several measures were initiated in Q1-Q3, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. These initiatives became effective in Q2, as overall external operating costs and staff costs declined. Despite the impact of inflation, costs declined in Q3 compared to previous quarters and last year.

## Q1-Q3 EBITDA margin



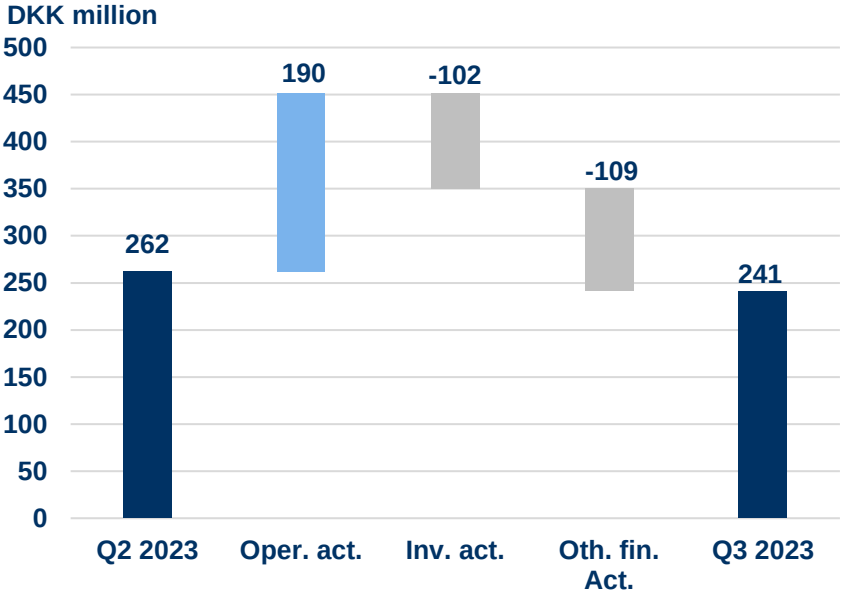
## Solar Group

|                        | Q1-Q3 2023 | Q1-Q3 2022 |
|------------------------|------------|------------|
| Revenue, DKKm          | 9,871      | 10,179     |
| Adj. organic growth, % | 0.5        | 13.3       |
| Gross profit, DKKm     | 2,221      | 2,376      |
| Gross profit margin    | 22.5       | 23.3       |
| EBITDA, DKKm           | 681        | 849        |
| EBITDA margin          | 6.9        | 8.3        |

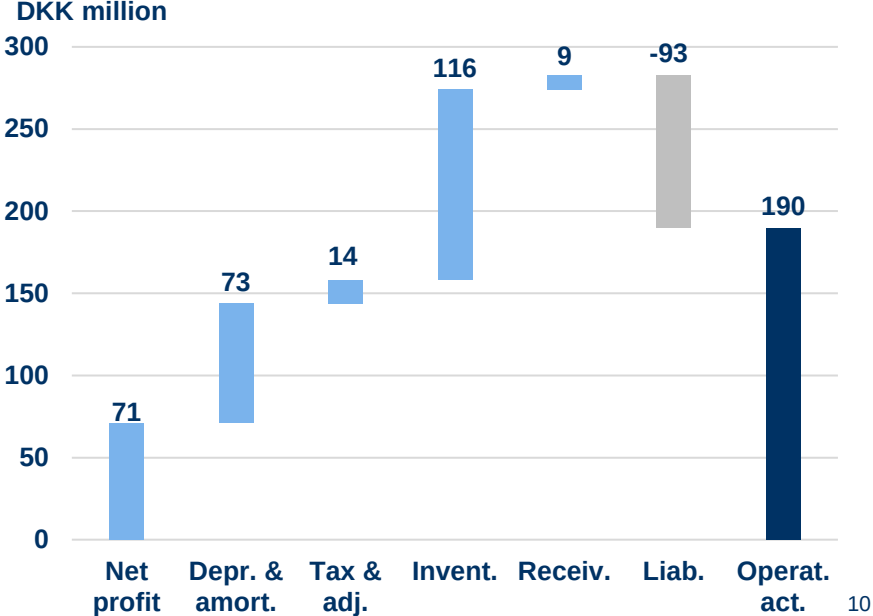
# Positive cash flow from operating activities

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## Q3 cash flow



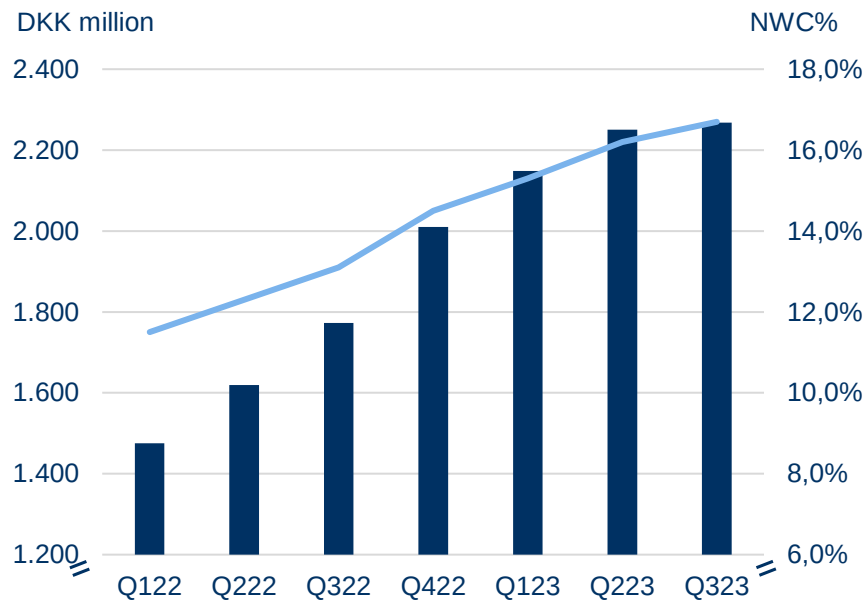
## Q3 cash flow, operating activities



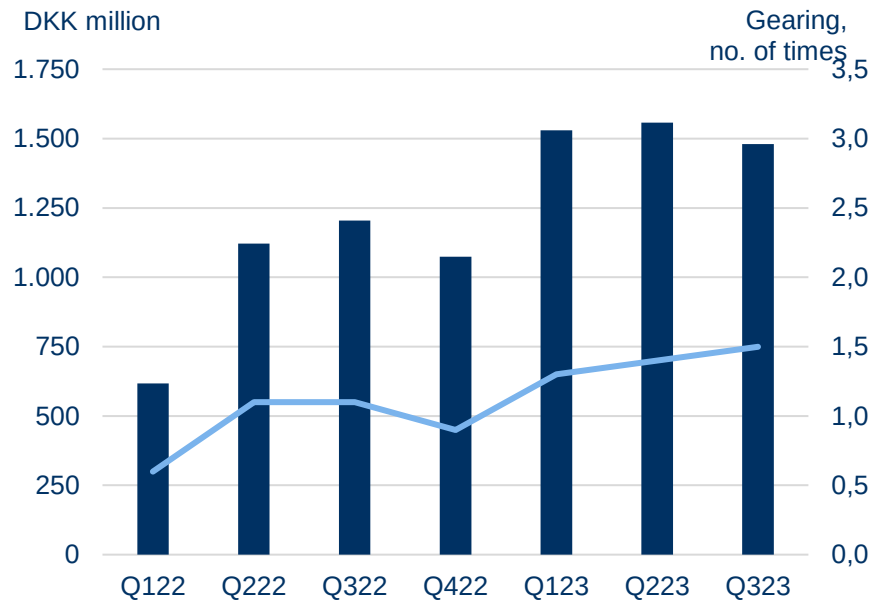
# Despite negative growth, NWC percentage end of quarter remains unchanged

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## NWC (LTM)



## NIBD and gearing



# We reconfirm our 2023 EBITDA guidance of DKK 900m

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## Assumptions for 2023 guidance

- Due to the heightened geopolitical and macroeconomic uncertainty, our market outlook is characterised by greater unpredictability.
- As expected, cost and wage inflation increased during H1. During Q3, we saw a slowdown in cost and wage inflation as expected, and we anticipate this trend to persist for the rest of 2023. We have implemented, and will continue to implement, mitigating measures, including cost containment, process improvements and the necessary staff reductions to ensure that the expected impacts from cost and wage inflation remain well below general price increases.
- Over the past years, we have experienced substantial price increases from our suppliers. As expected, this has now normalised to pre-Covid levels. Solar panels are the main exception, where substantial price reductions have been introduced. Solar, however, has a proven track record of strong price management.

