NASDAQ Copenhagen A/S
Nikolaj Plads 6
DK-1007 Copenhagen K

Announcement no. 28/2023
23 August 2023
Company reg. (CVR) no. 15701315

Interim report - First half year of 2023

Summary: SP Group generated revenue of DKK 1,370.1 million in the H1 2023 reporting period, a decline of 2.2% from DKK 1,400.5 million in H1 2022. EBITDA was down by 7.8% to DKK 230.3 million from DKK 249.6 million last year, and profit before tax fell by 29.7% to DKK 107.9 million. FY 2023 guidance revised: SP Group expects FY 2023 revenue to grow by 0-10% (previously 5-15%) at an EBITDA margin of 16-19% (unchanged) and an EBT margin of 7-10% (previously 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 2023. Highlights of the interim report:

- The H1 2023 revenue was down by DKK 30.4 million to DKK 1,370.1 million, or by 2.2%, relative to the year-earlier period. Company acquisitions added DKK 34.2 million to consolidated revenue. Q2 sales fell by 2.6% year on year.
- EBITDA for H1 2023 was DKK 230.3 million, as against DKK 249.6 million in H1 2022. Company acquisitions added DKK 7.4 million to EBITDA. EBITDA declined by DKK 17.4 million in Q2 2023, for a 14.5% year-on-year decrease.
- Depreciation, amortisation and impairment losses amounted to DKK 100.7 million, an increase of DKK 12.9 million relative to the same period last year. Amortisation and depreciation in acquired companies accounted for DKK 3.3 million of the increase.
- Profit before net financials (EBIT) came to DKK 129.5 million in H1 2023, for a 19.9% decline from DKK 161.8 million in H1 2022. EBIT for the second quarter was DKK 51.4 million, for a 31.6% decline from DKK 75.1 million in Q2 2022.
- Net financials were an expense of DKK 21.6 million, a DKK 13.3 million increase relative to H1 2022 that was due to higher interest rates and the servicing of a larger debt.
- Profit before tax was DKK 107.9 million in H1 2023, a 29.7% decline from DKK 153.5 million in H1 2022. The Q2 2023 EBT was DKK 39.5 million against DKK 70.5 million in Q2 2022.
- Earnings per share (diluted) were DKK 6.92 in H1 2023, a 30.2% drop from DKK 9.92 in H1 2022.
- Sales of our own brands were down by 18.9% in H1 2023 to DKK 317.1 million. SP Group's own brands accounted for 23.1% of H1 2023 revenue.
- Sales to the cleantech, automotive and other demanding industries increased during the reporting period, whereas sales to healthcare (ergonomics) and food-related industries declined.
- There was a cash inflow from operating activities of DKK 186.8 million in H1 2023, against DKK 136.6 million in H1 2022.
- Net interest-bearing debt (NIBD) amounted to DKK 1,012.5 million at 30 June 2023, against DKK 910.3 million at 30 June 2022. At 31 December 2022, NIBD amounted to DKK 1,034.5 million. NIBD was 2.2 times LTM EBITDA. NIBD fell by DKK 22.0 million in H1 2023.
- *SP Group now expects FY 2023 revenue to grow by 0-10% at an EBITDA margin of 16-19% and an EBT margin of 7-10%.* However, due to the high rate of inflation, higher interest rates, the energy crisis and the war in Ukraine, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

Statement by CEO Frank Gad:

"As expected, our revenue declined as value chains normalised and due to higher interest rates and reduced macroeconomic activity. We expect to generate growth over the coming quarters, but at a slightly lower pace than previously expected for 2023 (0-10% growth against the previous guidance of 5-15%). We expect to maintain our EBITDA margin in the 16-19% range, but higher interest rates and a slightly reduced top line than previously anticipated makes us lower our EBT margin guidance to the 7-10% range from previously 9-12%."

Further information:
CEO Frank Gad
Tel: +45 70 23 23 79
www.sp-group.dk

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q2 2023 (unaud.)	Q2 2022 (unaud.)	Acc. Q2 2023 (unaud.)	Acc Q2 2022 (unaud.)	FY 2022 (audited)
Income statement					
Revenue	662,764	680,352	1,370,108	1,400,461	2,656,342
Profit before depreciation, amortisation and impairment losses (EBITDA)	102,558	119,925	230,250	249,639	478,445
Depreciation, amortisation and impairment losses	-51,165	-44,839	-100,743	-87,873	-182,315
Profit before net financials (EBIT)	51,393	75,086	129,507	161,766	296,130
Net financials	-11,938	-4,547	-21,605	-8,276	-27,599
Profit before tax (EBT)	39,455	70,539	107,902	153,490	268,531
Profit for the period	30,561	56,159	84,276	121,623	213,443
Earnings per share (DKK)			6.92	9.95	17.49
Earnings per share, diluted (DKK)			6.92	9.92	17.49
Balance sheet					
Non-current assets			1,764,117	1,597,575	1,762,928
Total assets			3,055,810	2,786,596	2,961,902
Equity including non-controlling interests			1,396,194	1,138,038	1,266,102
Investments in property, plant and equipment (excluding acquisitions)	25,419	55,476	89,736	122,992	245,365
Net working capital (NWC)			797,792	595,024	696,320
Net interest-bearing debt (NIBD)			1,012,497	910,320	1,034,548
NIBD/EBITDA (LTM)			2.2	2.0	2.2
Cash flows					
Cash flows from:					
- operating activities	56,430	73,893	186,808	136,580	264,491
- investing activities	-24,073	-54,449	-74,035	-163,871	-320,927
- financing activities	-23,216	-12,774	-128,797	36,252	67,697
Change in cash and cash equivalents	9,141	6,670	-16,024	8,961	11,261
Key ratios					
EBITDA margin (%)	15.5	17.6	16.8	17.8	18.0
EBIT margin (%)	7.8	11.0	9.5	11.6	11.1
Profit before tax (EBT) as a percentage of revenue	6.0	10.4	7.9	11.0	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 (%)			45.6	40.7	42.6
Equity ratio, including non-controlling interests (%)			45.7	40.8	42.7
Financial gearing			0.7	0.8	0.8
Cash flow per share, DKK			15.37	11.17	21.73
Total dividends for the year per share (DKK)					3.00
Market price, end of period (DKK per share)			263.00	313.50	256.50
Net asset value per share, end of period (DKK)			114.03	92.88	103.77
Market price/net asset value, end of period			2.31	3.38	2.47
Number of shares, end of period			12,490,000	12,490,000	12,490,000
of which treasury shares, end of period			277,561	271,590	321,663
Average no. of employees			2,404	2,507	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

H1 PERFORMANCE REVIEW

As expected, our revenue declined in the first half of the year, as value chains normalised (inventory adjustments) and macroeconomic activity declined.

We incurred a decline in sales to many customers across industries and geographies in the first half. The setback was the most pronounced in our international markets, as sales outside Denmark fell by 4.8%. Sales to our Danish customers were up by 4.6%.

International sales fell by 5.0% in local currencies.

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

	Q2 2023	H1 2023
Healthcare	-10.9%	-9.3%
Cleantech	12.5%	7.9%
Food-related	-24.3%	-13.9%
Automotive	15.0%	12.3%
Other demanding industries	2.5%	1.0%
of which own brands	-15.4%	-18.9%

Most of the change in revenue for the H1 period was due to reduced volume sales. Exchange rate developments added about DKK 2.4 million to revenue (mainly USD appreciating), equal to 0.2% of revenue.

Acquired businesses and operations contributed about DKK 34.2 million to revenue in the first half.

Organic growth in local currencies was negative at about 4.8% in H1 2023.

Sales to the healthcare industry were down by 9.3% year-on-year to DKK 438.7 million and now account for 32.0% of consolidated revenue.

Sales to the cleantech industry were up by 7.9% to DKK 412.1 million and now make up 30.1% of consolidated revenue.

Sales to food-related industries fell by 13.9% to DKK 169.1 million and now make up 12.3% of consolidated revenue.

Sales to the automotive sector were up by 12.3% to DKK 80.5 million, equal to 5.9% of revenue.

Sales to other demanding industries were up by 1.0% to DKK 269.8 million and now account for 19.7% of consolidated revenue.

Sales of our own brands were down by 18.9% and now account for 23.1% of consolidated revenue.

SP Medical reported a 14.2% improvement in guidewire sales.

TPI reported a 19.0% improvement in sales of farm ventilation components.

MedicoPack reported a 40.6% 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 13.3% increase in own-brand sales – standard industry components – which amounted to a total of DKK 88.8 million.

Ergomat reported a 48.0% 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 six months of 2023 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.

Volume sales to the healthcare industry (excluding ergonomics) are improving and we have won orders for many new plastic components for regular shipment.

International sales made up 70.3% of revenue (compared with 72.2% in H1 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 73 during the six months to 30 June 2023, due to a drop in business activity.

Staff reductions took place in Poland (51), Latvia (34) and Finland (7), while more staff were taken on in China (9) and Slovakia (10).

At 30 June 2023, SP Group had 2,407 employees worldwide.

In February 2022, Russia brutally attacked neighbouring 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, higher 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 six months of 2023 amounted to DKK 1,370.1 million, a 2.2% decline from DKK 1,400.5 million in the year-earlier period. Acquired businesses and operations increased revenue by about 2.5 percentage points. Exchange rate developments lifted revenue by about 0.2 of a percentage point.

Consolidated H1 2023 EBITDA was DKK 230.3 million compared with DKK 249.6 million in H1 2022. Acquired businesses and operations contributed DKK 7.4 million.

The EBITDA margin was 16.8%, against 17.8% in H1 2022.

Profit before net financials (EBIT) came to DKK 129.5 million in H1 2023, against DKK 161.8 million in H1 2022. The EBIT margin was 9.5% in H1 2023 compared with 11.6% in H1 2022.

Net financials were an expense of DKK 21.6 million in H1 2023, a DKK 13.3 million increase relative to H1 2022 that was due to higher interest rates and the servicing of a larger debt.

Profit before tax (EBT) amounted to DKK 107.9 million in H1 2023 as against DKK 153.5 million in H1 2022. The H1 2023 EBT margin was 7.9%, against 11.0% in the same period of last year.

The tax rate rose to 21.9% from 20.8%.

Total assets amounted to DKK 3,055.8 million at 30 June 2023, compared with DKK 2,786.6 million at 30 June 2022 and DKK 2,961.9 million at 31 December 2022. The equity ratio was 45.7% at 30 June 2023, as against 40.8% at 30 June 2022 and 42.7% at 31 December 2022.

Total assets grew by approximately DKK 93.9 million during the six months to 30 June 2023. The amount breaks down as follows: an increase in gross working capital (DKK 108.7 million), a drop in cash and cash equivalents (DKK 16.0 million), a drop in intangible assets (8.4 million), an increase in property, plant and equipment (DKK 10.1 million) and a drop in financial assets (DKK 0.5 million).

Net interest-bearing debt amounted to DKK 1,012.5 million at 30 June 2023, against DKK 1,034.5 million at 1 January 2023 and DKK 910.3 million at 30 June 2022.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 2.2x the LTM EBITDA of DKK 459.1 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.

Exchange rate adjustments of foreign subsidiaries (DKK 3.6 million) and value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, DKK 87.8 million), both had a positive effect on equity in the H1 2023 period.

Equity was reduced by the purchase and sale of treasury shares in the reporting period for a net amount of DKK 11.5 million.

Equity amounted to DKK 1,396.2 million at 30 June 2023, against DKK 1,138.0 million at 30 June 2022 and DKK 1,266.1 million at 31 December 2022.

Equity increased by DKK 130.1 million in the H1 2023 period.

The equity ratio rose to 45.7% from 40.8% at 30 June 2022 and 42.7% at 1 January 2023.

Cash flows

Cash flows from operating activities were DKK 186.8 million in H1 2023, which was DKK 50.2 million more than in the H1 2022 period.

In the H1 2023 period, the Group spent DKK 74.0 million on investments, a net amount of DKK 140.7 million on reducing non-current loans, a net amount of DKK 11.5 million on buying and selling treasury shares, deposits increased by DKK 0.5 million, paid DKK 36.3 million in dividends, DKK 25.1 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 16.0 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 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.

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 and the war in Ukraine, 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 0-10% (previously 5-15%) at an EBITDA margin of 16-19% (unchanged) and an EBT margin of 7-10% (previously 9-12%).

OTHER MATTERS AND EVENTS OCCURRING DURING THE REPORTING PERIOD

In Poland, we have finished setting up the new 12,000m² factory facility for Ergomat, and the company now has scope to expand capacity.

In the USA, we have acquired a plot and have started designing our new injection moulding factory in Atlanta, which is expected to be ready for operations in mid-2024.

In China, SP Moulding and Tinby now operate from a shared location in Suzhou.

In Finland and Slovakia, our new solar panel plants are now in operation.

We are continuing the efforts to get permission to establish a solar panel plant in cooperation with our two 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.

We are busy preparing quotes for new projects for our customers. We continue to see customer interest in new competitive solutions in plastic and composite materials at lower costs, lower weight and with a reduced carbon footprint.

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 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 30 June 2023 and of the results of the Group's operations and cash flows for the six months ended 30 June 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, 23 August 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	Q2 2023 (unaud.)	Q2 2022 (unaud.)	Acc. Q2 2023 (unaud.)	Acc. Q2 2022 (unaud.)	FY 2022 (audited)
Revenue	662,764	680,352	1,370,108	1,400,461	2,656,342
Production costs	-448,769	-451,945	-919,910	-936,800	-1,783,183
Contribution margin	**213,995**	**228,407**	**450,198**	**463,661**	**873,153**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**102,558**	**119,925**	**230,250**	**249,639**	**478,445**
Depreciation, amortisation and impairment losses	-51,165	-44,839	-100,743	-87,873	-182,315
Profit before net financials (EBIT)	**51,393**	**75,086**	**129,507**	**161,766**	**296,130**
Net financials	-11,938	-4,547	-21,605	-8,276	-27,599
Profit before tax (EBT)	**39,455**	**70,539**	**107,902**	**153,490**	**268,531**
Tax on profit for the period	-8,894	-14,380	-23,626	-31,867	-55,088
Profit for the period	**30,561**	**56,159**	**84,276**	**121,623**	**213,443**
Attributable to:					
Parent company shareholders	30,336	56,055	84,070	121,338	212,842
Non-controlling shareholders	225	104	206	285	601
Earnings per share (DKK)			6.92	9.95	17.49
Earnings per share, diluted (DKK)			6.92	9.92	17.49

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q2 2023 (unaud.)	Q2 2022 (unaud.)	Acc. Q2 2023 (unaud.)	Acc. Q2 2022 (unaud.)	FY 2022 (audited)
Profit for the period	**30,561**	**56,159**	**84,276**	**121,623**	**213,443**
Items that may be reclassified to the income statement:					
Exchange rate adjustment relating to foreign companies	5,301	9,671	3,624	12,748	-989
Net fair value adjustment of financial instruments acquired to hedge future cash flows	59,198	-31,074	87,792	-47,893	15,983
Other comprehensive income	**64,499**	**-21,403**	**91,416**	**-35,145**	**14,994**
Comprehensive income	**95,060**	**34,756**	**175,692**	**86,478**	**228,437**
Allocation of comprehensive income for the period:					
Parent company shareholders	94,875	34,684	175,533	86,234	227,913
Non-controlling shareholders	185	72	159	244	524
Earnings per share (DKK)			14.45	7.09	18.77
Earnings per share, diluted (DKK)			14.45	7.07	18.77

BALANCE SHEET (summary)

DKK '000	30.06. 2023 (unaud.)	30.06. 2022 (unaud.)	31.12. 2022 (audited)
Intangible assets*	450,170	397,824	458,552
Property, plant and equipment	1,303,228	1,187,015	1,293,170
Financial assets	1,274	1,739	1,761
Deferred tax assets	9,445	10,997	9,445
Total non-current assets	**1,764,117**	**1,597,575**	**1,762,928**
Inventories	747,586	686,883	739,236
Receivables*	466,707	411,014	366,314
Cash	77,400	91,124	93,424
Total current assets	**1,291,693**	**1,189,021**	**1,198,974**
Total assets	**3,055,810**	**2,786,596**	**2,961,902**
Equity including non-controlling interests	1,396,194	1,138,038	1,266,102
Non-current liabilities	775,156	736,170	806,019
Current liabilities*	884,460	912,388	889,781
Equity and liabilities	**3,055,810**	**2,786,596**	**2,961,902**

* See notes 3, 4 and 5 to the financial statements on pp. 14 and 15 for changes in goodwill, the fair value of derivative financial instruments and capital position.

CASH FLOW STATEMENT

DKK '000	**Q2 2023** (unaud.)	**Q2 2022** (unaud.)	**Acc. Q2 2023** (unaud.)	**Acc. Q2 2022** (unaud.)	**FY 2022** (audited)
Profit before net financials (EBIT)	51,393	75,086	129,507	161,766	296,130
Depreciation, amortisation and impairment losses	51,165	44,839	100,743	87,873	182,315
Share-based payment	1,329	933	2,262	1,518	3,388
Value adjustments, etc.	4,167	5,052	17,655	2,551	-936
Change in working capital	-29,147	-29,341	-13,685	-90,820	-128,159
Interest expenses paid	-14,674	-4,339	-27,466	-10,407	-29,399
Income tax received/paid	-7,803	-18,337	-22,208	-15,901	-58,848
Cash flows from operating activities	**56,430**	**73,893**	**186,808**	**136,580**	**264,491**
Acquisition of subsidiary and associate businesses	0	0	0	-44,287	-92,258
Acquisition of intangible assets	-254	-2,190	-1,964	-5,720	-15,217
Acquisition of property, plant and equipment, net	-23,819	-52,259	-72,071	-113,864	-213,452
Cash flows from investing activities	-24,073	-54,449	**-74,035**	**-163,871**	**-320,927**
Dividend to non-controlling shareholders	0	0	0	0	0
Dividends paid	-36,337	-36,683	-36,337	-36,683	-36,683
Deposits, adjustment	45	2,145	492	-155	-177
Acquisition of treasury shares	-405	-10,736	-14,161	-23,266	-39,247
Sale of treasury shares	0	25,969	2,636	25,969	25,969
Capital increase	0	0	0	0	0
Sale of warrants	0	0	0	0	0
Raising of long-term loans	0	86,562	34,128	202,700	312,205
Instalments on non-current liabilities	-60,767	-66,717	-140,691	-102,818	-191,499
Bank debt, adjustment	74,248	-13,314	25,136	-29,495	-2,871
Cash flows from financing activities	**-23,216**	**-12,774**	**-128,797**	**36,252**	**67,697**
Change in cash and cash equivalents	**9,141**	**6,670**	**-16,204**	**8,961**	**11,261**
Cash and cash equivalents at beginning of period	68,259	84,454	93,424	82,163	82,163
Cash and cash equivalents at end of period	**77,400**	**91,124**	**77,400**	**91,124**	**93,424**

CHANGES IN EQUITY since 1 January:

DKK '000	Equity attributable to parent company shareholders 2023 (unaud.)	2022 (unaud.)	Equity attributable to non-controlling interests 2023 (unaud.)	2022 (unaud.)	Equity including non-controlling interests 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	**84,070**	**121,338**	**206**	**285**	**84,276**	**121,623**
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	3,671	12,789	-47	-41	3,624	12,748
Value adjustment of derivative financial instruments	87,792	-47,893	0	0	87,792	-47,893
Total other comprehensive income	**91,463**	**-35,104**	**-47**	**-41**	**91,416**	**-35,145**
Comprehensive income for the period	**175,533**	**86,234**	**159**	**244**	**175,692**	**86,478**
Share-based payment	2,262	1,518	0	0	2,262	1,518
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	-14,161	-23,266	0	0	-14,161	-23,266
Sale of treasury shares	2,636	25,969	0	0	2,636	25,969
Dividends paid	-36,337	-36,683	0	0	-36,337	-36,683
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	**-45,600**	**-32,462**	**0**	**0**	**-45,600**	**-32,462**
Balance at 30 June	**1,392,581**	**1,134,864**	**3,613**	**3,174**	**1,396,194**	**1,138,038**

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 six months to 30 June 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 30 June 2023.

Note 3. Intangible assets
Goodwill

DKK '000	**30.06. 2023** (unaud.)	**30.06. 2022** (unaud.)	**31.12. 2022** (audited)
Cost at 1 January	332,079	244,661	244,661
Foreign exchange adjustment	1,611	1,274	859
Additions on acquisitions	0	39,591	88,420
Cost at end of period	333,690	285,526	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	**331,829**	**283,665**	**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		**30.06. 2023** (unaud.)		**30.06. 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	73,389	73,389	0	0	0	0
Financial liabilities						
Derivative financial instruments to hedge future cash flows	0	0	96,900	96,900	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 of DKK 22.6 million during the six months to 30 June 2023, 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 30 June 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 OMX Copenhagen and had some 2,400 employees and about 3,650 registered shareholders at 30 June 2023.

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