

NASDAQ Copenhagen A/S
Nikolaj Plads 6
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Announcement no. 47 / 2022
26 August 2022
Company reg. (CVR) no. 15701315

Interim report - First half year of 2022

Summary: SP Group generated revenue of DKK 1,400.5 million in the H1 2022 reporting period, a 13.1% improvement from DKK 1,238.5 million in H1 2021. EBITDA was up by 18.6% to DKK 249.6 million from DKK 210.4 million last year, and profit before tax was up 18.5% to DKK 153.5 million. FY 2022 guidance is maintained. SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

The Board of Directors of SP Group A/S has today considered and approved the interim report for the six months ended 30 June 2022. Highlights of the interim report:

- H1 2022 revenue was up by DKK 162.0 million to DKK 1,400.5 million, a 13.1% improvement over H1 2021. Company acquisitions added DKK 35.2 million to consolidated revenue. Q2 revenue grew by 6.2%.
- EBITDA for H1 2022 was DKK 249.6 million, as against DKK 210.4 million in H1 2021. Company acquisitions added DKK 11.0 million to EBITDA. External due diligence costs related to the acquisitions of Davinci 3D A/S and Bovil ApS reduced EBITDA by DKK 0.6 million. EBITDA grew by DKK 14.7 million in Q2 2022, representing a 14.0% year-on-year increase.
- Depreciation, amortisation and impairment losses amounted to DKK 87.9 million, an increase of DKK 13.3 million relative to H1 2021. Amortisation and depreciation in company acquisitions accounted for DKK 3.1 million of the increase.
- Profit before net financials (EBIT) came to DKK 161.8 million in H1 2022, a 19.1% increase from DKK 135.9 million in H1 2021. EBIT for the second quarter was DKK 75.1 million, for a 12.0% increase from DKK 67.0 million in Q2 2021.
- Net financials were an expense of DKK 8.3 million, a DKK 1.9 million increase relative to Q2 2021 that was due to negative value adjustments and servicing of a larger debt.
- Profit before tax was DKK 153.5 million in H1 2022, an 18.5% improvement from DKK 129.5 million in H1 2021. The Q2 EBT was DKK 70.5 million against DKK 62.0 million in Q2 2021.
- Earnings per share (diluted) were DKK 9.92 in H1 2022, a 21.0% increase from DKK 8.20 in H1 2021.
- Sales of our own brands were up by 23.4% in H1 2022 to DKK 391.0 million. At 27.9% of H1 2022 revenue, SP Group's own brands account for a growing proportion of revenue. Sales of our own brands were up by 4.5% in the second quarter to DKK 180.9 million.
- Sales to the healthcare, food-related, automotive and other demanding industries increased during the reporting period, whereas cleantech sales declined.
- There was a cash inflow from operating activities of DKK 136.6 million in H1 2022, against DKK 135.9 million in H1 2021.
- Net interest-bearing debt (NIBD) amounted to DKK 910.3 million at 30 June 2022, against DKK 733.1 million at 30 June 2021 and DKK 822.0 at 31 December 2021. NIBD was 2.0 times LTM EBITDA. NIBD increased by DKK 88.3 million in H1 2022, mainly due to the acquisitions of Davinci 3D A/S and Bovil ApS.
- SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%. However, due to the war in Ukraine, the continuing spread of COVID-19 and the actions taken by authorities combined with global bottleneck issues in a number of supply chains, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

Statement by CEO Frank Gad: *"We successfully delivered growth in revenue and EBITDA once again in the first half of 2022 despite the COVID-19 pandemic, the war in Ukraine, global turbulence, many market challenges and volatile prices of raw materials. Nevertheless, we're facing many challenges in a rapidly changing world. All of our 31 plants are operating and have access to the raw materials they need, and all our sales offices are open for business. We have benefited from our exposure to relatively resilient industries, and we have grown our sales to the healthcare, food-related and other demanding industries. We have continued to pursue our dedicated M&A strategy, thereby attracting more customers and getting access to new technology, and we're committed to retaining our role as industry consolidators as and when value-adding opportunities arise."*

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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q2 2022 (unaud.)	Q2 2021 (unaud.)	Acc. Q2 2022 (unaud.)	Acc. Q2 2021 (unaud.)	FY 2021 (audited)
Income statement					
Revenue	680,352	640,391	1,400,461	1,238,481	2,480,869
Profit before depreciation, amortisation and impairment losses (EBITDA)	119,925	105,196	249,639	210,420	422,912
Depreciation, amortisation and impairment losses	-44,839	-38,163	-87,873	-74,553	-153,848
Profit before net financials (EBIT)	75,086	67,033	161,766	135,867	269,064
Net financials	-4,547	-5,031	-8,276	-6,363	-11,290
Profit before tax (EBT)	70,539	62,002	153,490	129,504	257,774
Profit for the period	56,159	48,586	121,623	101,754	203,217
Earnings per share (DKK)			9.95	8.29	16.63
Earnings per share, diluted (DKK)			9.92	8.20	16.44
Balance sheet					
Non-current assets			1,597,575	1,377,176	1,470,872
Total assets			2,786,596	2,395,851	2,530,017
Equity including non-controlling interests			1,138,038	1,062,025	1,084,022
Investments in property, plant and equipment (excluding acquisitions)	55,476	52,610	122,992	93,848	198,107
Net working capital (NWC)			595,024	513,065	545,924
Net interest-bearing debt (NIBD)			910,320	733,127	821,986
NIBD/EBITDA (LTM)			2.0	1.9	1.9
Cash flows					
Cash flows from:					
- operating activities	73,893	69,557	136,580	135,868	237,701
- investing activities	-54,449	-51,216	-163,871	-97,672	-221,930
- financing activities	-12,774	-71,579	36,252	-70,814	-56,300
Change in cash and cash equivalents	6,670	-53,238	8,961	-32,618	-40,529
Key ratios					
EBITDA margin (%)	17.6	16.4	17.8	17.0	17.0
EBIT margin (%)	11.0	10.5	11.6	11.0	10.8
Profit before tax (EBT) as a percentage of revenue	10.4	9.7	11.0	10.5	10.4
Return on invested capital incl. goodwill (%)					14.2
Return on invested capital ex. goodwill (%)					16.1
Return on equity, excluding non-controlling interests (%)					19.4
Equity ratio, excluding non-controlling interests (%)			40.7	44.2	42.7
Equity ratio, including non-controlling interests (%)			40.8	44.3	42.8
Financial gearing			0.8	0.7	0.8
Cash flow per share, DKK			11.17	10.98	19.27
Total dividends for the year per share (DKK)					3.00
Market price, end of period (DKK per share)			313.50	389.00	441.00
Net asset value per share, end of period (DKK)			92.88	86.25	88.77
Market price/net asset value, end of period			3.38	4.51	4.97
Number of shares, end of period			12,490,000	12,490,000	12,490,000
of which treasury shares, end of period			271,590	209,059	310,761
Average no. of employees			2,507	2,327	2,380

The financial ratios have been calculated in accordance with 'Recommendations & Ratios' issued by CFA Society Denmark. The definitions are listed on page 84 of the 2021 Annual Report.



MANAGEMENT COMMENTARY

H1 PERFORMANCE REVIEW

We continued to grow sales to many customers across industries and geographies in the first six months of 2022. The improvements were the most pronounced in our international markets, as sales outside Denmark grew by 15.0%. Sales to our Danish customers were up by 8.3%.

International sales were up by 9.6% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2021:

	Q2 2022	H1 2022
Healthcare	15.8%	30.0%
Cleantech	-12.0%	-6.2%
Food-related	24.1%	29.7%
Automotive	11.7%	7.3%
Other demanding industries	8.3%	10.7%
of which own brands	4.5%	23.4%

Most of the change in revenue for the H1 period was due to higher volume sales. Exchange rate developments increased revenue by about DKK 34.7 million (mainly USD and RMB appreciating), equal to 2.5% of revenue.

Acquired businesses and operations contributed about DKK 35.2 million of the revenue improvement in the first half year. Higher prices of raw materials passed on to customers were also a contributing factor to the revenue increase.

Organic growth in local currencies was about 7.4% in H1 2022.

Sales to the healthcare industry were up by 30.0% year-on-year to DKK 483.5 million and now account for 34.5% of consolidated revenue.

Sales to the cleantech industry were down by 6.2% to DKK 381.8 million and now make up 27.3% of consolidated revenue.

Sales to food-related industries were up by 29.7% to DKK 196.5 million and now make up 14.0% of consolidated revenue.

Sales to the automotive sector were up by 7.3% to DKK 71.7 million, equal to 5.1% of revenue.

Sales to other demanding industries were up by 10.7% to DKK 267.1 million and now account for 19.1% of consolidated revenue.

Sales of our own brands were up by 23.4% and now account for 27.9% of consolidated revenue.

SP Medical reported a 23.0% improvement in guidewire sales.

Ergomat reported a 48.4% improvement in sales of ergonomic products. The improvement was driven by new innovative solutions and products, improved market opportunities and a larger sales force. The resulting growth contributed to the increase in operating income.

TPI reported a 5.6% decline in sales of farm ventilation components for the first half-year.

MedicoPack reported a 31.2% increase in sales of own-brand medical packaging.

Tinby Skumplast, MM Composite, Dan-Hill-Plast, Ulstrup Plast, Neptun Plast, Atlantic Floats and Nycopac along with SP Moulding reported a combined 10.9% drop in own-brand sales – standard industry components – which amounted to a total of DKK 78.4 million.

SP Group continued to step up marketing efforts towards both existing and potential customers. We won new customers in the first six months of 2022 and are continuing our proactive approach to developing and marketing a number of new solutions, including for the healthcare, cleantech and food-related industries, which we believe hold an attractive growth potential for our company.

We are generating higher volume sales to the healthcare industry and have won orders for many new plastic components for regular shipment.

International sales make up 72.2% of revenue (compared with 71.0% in H1 2021).

SP Group continually seeks to optimise its business under the prevailing market conditions by raising production efficiency, aligning capacity and pursuing tight cost management.

In addition to capacity adjustments, we focus on adjusting our general costs on an ongoing basis. Our goal at SP Group is for all of our production facilities to manufacture and deliver better, cheaper and faster. We continually consider steps to cut consumption of input materials and resources (reducing carbon emissions etc.) and to reduce the



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time necessary to commission equipment and switch-over times. The current LEAN process will continue with the focus on improving processes and flows and strengthening our employees' competencies.

Currently, 71% of our staff are employed outside Denmark.

The Group's headcount grew by 21 in the six-month reporting period.

The new employees are based in Denmark (27), Sweden (9), Slovakia (8) and Finland (5). Our headcounts were reduced by ten in Poland and by nine in the USA, while there was a net reduction of nine employees in the rest of the world. The increased headcount in Denmark was mainly due to the acquisition of Davinci 3D A/S and Bovil ApS.

At 30 June 2022, SP Group had 2,530 employees worldwide.

Volatility in prices of raw materials and frequent coronavirus-related force majeure claims by our suppliers had a negative impact on EBITDA in the H1 2022 period. We expect to pass on the higher prices of raw materials to our customers at a certain time lag.

All of our 30 plants in Europe, North America and Asia are operating and have access to the raw materials they require. All sales offices are open for business. In China, our two factories in Suzhou were adversely affected by the COVID-19 lockdown in Shanghai, which has disrupted goods transports, reduced sales and driven up costs. Gibo's plant in China was affected to a minor extent.

All locations are continuing a range of measures to ensure that people observe social distancing and that strict hygiene procedures are followed at all times.

We have not had production disrupted due to COVID-19.

On the customer side, we are fortunate that SP Group is not particularly exposed to the sectors and industries most severely impacted by the COVID-19 crisis.

Our largest customer segment, healthcare, seems to have escaped much of the coronavirus impact and is reporting good growth rates.

The second-largest sector, Cleantech, also seems relatively unaffected by the pandemic so far. Meanwhile, the green transition remains a high priority across the world. On the other hand, a number of customers are affected by component shortages.

Sales to our third-largest sector, food-related industries, improved nicely.

Sales to the automotive sector improved, but were also restrained by component shortages in several value chains. Sales to Other demanding industries also improved nicely.

In February 2022, Russia brutally attacked Ukraine, invading the country with military might. There is a risk of substantial loss of human life, equipment, dignity and prospects for us all.

SP Group has no factories, sales offices or other direct investments in Russia, Belarus or Ukraine. We have no employees or suppliers in any of the three countries. We have no investors or creditors in any of the three countries. Our direct trade with customers in those three countries amounted to about DKK 1 million in 2021, while our indirect sales through our other customers will inherently have been higher.

We already have and will undoubtedly continue to see an adverse impact from rising energy prices and softening growth in the global economy. There is an urgent need for investment in more wind turbines, solar panels and other equipment that can help eliminate Europe's reliance on Russian gas and oil. SP Group applauds the EU's decision to rapidly boost production of electricity from onshore and offshore wind turbines.

Central banks' low-rate policies and countries' fiscal stimulus/relief packages continue to have a positive and stabilising effect on the global economy, and hopefully governments will not overreact once they begin to "step on the brake".

We have not incurred any losses on trade receivables due to the crisis, nor do we expect any.

However, it is difficult to provide meaningful guidance in a world where war is raging in Europe, different countries are at different stages in combating the ongoing COVID-19 crisis and where the situation is rapidly evolving.

FY 2022 guidance is maintained. SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

In February 2022, SP Group took out a new DKK 100 million loan at market rate with Jyske Bank to fund the acquisition of Davinci 3D A/S and Bovil ApS. The loan is scheduled to be repaid over seven years.

SP Group remortgaged and acquired a number of properties in Denmark, increasing the term to maturity of the debt and raising loan proceeds of DKK 57 million.



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In addition, SP Group has extended its credit facilities with its primary bankers until spring 2023. The financial covenants are unchanged:

- Net interest-bearing debt may be up to 3.5x LTM EBITDA, but up to 4x EBITDA during the initial two quarters following a debt-funded acquisition.
- The equity ratio must never be lower than 25%.

NIBD/EBITDA is expected to be less than 3.0 by 31 December 2022.

In April and June 2022, the Company sold 103,500 treasury shares to cover the cost of warrants exercised under the 2017, 2018 and 2019 warrant programmes. The proceeds added DKK 26.0 million in cash to equity.

As announced in Announcement No. 18/2022, SP Group has launched a DKK 40 million share buy-back programme, which is expected to run until 10 April 2023. The purpose of the programme is to hedge warrant programmes. At the Company's annual general meeting on 27 April 2022, it was resolved to distribute a dividend of DKK 3.00 per share, for a total of DKK 37.5 million, to shareholders. The dividend was paid out in early May 2022.

SP Group is committed to continuing its aggressive M&A strategy of making value-generating acquisitions that contribute to increasing the scale and diversification of the Group. The acquisition experience we have compiled in recent years has enabled us to achieve effective synergies leading to both top and bottom-line growth.

FINANCIAL PERFORMANCE REVIEW

Revenue for the first six months of 2022 amounted to DKK 1,400.5 million, a 13.1% improvement from DKK 1,238.5 million in the year-earlier period. Acquired businesses and operations accounted for approximately 2.5 percentage points of the increase. Exchange rate developments contributed about 2.5 percentage points.

Consolidated H1 2022 EBITDA was DKK 249.6 million compared with DKK 210.4 million in H1 2021. Acquired businesses and operations contributed DKK 11.0 million.

The EBITDA margin was 17.8%, against 17.0% in H1 2021.

Profit before net financials (EBIT) came to DKK 161.8 million in H1 2022, against DKK 135.9 million in H1 2021. The EBIT margin was 11.6% in H1 2022 compared with 11.0% in H1 2021.

Net financials were an expense of DKK 8.3 million in H1 2022, a DKK 1.9 million increase relative to H1

2021 that was due to negative exchange rate adjustments and servicing of the larger debt.

Profit before tax (EBT) amounted to DKK 153.5 million in H1 2022 as against DKK 129.5 million in H1 2021. The EBT margin for H1 2022 was 11.0%, against 10.5% in the same period of last year.

The tax rate fell to 20.8% from 21.4%.

Total assets amounted to DKK 2,786.6 million at 30 June 2022, compared with DKK 2,395.9 million at 30 June 2021 and DKK 2,530.0 million at 31 December 2021. The equity ratio was 40.8% at 30 June 2022, as against 44.3% at 30 June 2021 and 42.8% at 31 December 2021.

Total assets grew by approximately DKK 256.6 million during the six months to 30 June 2022. The amount breaks down as follows: DKK 34.8 million relating to the acquisition of Davinci 3D A/S, DKK 63.1 million relating to the acquisition of Bovil ApS, an increase in gross working capital (DKK 133.6 million), an increase in cash and cash equivalents (DKK 6.0 million), an increase in intangible assets (DKK 1.0 million), an increase in property, plant and equipment (DKK 20.1 million) and a decline in financial assets (DKK 2.0 million).

Net interest-bearing debt amounted to DKK 910.3 million at 30 June 2022, against DKK 822.0 million at 1 January 2022 and DKK 733.1 million at 30 June 2021.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 2.0 times LTM EBITDA (DKK 462.1 million). NIBD/EBITDA at 31 December 2021 was 1.9. We remain strongly committed to reducing the interest-bearing debt by increasing cash flows from operating activities.

Equity grew in the H1 reporting period, due to positive effects from exchange rate adjustments of foreign subsidiaries (by DKK 12.7 million) and negative effects from the value adjustment of financial instruments entered into to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 47.9 million).

Equity was also supported by the sale of treasury shares for a total of DKK 26.0 million to cover the cost of warrants exercised.

Equity was reduced by the purchase of treasury shares in the reporting period for a net amount of DKK 23.3 million.

Lastly, equity was reduced by dividends of DKK 36.7 million paid to the shareholders.



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Equity amounted to DKK 1,138.0 million at 30 June 2022, against DKK 1,062.0 million at 30 June 2021 and DKK 1,084.0 million at 31 December 2021. Equity increased by DKK 54.0 million in the H1 2022 period.

Cash flows

Cash flows from operating activities were DKK 136.6 million in H1 2022, which was DKK 0.7 million more than in the H1 2021 period.

In the H1 2022 period, the Group spent DKK 119.6 million on investments, a net amount of DKK 102.8 million on reducing non-current loans, received a net amount of DKK 2.7 million from buying and selling treasury shares and warrants, reduced deposits by DKK 0.2 million, spent DKK 44.3 million on new acquisitions, paid dividends of DKK 36.7 million, changes in short-term bank debt amounted to DKK 29.5 million, and the Group raised long-term debt of DKK 202.7 million. The resulting change in cash and cash equivalents was DKK 9.0 million.

Management believes that the Company's capital resources remain sound relative to its operations and that it has sufficient cash resources to meet its current and future liabilities. The Company has had a long-term fruitful and constructive cooperation with its financial co-operative partners, which is expected to continue.

OUTLOOK FOR THE REST OF 2022

Hopefully, the global economy will grow in 2022, but it remains fragile and subject to political uncertainty and economic volatility. Our neighbouring markets in Europe have grave government budget deficits and high indebtedness. The outbreak of the COVID-19 pandemic, which has subsequently spread worldwide, may have considerable adverse effects on the global economy and on our customers and suppliers – and thus on SP Group's performance.

Russia's invasion of Ukraine may also have considerable adverse effects on the global economy and on our customers and suppliers – and thus on SP Group's performance.

Trade barriers between the USA and the EU and between the USA and China may have a strong adverse effect on the global economy and, by extension, on developments in SP Group. A higher level of interest rates would also have an adverse effect on developments in SP Group.

We plan to launch a number of new products and solutions for our customers, particularly in the healthcare, cleantech and food-related industries. These new solutions are expected to drive growth and earnings.

We intend to maintain a high level of investment in 2022. We expect to make the largest investments in our healthcare operations.

Amortisation and depreciation charges are expected to increase relative to 2021, in part due to the substantial investments made in 2021.

Financial expenses are expected to be at the level of 2021.

By combining these factors with tight cost management and swift capacity alignment, and by maintaining a strong focus on risk management, cash management and capital management, our Group is strongly positioned for the future.

Due to the war in Ukraine, the spread of COVID-19 and the actions taken by the authorities combined with the fact that global bottleneck issues have emerged in a number of supply chains, our levels of activity and cash flows will be subject to considerable uncertainty over the coming months.

SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

OTHER MATTERS AND EVENTS OCCURRING DURING THE REPORTING PERIOD

SP Group A/S acquired the company Davinci 3D A/S on 4 February 2022. Davinci is a state-of-the-art 3D printing business with production facilities in Billund, Denmark. Davinci was founded in 2000.

Davinci 3D A/S is one of Denmark's leading companies within advanced additive manufacturing (3D printing). The company serves some 250 customers in Denmark and abroad, providing 3D printed parts for prototypes, display models, 0 series, serial production, spare parts and production equipment.

Davinci strengthens SP Group's competencies in 3D printing, product co-development with customers and low-volume production of technical plastic parts. The company's highly skilled management and committed employees will be staying on. The acquisition was announced in Announcement No. 06/2022 of 4 February 2022.

SP Group A/S acquired the company Bovil ApS on 9 March 2022. Bovil ApS is a highly modern plastic machining company with production facilities in Odense, Denmark. The company was founded in 2000.

Bovil ApS is one of Denmark's leading companies within advanced CNC plastic machining. The company serves some 150 customers in Denmark and abroad, providing CNC processed parts for



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prototypes, display models, 0 series, serial production, spare parts and production equipment. Bovil strengthens SP Group's competencies in CNC machining, product co-development with customers and low-volume production of technical plastic parts. The company's highly skilled management and committed employees will be staying on. The acquisition was announced in Announcement No. 13/2022 of 9 March 2022.

At the beginning of the year, Brdr. Bourghardt established operations in Thailand, founding the company Sea Radomes Company Ltd. in order to better serve our customers in south-east Asia.

In Poland, SP Group gradually acquired six hectares of land during the first half-year for the purpose of expanding facilities. In Slovakia, Ulstrup Plast has acquired 3.5 hectares of land in order to increase output capacity in that country.

In Poland, we are constructing a new 12,000m² factory facility for Ergomat that is scheduled to be commissioned during the third quarter. The project will provide the scope for Ergomat to continue its impressive growth performance.

We are continuing the efforts to get permission to establish a solar panel plant in cooperation with our three partners in Juelsmindehalvøens Solar A/S. The Hedensted local authority is currently preparing a local plan, which if approved will allow for the solar panel plant to be erected.

OTHER MATTERS AND EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date until the publication of this interim report that have not been disclosed in this interim report.



STATEMENT BY MANAGEMENT

The Board of Directors, the Executive Board and the rest of management have today considered and approved the interim report of SP Group A/S for the six months ended 30 June 2022.

The interim report, which has been neither audited nor reviewed by the Company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2022 and of the results of the Group's operations and cash flows for the six months ended 30 June 2022.

Furthermore, in our opinion, the Management commentary gives a true and fair review of the development of the Group's activities and financial affairs, the financial results for the period and the Group's financial position in general as well as a true and fair description of the principal risks and uncertainties which the Group faces.

Søndersø, 26 August 2022

Executive Board and other members of Group management

Frank Gad
CEO

Søren Ulstrup
Executive Vice President

Lars Ravn Bering
Executive Vice President

/Tilde Kejlhof
CFO

Board of Directors

Hans W. Schur
Chairman

Erik P. Holm
Deputy Chairman

Hans-Henrik Eriksen

Bente Overgaard



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INCOME STATEMENT (summary)

DKK '000	Q2 2022 (unaud.)	Q2 2021 (unaud.)	Acc. Q2 2022 (unaud.)	Acc. Q2 2021 (unaud.)	FY 2021 (audited)
Revenue	680,352	640,391	1,400,461	1,238,481	2,480,869
Production costs	-451,945	-438,656	-936,800	-843,051	-1,677,947
Contribution margin	228,407	201,735	463,661	395,430	802,922
Profit before depreciation, amortisation and impairment losses (EBITDA)	119,925	105,196	249,639	210,420	422,912
Depreciation, amortisation and impairment losses	-44,839	-38,163	-87,873	-74,553	-153,848
Profit before net financials (EBIT)	75,086	67,033	161,766	135,867	269,064
Net financials	-4,547	-5,031	-8,276	-6,363	-11,290
Profit before tax (EBT)	70,539	62,002	153,490	129,504	257,774
Tax on profit for the period	-14,380	-13,416	-31,867	-27,750	-54,557
Profit for the period	56,159	48,586	121,623	101,754	203,217
Attributable to:					
Parent company shareholders	56,055	48,453	121,338	101,455	202,743
Non-controlling shareholders	104	133	285	299	474
Earnings per share (DKK)			9.95	8.29	16.63
Earnings per share, diluted (DKK)			9.92	8.20	16.44

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q2 2022 (unaud.)	Q2 2021 (unaud.)	Acc. Q2 2022 (unaud.)	Acc. Q2 2021 (unaud.)	FY 2021 (audited)
Profit for the period	56,159	48,586	121,623	101,754	203,217
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustment relating to foreign companies	9,671	5,341	12,748	10,583	20,249
Net fair value adjustment of financial instruments acquired to hedge future cash flows	-31,074	19,971	-47,893	5,382	-43,680
Other comprehensive income	-21,403	25,312	-35,145	15,965	-23,431
Comprehensive income	34,756	73,898	86,478	117,719	179,786
Allocation of comprehensive income for the period:					
Parent company shareholders	34,684	73,775	86,234	117,426	179,330
Non-controlling shareholders	72	143	244	293	456
Earnings per share (DKK)			7.09	9.62	14.75
Earnings per share, diluted (DKK)			7.07	9.52	14.58



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BALANCE SHEET (summary)

DKK '000	30.06. 2022 (unaud.)	30.06. 2021 (unaud.)	31.12. 2021 (audited)
Intangible assets*	397,824	308,745	337,846
Property, plant and equipment	1,187,015	1,062,632	1,120,408
Financial assets	1,739	2,392	1,621
Deferred tax assets	10,997	3,407	10,997
Total non-current assets	1,597,575	1,377,176	1,470,872
Inventories	686,883	531,338	605,097
Receivables*	411,014	397,262	371,885
Cash	91,124	90,075	82,163
Total current assets	1,189,021	1,018,675	1,059,145
Total assets	2,786,596	2,395,851	2,530,017
Equity including non-controlling interests	1,138,038	1,062,025	1,084,022
Non-current liabilities	736,170	531,319	559,040
Current liabilities*	912,388	802,507	886,955
Equity and liabilities	2,786,596	2,395,851	2,530,017

* See notes 3 and 4 to the financial statements on page 17 for changes in goodwill and the fair value of derivative financial instruments.



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CASH FLOW STATEMENT

DKK '000	Q2 2022 (unaud.)	Q2 2021 (unaud.)	Acc. Q2 2022 (unaud.)	Acc. Q2 2021 (unaud.)	FY 2021 (audited)
Profit before net financials (EBIT)	75,086	67,033	161,766	135,867	269,064
Depreciation, amortisation and impairment losses	44,839	38,163	87,873	74,553	153,848
Share-based payment	933	585	1,518	747	1,921
Value adjustments, etc.	5,052	6,768	2,551	13,097	3,137
Change in working capital	-29,341	-23,680	-90,820	-54,281	-131,892
Interest expenses paid	-4,339	-5,519	-10,407	-10,843	-21,172
Income tax received/paid	-18,337	-13,793	-15,901	-23,272	-37,205
Cash flows from operating activities	73,893	69,557	136,580	135,868	237,701
Acquisition of subsidiary and associate businesses	0	-400	-44,287	-3,461	-17,237
Acquisition of intangible assets	-2,190	-4,647	-5,720	-8,778	-17,930
Acquisition of property, plant and equipment, net	-52,259	-46,169	-113,864	-85,433	-186,763
Cash flows from investing activities	-54,449	-51,216	-163,871	-97,672	-221,930
Dividend to non-controlling shareholders	0	0	0	0	0
Dividends paid	-36,683	-61,310	-36,683	61,310	-61,311
Deposits, adjustment	2,145	-113	-155	-925	-154
Acquisition of treasury shares	-10,736	-29,234	-23,266	-61,293	-111,619
Sale of treasury shares	25,969	59,413	25,969	59,413	66,868
Capital increase	0	0	0	0	0
Sale of warrants	0	0	0	0	0
Raising of long-term loans	86,562	0	202,700	0	103,745
Instalments on non-current liabilities	-66,717	-50,003	-102,818	-84,298	-163,452
Bank debt, adjustment	-13,314	9,668	-29,495	78,229	109,623
Cash flows from financing activities	-12,774	-71,579	36,252	-70,814	-56,300
Change in cash and cash equivalents	6,670	-53,238	8,961	-32,618	-40,529
Cash and cash equivalents at 1 January	84,454	143,312	82,163	122,692	122,692
Cash and cash equivalents at end of period	91,124	90,074	91,124	90,074	82,163



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CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2022 (unaud.)	2021 (unaud.)	2022 (unaud.)	2021 (unaud.)	2022 (unaud.)	2021 (unaud.)
DKK '000						
Balance at 1 January	1,081,092	1,004,905	2,930	2,474	1,084,022	1,007,379
Profit for the period	121,338	101,455	285	299	121,623	101,754
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	12,789	10,589	-41	-6	12,748	10,583
Value adjustment of derivative financial instruments	-47,893	5,382	0	0	-47,893	5,382
Total other comprehensive income	-35,104	15,971	-41	-6	-35,145	15,965
Comprehensive income for the period	86,234	117,426	244	293	86,478	117,719
Share-based payment	1,518	747	0	0	1,518	747
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	-23,266	-61,923	0	0	-23,266	-61,923
Sale of treasury shares	25,969	59,413	0	0	25,969	59,413
Dividends paid	-36,683	-61,310	0	0	-36,683	-61,310
Capital increase	0	0	0	0	0	0
Additions from acquisitions	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Transactions with shareholders	-32,462	-63,073	0	0	-32,462	-63,073
Balance at 30 June	1,134,864	1,059,258	3,174	2,767	1,138,038	1,062,025



Effective 4 February 2022, the Group acquired all shares in Davinci 3D A/S, a company specialising in 3D printing of technical plastics and construction of parts.

Preliminary fair values of assets and liabilities at the date of acquisition are set out below.

	DKK '000
Customer files	8,600
Property, plant and equipment	14,109
Inventories	784
Order book	300
Trade receivables	1,675
Other receivables	88
Cash and cash equivalents	601
Deferred tax	-1,957
Trade payables	-163
Other payables	-770
Acquired net assets	23,267
Goodwill	17,122
Total consideration	40,389
Cash consideration	23,835
Debt instruments	4,910
Contingent consideration	11,644
Total consideration	40,389

The acquired entity had EBITDA of about DKK 6.5 million in its most recent financial year prior to the acquisition.

The consideration was for an amount up to DKK 40,389 thousand, of which DKK 23,835 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 5,100 thousand have been issued, which fall due in the period 2023-2024. The discounted amount is DKK 4,910 thousand.

Concurrently with the acquisition of the company, the parties concluded an agreement for the purchase of the production facilities where Davinci operates its business and for the purchase of production equipment. The property and the production equipment form part of the property, plant and equipment recognised in the purchase price calculation.

The consideration includes a contingent consideration with a nominal value of DKK 12,000 thousand. The discounted amount is DKK 11,644 thousand. The contingent consideration is recognised at fair value at the date of acquisition. The amount recognised is the maximum that may become payable, because the earn-out conditions are expected to be met.

Acquisition costs amounted to DKK 0.3 million, which amount has been recognised in 2022.

In connection with the acquisition, goodwill has been made up at DKK 17,122 thousand after recognition at fair value of identifiable assets, liabilities and contingent liabilities. Goodwill represents the expected value of synergies and know-how resulting from the combination with SP Group. Goodwill is not amortised for tax purposes.



Effective 9 March 2022, the Group acquired all shares in Bovil ApS, a company specialising in CNC processing of technical plastics.

Preliminary fair values of assets and liabilities at the date of acquisition are set out below.

	DKK '000
Customer files	11,300
Property, plant and equipment	8,585
Inventories	1,302
Order book	84
Trade receivables	5,433
Other receivables	342
Cash and cash equivalents	1,310
Deferred tax	-3,319
Trade payables	-819
Other payables	-2,673
Acquired net assets	21,545
Goodwill	22,469
Total consideration	44,014
Cash consideration	22,400
Debt instruments	9,243
Contingent consideration	12,371
Total consideration	44,014

The acquired entity had normalised EBITDA of about DKK 6.6 million in its most recent financial year prior to the acquisition.

The consideration was for an amount up to DKK 44,014 thousand, of which DKK 22,400 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 9,600 thousand have been issued, which fall due in the period 2023-2024. The discounted amount is DKK 9,243 thousand.

The consideration includes a contingent consideration with a nominal value of DKK 12,750 thousand. The discounted amount is DKK 12,371 thousand. The contingent consideration is recognised at fair value at the date of acquisition. The amount recognised is the maximum that may become payable, because the earn-out conditions are expected to be met.

Acquisition costs amounted to DKK 0.3 million, which amount has been recognised in 2022.

In connection with the acquisition, goodwill has been made up at DKK 22,469 thousand after recognition at fair value of identifiable assets, liabilities and contingent liabilities. Goodwill represents the expected value of synergies and know-how resulting from the combination with SP Group. Goodwill is not amortised for tax purposes.

In a separate transaction, SP Group has acquired the modern property from which Bovil ApS operates its business.



Warrant programme for the Company's Executive Board and senior managers

The Board of Directors resolved on 25 March 2022 to set up an incentive programme for the Company's Executive Board and 39 senior managers. The programme is based on warrants to be issued by the Board of Directors exercising the authorisation provided in article 5(5) of the articles of association and granted at the Annual General Meeting in 2019, on which occasion the programme was presented to the shareholders. A total of 115,000 warrants were issued, of which 22,500 were awarded to members of the Executive Board and the rest were awarded to the senior managers.

The reason for the award was a desire to align the interests of the senior managers with those of the Group.

The exercise price was fixed at DKK 400.00 per share with a nominal value of DKK 2 plus a 7.5% premium calculated from 1 April 2022 and until the date of exercise. The exercise price was fixed on the basis of market conditions applying on 24 March 2022.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2025 to 31 March 2028, always provided that warrants can only be exercised during the first two weeks of a trading window in which the Company's in-house rules allow management to trade in the Company's shares.

Warrants to be issued are expected to have a value of DKK 42.84 each for an aggregate market value of approximately DKK 4,926,236.00. The market value of the warrants issued was calculated using the Black-Scholes model with volatility of 35.3% calculated on the basis of the price of the Company's shares during the past 12 months, a level of interest rates of 0.33%, a share price of DKK 346.00 (closing price at 24 March 2022) and assuming that warrants awarded are exercised in April 2025. Allowance is made for any dividend payments to be made during the period.

A total of 103,500 warrants were exercised in April and June 2022.

SP Group currently has incentive programmes consisting of 18,200 warrants (2017 programme) that are exercisable as from 2020, 90,645 warrants (2018 programme) that are exercisable as from 2021, 137,221 warrants (2019 programme) that are exercisable as from 2022, 107,500 warrants (2021 programme) that are exercisable as from 2024, and 115,000 warrants (2022 programme) that are exercisable as from 2025.

If a participant resigns from the group company in which he or she is employed, the number of warrants will be reduced on a pro rata basis so as to reflect that the participant was only associated with the Group for a part of the term of the programme. This does not apply if a participant has bought and paid for his or her warrants.



Note 1. Accounting policies

The interim report for the six months to 30 June 2022 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies. Other than as set out below, the accounting policies are consistent with those applied in Annual Report 2021, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

Changes to accounting policies

Effective from 1 January 2022, SP Group A/S has implemented the following new or amended standards and interpretations:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020.

SP Group A/S has implemented the standards and interpretations taking effect in the EU for 2022. None of these have affected recognition and measurement in 2022 nor are they expected to affect SP Group A/S.

Note 2. Accounting estimates and judgments

In preparing the interim financial statements, Management makes accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The most significant estimates made by Management when applying the accounting policies and the most significant judgment uncertainty related to preparing these interim financial statements are the same as those used to prepare the consolidated and the parent company financial statements for 2021. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2021.

Impairment test

Management had not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 30 June 2022.



Note 3. Intangible assets

Goodwill

DKK '000	30.06. 2022 (unaud.)	30.06. 2021 (unaud.)	31.12. 2021 (audited)
Cost at 1 January	244,661	220,050	218,189
Foreign exchange adjustment	1,274	503	1,228
Additions on acquisitions	39,591	5,545	23,383
Cost at end of period	285,526	226,098	244,661
Depreciation and impairment at 1 January	1,861	1,861	1,861
Impairment	0	0	0
Foreign exchange adjustment	0	0	0
Cost at end of period	1,861	1,861	1,861
Carrying amount at end of period	283,665	222,050	242,800

Note 4. Fair value measurement of financial instruments

Listed below are relevant disclosure requirements relevant for the Group's forward exchange contracts.

Derivative financial instruments are measured in accordance with a recognised valuation method, under which all material data are based on observable market data, i.e. level 2.

DKK '000	30.06. 2022 (unaud.)		30.06. 2021 (unaud.)		31.12. 2021 (audited)	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets						
Derivative financial instruments to hedge future cash flows	0	0	9,569	9,569	0	0
Financial liabilities						
Derivative financial instruments to hedge future cash flows	96,900	96,900	0	0	51,756	51,756

With a view to hedging the currency risk on the future sale of goods in EUR from the Polish entities, derivative financial instruments have been entered into, in accordance with the Group's currency policy as approved by the Board of Directors, which hedge part of the currency risk related to such sales for a period of up to four years.



Forward-looking statements

This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2022 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange rates, pandemics, the war in Ukraine and economic conditions. This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

About SP Group

SP Group manufactures moulded plastic and composite components and applies plastic coatings on plastic and metal surfaces.

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries and has increasing sales and growing production from own factories in Denmark, China, the USA, Latvia, Slovakia, Sweden, Finland, Thailand and Poland. SP Group also has sales and service subsidiaries in Sweden, Norway, the Netherlands and Canada. SP Group is listed on NASDAQ OMX Copenhagen and had some 2,530 employees and about 3,350 registered shareholders at 30 June 2022.

TPI Polytechnik OmniFlux' air inlet valves installed at a Dutch poultry farm

