NASDAQ Copenhagen A/S
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Interim report – First quarter of 2023

Summary: SP Group generated revenue of DKK 707.3 million in the Q1 2023 reporting period, a decline of 1.8% from DKK 720.1 million in Q1 2022. EBITDA was down by 1.6% to DKK 127.7 million from DKK 129.7 million last year, and profit before tax fell by 17.5% to DKK 68.4 million. FY 2023 guidance is maintained. SP Group expects FY 2023 revenue to grow by 5-15% with an EBITDA margin of 16-19% 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 Q1 2023. Highlights of the interim report:

- The Q1 2023 revenue was down by DKK 12.8 million to DKK 707.3 million, or by 1.8% relative to the year-earlier period. Company acquisitions added DKK 21.9 million to consolidated revenue.
- EBITDA for Q1 2023 was DKK 127.7 million, as against DKK 129.7 million in Q1 2022. Company acquisitions added DKK 5.6 million to EBITDA.
- Depreciation, amortisation and impairment losses amounted to DKK 49.6 million, an increase of DKK 6.5 million relative to Q1 2022. Amortisation and depreciation in acquired companies accounted for DKK 2.1 million of the increase.
- Profit before net financials (EBIT) came to DKK 78.1 million in Q1 2023, for a 9.9% decline from DKK 86.7 million in Q1 2022.
- Net financials were an expense of DKK 9.7 million, a DKK 5.9 million increase relative to Q1 2022 that was due to negative value adjustments, higher interest rates and the servicing of a larger debt.
- Profit before tax was DKK 68.4 million in Q1 2023, a 17.5% decline from DKK 83.0 million in Q1 2022.
- Earnings per share (diluted) were DKK 4.42 in Q1 2023, a 17.1% drop from DKK 5.33 in Q1 2022.
- Sales of our own brands were down by 21.9% in Q1 2023 to DKK 164.0 million. SP Group's own brands accounted for 23.2% of Q1 2023 revenue.
- Sales to the cleantech and automotive industries increased during the reporting period, whereas sales to the healthcare, food-related and other demanding industries fell slightly.
- There was a cash inflow from operating activities of DKK 130.4 million in Q1 2023, against a DKK 62.7 million inflow in Q1 2022.
- Net interest-bearing debt (NIBD) amounted to DKK 996.6 million at 31 March 2023, against DKK 894.6 million at 31 March 2022. At 31 December 2022, NIBD amounted to DKK 1,034.5 million. NIBD was 2.1 times LTM EBITDA. NIBD fell by DKK 37.9 million in Q1 2023.
- SP Group expects FY 2023 revenue to grow by 5-15% with an EBITDA margin of 16-19% and an EBT margin of 9-12%. However, due to the high rate of inflation, rising interest rates, the energy crisis, the war in Ukraine as well as the spread of COVID-19 and the actions taken by the authorities, our levels of activity and cash flows over the coming months remain subject to considerable uncertainty.

Statement by CEO Frank Gad:

"As expected, our revenue declined as value chains normalised and macroeconomic activity declined.

The Q1 2022 period was our best ever quarterly performance in terms of revenue, EBITDA and EBIT.

The Q1 2023 period was our second-best quarter, and we continue to expect activity levels to increase in the second half of the year and therefore maintain our guidance.

We're pleased to note the strong cash flows of the first quarter."

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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q1 2023 (unaud.)	Q1 2022 (unaud.)	FY 2022 (audited)
Income statement			
Revenue	707,344	720,109	2,656,342
Profit before depreciation, amortisation and impairment losses (EBITDA)	127,692	129,714	478,445
Depreciation, amortisation and impairment losses	-49,578	-43,034	-182,315
Profit before net financials (EBIT)	78,114	86,680	296,130
Net financials	-9,667	-3,729	-27,599
Profit before tax (EBT)	68,447	82,951	268,531
Profit for the period	53,715	65,464	213,443
Earnings per share (DKK)	4.42	5.37	17.49
Earnings per share, diluted (DKK)	4.42	5.33	17.49
Balance sheet			
Non-current assets	1,771,089	1,585,722	1,762,928
Total assets	2,995,097	2,779,251	2,961,902
Equity including non-controlling interests	1,336,547	1,123,799	1,266,102
Investments in property, plant and equipment (excluding acquisitions)	64,317	67,516	245,365
Net working capital (NWC)	709,455	596,673	696,320
Net interest-bearing debt (NIBD)	996,637	894,578	1,034,548
NIBD/EBITDA (LTM)	2.1	2.0	2.2
Cash flows			
Cash flows from:			
- operating activities	130,378	62,687	264,491
- investing activities	-49,962	-109,422	-320,927
- financing activities	-105,581	49,027	67,697
Change in cash and cash equivalents	-25,165	2,292	11,261
Key ratios			
EBITDA margin (%)	18.1	18.0	18.0
EBIT margin (%)	11.0	12.0	11.1
Profit before tax (EBT) as a percentage of revenue	9.7	11.5	10.1
Return on invested capital incl. goodwill (%)			13.3
Return on invested capital ex. goodwill (%)			15.2
Return on equity, excluding non-controlling interests (%)			18.2
Equity ratio, excluding non-controlling interests (%)	44.5	40.3	42.6
Equity ratio, including non-controlling interests (%)	44.6	40.4	42.7
Financial gearing	0.7	0.8	0.8
Cash flow per share, DKK	10.72	5.12	21.73
Total dividends for the year per share (DKK)			3.00
Market price, end of period (DKK per share)	259.00	354.00	256.50
Net asset value per share, end of period (DKK)	110.05	92.26	103.77
Market price/net asset value, end of period	2.35	3.84	2.47
Number of shares, end of period	12,490,000	12,490,000	12,490,000
of which treasury shares, end of period	376,032	343,458	321,663
Average no. of employees	2,415	2,530	2,485

The financial ratios have been calculated in accordance with 'Recommendations & Ratios' issued by CFA Society Denmark. The definitions are listed on page 88 of the 2022 Annual Report.

MANAGEMENT COMMENTARY

Q1 PERFORMANCE REVIEW

As expected, our revenue declined in the first quarter, as value chains normalised and macroeconomic activity declined.

We incurred a decline in sales to many customers across industries and geographies in the first quarter. The setback was the most pronounced in our international markets, as sales outside Denmark fell by 7.3%. Sales to our Danish customers were up by 13.3%.

International sales fell by 7.9% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2022:

	Q1 2023
Healthcare	-7.8%
Cleantech	3.8%
Food-related	-3.2%
Automotive	9.3%
Other demanding industries	-0.5%
of which own brands	-21.9%

Most of the change in revenue for the Q1 period was due to reduced volume sales. Exchange rate developments added about DKK 3.3 million to revenue (mainly USD appreciating), equal to 0.5% of revenue.

Acquired businesses and operations contributed about DKK 21.9 million to revenue in the first quarter.

Organic growth in local currencies was negative at about 5.3% in Q1 2023.

Sales to the healthcare industry were down by 7.8% year-on-year to DKK 234.4 million and now account for 33.1% of consolidated revenue.

Sales to the cleantech industry were up by 3.8% to DKK 207.5 million and now make up 29.3% of consolidated revenue.

Sales to food-related industries fell by 3.2% to DKK 93.4 million and now make up 13.2% of consolidated revenue.

Sales to the automotive sector were up by 9.3% to DKK 36.7 million, equal to 5.2% of revenue.

Sales to other demanding industries were down by 0.5% to DKK 135.3 million and now account for 19.1% of consolidated revenue.

Sales of our own brands were down by 21.9% and now account for 23.2% of consolidated revenue.

SP Medical reported an 8.9% improvement in guidewire sales.

TPI reported a 27.1% improvement in sales of farm ventilation components.

MedicoPack reported a 51.9% increase in sales of own-brand medical packaging.

Tinby Skumplast, MM Composite, Dan-Hill-Plast, Ulstrup Plast, Neptun Plast, Atlantic Floats, Nycopac and Meditec along with SP Moulding reported a combined 12.2% increase in own-brand sales – standard industry components – which amounted to a total of DKK 43.5 million.

Ergomat reported a 50.6% decline in sales of ergonomic products.
Unfortunately, this is not the first time we have seen customers defer investments in ergonomics and health and safety in difficult economic times, but investments generally normalise over time.

SP Group continued to step up marketing efforts towards both existing and potential customers. We won new customers in the first quarter 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 (excluding ergonomics) and have won orders for many new plastic components for regular shipment.

International sales made up 69% of revenue (compared with 73.0% in Q1 2022).

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 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, 69% of our staff are employed outside Denmark.

The Group's headcount fell by 68 in the three months to 31 March 2023.

Staff reductions took place in Poland (42), Latvia (17) and Finland (4), while there was a net reduction of five employees in the rest of the world.

At 31 March 2023, SP Group had 2,412 employees worldwide.

In February 2022, Russia brutally attacked Ukraine, invading the country with military might and causing 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 0 million in 2022. We began trading in Ukraine in 2023.

We will undoubtedly see a continued adverse impact from the high rate of inflation, rising interest rates, the energy crisis and weaker 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.

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

In addition, SP Group has extended its credit facilities with its primary bankers until spring 2024. The financial covenants are unchanged:

- Net interest-bearing debt (NIBD) may be up to 3.5x LTM EBITDA, but up to 4.0x EBITDA during the initial two quarters following a debt-funded acquisition.
- The equity ratio must never be below 25%.

NIBD/EBITDA is expected to be less than 3.0 by 31 December 2023.

In March 2023, the Company sold 12,000 treasury shares to cover the cost of warrants exercised under the 2017 warrant programmes. The proceeds added DKK 2.6 million in cash to equity.

At the Company's annual general meeting on 27 April 2023, it was resolved to distribute a dividend of DKK 3.00 per share, for a total of DKK 37.5 million, to the shareholders. The dividend was paid out in early May 2023.

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 three months of 2023 amounted to DKK 707.3 million, a 1.8% decline from DKK 720.1 million in the year-earlier period. Acquired businesses and operations added about 3.0 percentage points to revenue. Exchange rate developments contributed about 0.5 of a percentage point.

The consolidated Q1 2023 EBITDA was DKK 127.7 million compared with DKK 129.7 million in Q1 2022. Acquired businesses and operations contributed DKK 5.6 million.

The EBITDA margin was 18.1%, against 18.0% in Q1 2022.

Profit before net financials (EBIT) came to DKK 78.1 million in Q1 2023, against DKK 86.7 million in Q1 2022. The EBIT margin was 11.0% in Q1 2023 compared with 12.0% in Q1 2022.

Net financials were an expense of DKK 9.7 million in Q1 2023, a DKK 5.9 million increase relative to Q1 2022 that was due to negative exchange rate adjustments, higher interest rates and the servicing of a larger debt.

Profit before tax (EBT) amounted to DKK 68.4 million in Q1 2023 as against DKK 83.0 million in Q1 2022. The Q1 2023 EBT margin was 9.7%, against 11.5% in the same period of last year.

The tax rate rose slightly to 21.5% from 21.1%.

Total assets amounted to DKK 2,995.1 million at 31 March 2023, compared with DKK 2,779.3 million at 31 March 2022 and DKK 2,961.9 million at 31 December 2022. The equity ratio was 44.6% at 31 March 2023, as against 40.4% at 31 March 2022 and 42.7% at 31 December 2022.

Total assets grew by approximately DKK 33.2 million during the three months to 31 March 2023. The amount breaks down as follows: an increase in gross working capital (DKK 50.3 million), a drop in cash and cash equivalents (DKK 25.2 million), a drop in intangible assets (2.7 million), an increase in property, plant and equipment (DKK 11.3 million) and a drop in financial assets (DKK 0.5 million).

Net interest-bearing debt amounted to DKK 996.6 million at 31 March 2023, against DKK 1,034.5 million at 1 January 2023 and DKK 894.6 million at 31 March 2022.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 2.1x the LTM EBITDA of DKK 476.4 million. NIBD/EBITDA at 31 December 2022 was 2.2. We remain strongly committed to reducing the interest-bearing debt by increasing cash flows from operating activities.

Equity was reduced in the Q1 reporting period due to exchange rate adjustments of foreign subsidiaries (by DKK 1.7 million) and increased due to value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 28.6 million).

Equity was reduced by the purchase and sale of treasury shares in the reporting period for a net amount of DKK 11.2 million.

Equity amounted to DKK 1,336.5 million at 31 March 2023 against DKK 1,123.8 million at 31 March 2022 and 1,266.1 million at 31 December 2022.

Equity increased by DKK 70.4 million in the Q1 2023 period.

Cash flows

Cash inflows from operating activities were DKK 130.4 million in Q1 2023, which was DKK 67.7 million more than in the Q1 2022 period.

In the Q1 2023 period, the Group spent DKK 50.0 million on investments, a net amount of DKK 79.9 million on reducing non-current loans, a net amount of DKK 11.1 million on buying and selling treasury shares, DKK 0.4 million on changes in deposits, DKK -49.1 million on changes in short-term bank debt and the Group raised long-term debt of DKK 34.1 million. As a result, cash and cash equivalents were reduced by DKK 25.2 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 good, long-standing and constructive relationships with its financial cooperative partners, which are expected to continue.

OUTLOOK FOR THE REST OF 2023

Hopefully, the global economy will grow in 2023, but it remains fragile and subject to political uncertainty and economic volatility. Our neighbouring markets in Europe have alarming rates of inflation, 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 continue to 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 SP Group's performance. A higher level of interest rates would also have an adverse effect on SP Group's performance.

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 are well positioned to contribute advanced solutions for the green transition, and we expect to see a revival of growth in the wind turbine industry in the coming years.

After acquiring Bovil and DAVINCI 3D, we are even better positioned to support our customers from product launch to full-scale production.

By acquiring Meditec, we added to our existing skills and expertise within the healthcare field.

We intend to maintain a high level of investment in 2023. We expect to make the largest investments in our healthcare operations.

Amortisation and depreciation charges are expected to increase relative to 2022, in part due to the substantial investments made in 2022.
Financial expenses are expected to be higher than in 2022 due to the higher level of interest rates.

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 high rate of inflation, rising interest rates, the energy crisis, the war in Ukraine as well as the spread of COVID-19 and the actions taken by the authorities, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

However, it is difficult to provide meaningful guidance in a world where war is raging in Europe, the inflation crisis continues to rage at various stages in different countries and where the situation is rapidly evolving.

At the present time, SP Group expects FY 2023 revenue to grow by 5-15% with an EBITDA margin of 16-19% and an EBT margin of 9-12%.

OTHER MATTERS AND EVENTS OCCURRING DURING THE REPORTING PERIOD

In Poland, we are getting our new 12,000m² Ergomat factory facility ready for operation. The project provides the scope for Ergomat to expand capacity.

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 three months ended 31 March 2023.

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 31 March 2023 and of the results of the Group's operations and cash flows for the three months ended 31 March 2023.

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, 24 May 2023

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	Marie Bakholdt Lund

INCOME STATEMENT (summary)

DKK '000	Q1 2023 (unaud.)	Q1 2022 (unaud.)	FY 2022 (audited)
Revenue	707,344	720,109	2,656,342
Production costs	-471,141	-484,855	-1,783,183
Contribution margin	**236,203**	**235,254**	**873,153**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**127,692**	**129,714**	**478,445**
Depreciation, amortisation and impairment losses	-49,578	-43,034	-182,315
Profit before net financials (EBIT)	**78,114**	**86,680**	**296,130**
Net financials	-9,667	-3,729	-27,599
Profit before tax (EBT)	**68,447**	**82,951**	**268,531**
Tax on profit for the period	-14,732	-17,487	-55,088
Profit for the period	**53,715**	**65,464**	**213,443**
Attributable to:			
Parent company shareholders	53,734	65,283	212,842
Non-controlling shareholders	-19	181	601
Earnings per share (DKK)	4.42	5.37	17.49
Earnings per share, diluted (DKK)	4.42	5.33	17.49

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q1 2023 (unaud.)	Q1 2022 (unaud.)	FY 2022 (audited)
Profit for the period	**53,715**	**65,464**	**213,443**
Items that may be reclassified to the income statement:			
Exchange rate adjustment relating to foreign companies	-1,677	3,077	-989
Net fair value adjustment of financial instruments acquired to hedge future cash flows	28,594	-16,819	15,983
Other comprehensive income	**26,917**	**-13,742**	**14,994**
Comprehensive income	**80,632**	**51,722**	**228,437**
Allocation of comprehensive income for the period:			
Parent company shareholders	80,658	51,550	227,913
Non-controlling shareholders	-26	172	524
Earnings per share (DKK)	6.63	4.25	18.77
Earnings per share, diluted (DKK)	6.63	4.22	18.77

BALANCE SHEET (summary)

DKK '000	31.03. 2023 (unaud.)	31.03. 2022 (unaud.)	31.12. 2022 (audited)
Intangible assets*	455,852	397,119	458,552
Property, plant and equipment	1,304,482	1,174,085	1,293,170
Financial assets	1,310	3,521	1,761
Deferred tax assets	9,445	10,997	9,445
Total non-current assets	**1,771,089**	**1,585,722**	**1,762,928**
Inventories	755,861	628,806	739,236
Receivables*	399,888	480,269	366,314
Cash	68,259	84,454	93,424
Total current assets	**1,224,008**	**1,193,529**	**1,198,974**
Total assets	**2,995,097**	**2,779,251**	**2,961,902**
Equity including non-controlling interests	1,336,547	1,123,799	1,266,102
Non-current liabilities*	849,535	690,869	806,019
Current liabilities*	809,015	964,583	889,781
Equity and liabilities	**2,995,097**	**2,779,251**	**2,961,902**

* See notes 3, 4 and 5 to the financial statements on page 14 for changes in goodwill, capital position and the fair value of derivative financial instruments.

CASH FLOW STATEMENT

DKK '000	Q1 2023 (unaud.)	Q1 2022 (unaud.)	FY 2022 (audited)
Profit before net financials (EBIT)	78,114	86,680	296,130
Depreciation, amortisation and impairment losses	49,578	43,034	182,315
Share-based payment	933	585	3,388
Value adjustments, etc.	11,815	-2,501	-936
Change in working capital	15,462	-61,479	-128,159
Interest expenses paid	-12,792	-6,068	-29,399
Income tax received/paid	-12,732	2,436	-58,848
Cash flows from operating activities	**130,378**	**62,687**	**264,491**
Acquisition of subsidiary and associate businesses	0	-44,287	-92,258
Acquisition of intangible assets	-1,710	-3,530	-15,217
Acquisition of property, plant and equipment, net	-48,252	-61,605	-213,452
Cash flows from investing activities	**-49,962**	**-109,422**	**-320,927**
Dividend to non-controlling shareholders	0	0	0
Dividends paid	0	0	-36,683
Deposits, adjustment	447	-2,300	-177
Acquisition of treasury shares	-13,756	-12,530	-39,247
Sale of treasury shares	2,636	0	25,969
Capital increase	0	0	0
Sale of warrants	0	0	0
Raising of long-term loans	34,128	0	312,205
Instalments on non-current liabilities	-79,924	-36,100	-191,499
Bank debt, adjustment	-49,112	-16,181	-2,871
Cash flows from financing activities	**-105,581**	**49,027**	**67,697**
Change in cash and cash equivalents	**-25,165**	**2,292**	**11,261**
Cash and cash equivalents at beginning of period	93,424	82,163	82,163
Cash and cash equivalents at end of period	**68,259**	**84,455**	**93,424**

CHANGES IN EQUITY since 1 January:

DKK '000	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2023 (unaud.)	**2022** (unaud.)	**2023** (unaud.)	**2022** (unaud.)	**2023** (unaud.)	**2022** (unaud.)
Balance at 1 January	**1,262,648**	**1,081,092**	**3,454**	**2,930**	**1,266,102**	**1,084,022**
Profit for the period	**53,734**	**65,283**	**-19**	**181**	**53,715**	**65,464**
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	-1,670	3,086	-7	-9	-1,677	3,077
Value adjustment of derivative financial instruments	28,594	-16,819	0	0	28,594	-16,819
Total other comprehensive income	**26,924**	**-13,733**	**-7**	**-9**	**26,917**	**-13,742**
Comprehensive income for the period	**80,658**	**51,550**	**-26**	**172**	**80,632**	**51,722**
Share-based payment	933	585	0	0	933	585
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	-13,756	-12,530	0	0	-13,756	-12,530
Sale of treasury shares	2,636	0	0	0	2,636	0
Dividends paid	0	0	0	0	0	0
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	**-10,187**	**-11,945**	**0**	**0**	**-10,187**	**-11,945**
Balance at 31 March	**1,333,119**	**1,120,697**	**3,428**	**3,102**	**1,336,547**	**1,123,799**

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

The Board of Directors resolved on 24 March 2023 to set up an incentive programme for the Company's Executive Board and 41 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 2019 Annual General Meeting, on which occasion the programme was presented to the shareholders. A total of 120,000 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 260.00 per share with a nominal value of DKK 2 plus a 7.5% premium calculated from 1 April 2023 and until the date of exercise. The exercise price was fixed on the basis of market conditions applying on 23 March 2023.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2026 to 31 March 2029, 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 39.59 each for an aggregate market value of DKK 4,751,109.00. The market value of the warrants issued was calculated using the Black–Scholes model with volatility of 38.5% calculated on the basis of the price of the Company's shares during the past 12 months, a level of interest rates of 2.60%, a share price of DKK 230.50 (closing price at 23 March 2023) and assuming that warrants awarded are exercised in April 2026. Allowance is made for any dividend payments to be made during the period.

A total of 12,000 warrants were exercised in March 2023. A total of 6,200 warrants from the 2017 programme were not exercised and have therefore expired.

SP Group currently has incentive programmes consisting of 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, 115,000 warrants (2022 programme) that are exercisable as from 2025, and 120,000 warrants (2023 programme) that are exercisable as from 2026.

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 three months to 31 March 2023 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 2022, 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 2023, SP Group A/S has implemented the following new or amended standards and interpretations:

- Amendments to: IAS 12 Income Taxes
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

SP Group A/S has implemented the standards and interpretations taking effect in the EU for 2023.

None of these have affected recognition and measurement in 2023 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 2022. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2022.

Impairment test

Management had not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 31 March 2023.

Note 3. Intangible assets
Goodwill

DKK '000	**31.03. 2023** (unaud.)	**31.03. 2022** (unaud.)	**31.12. 2022** (audited)
Cost at 1 January	332,079	244,661	244,661
Foreign exchange adjustment	1,589	128	859
Additions on acquisitions	0	39,591	88,420
Cost at end of period	333,668	284,380	333,940
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	**331,807**	**282,519**	**332,079**

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		**31.03. 2023** (unaud.)		**31.03. 2022** (unaud.)		**31.12. 2022** (audited)
Financial assets	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Derivative financial instruments to hedge future cash flows	1,532	1,532	0	0	0	0
Financial liabilities						
Derivative financial instruments to hedge future cash flows	0	0	71,517	71,517	33,272	33,272

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.

Note 5. Capital position

The Group reviews and assesses its debt portfolio on an ongoing basis, including in respect of developments in interest and market rates. As part of these efforts, the Company redeemed a 5-year F5 mortgage of DKK 1.1 million and fixed rate loans DKK 22.6 million during the reporting period, while taking out a 1-year F1 mortgage of DKK 32.4 million and a fixed-rate loan of DKK 1.7 million.

The table below lists loans redeemed and taken out:

Raised/redeemed	Currency	Matures in	Loan type	Carrying amount at 31 March 2023
				DKK '000
Raised	DKK	2043	F1	32,400
Raised	EUR	2027	Fixed	1,677
Redeemed	DKK	2040	Fixed	10,970
Redeemed	DKK	2032	F5	1,054
Redeemed	DKK	2039	Fixed	5,217
Redeemed	DKK	2040	Fixed	6,438

Forward-looking statements
This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2023 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 Copenhagen A/S and had some 2,415 employees and about 3,500 registered shareholders at 31 March 2023.

Dan-Hill-Plast develops, manufactures and sells globally own-brand products, such as fenders and buoys.