

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

Announcement no. 08/2024
27 May 2024
Company reg. (CVR) no. 15701315

Interim report – First quarter of 2024

Summary: SP Group generated revenue of DKK 722.9 million in the Q1 2024 reporting period, a 2.2% improvement from DKK 707.3 million in Q1 2023. EBITDA was up by 16.2% to DKK 148.4 million from DKK 127.7 million last year, and profit before tax was up by 23.8% to DKK 84.8 million. The FY 2024 guidance is maintained. SP Group continues to expect FY 2024 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 2024.

Highlights of the interim report:

- Revenue was up by DKK 15.5 million to DKK 722.9 million in Q1 2024, or by 2.2% year-on-year.
- Earnings before depreciation, amortisation and impairment losses (EBITDA) for Q1 2024 amounted to DKK 148.4 million, as against DKK 127.7 million in Q1 2023. EBITDA margin was 20.5 % in Q1 2024.
- Depreciation, amortisation and impairment losses amounted to DKK 49.8 million, an increase of DKK 0.2 million relative to the same period last year.
- Profit before net financials (EBIT) came to DKK 98.6 million in Q1 2024, against DKK 78.1 million in Q1 2023, for a 26.2% increase.
- Net financials were an expense of DKK 13.8 million, a DKK 4.2 million increase relative to Q1 2023 that was due to higher interest rate levels and reduced capital gains relative to the year-earlier period.
- Profit before tax was DKK 84.8 million in Q1 2024, as against DKK 68.4 million in the year-earlier period, for a 23.8% increase. EBT margin was 11.7 % in Q1 2024.
- Earnings per share (diluted) were DKK 5.47 in Q1 2024, a 23.8% improvement from DKK 4.42 in Q1 2023.
- Sales of our own brands were up by 25.1% year-on-year to DKK 205.2 million in Q1 2024. SP Group's own brands accounted for 28.4% of Q1 2024 revenue.
- Sales to the healthcare and cleantech industries increased during the reporting period, whereas sales to the food-related, automotive and other demanding industries fell slightly.
- There was a cash inflow from operating activities of DKK 121.3 million in Q1 2024, against a DKK 130.4 million inflow in Q1 2023.
- Net interest-bearing debt (NIBD) was DKK 946.4 million at 31 March 2024, against DKK 996.6 million at 31 March 2023. At 31 December 2023, NIBD amounted to DKK 1,030.6 million. NIBD was 2.0 times LTM EBITDA. NIBD fell by DKK 84.2 million in Q1 2024.
- SP Group continues to expect FY 2024 revenue to grow by 5-15% with an EBITDA margin of 16-19% and an EBT margin of 9-12%. Due to inflation, higher interest rates, volatile energy prices and the wars in Ukraine and Gaza, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

Statement by CEO Frank Gad:

"I am pleased that we have restored growth at SP Group and that sales of our own brands are increasing nicely. Customers are welcoming our new solutions and new products."

Further information:

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

In case of any discrepancies, the Danish version shall prevail.



FINANCIAL HIGHLIGHTS AND KEY RATIOS

	Q1 2024 (unaud.)	Q1 2023 (unaud.)	FY 2023 (audited)
DKK '000 (key ratios excepted)			
Income statement			
Revenue	722,893	707,344	2,606,322
Profit before depreciation, amortisation and impairment losses (EBITDA)	148,402	127,692	440,990
Depreciation, amortisation and impairment losses	-49,786	-49,578	-199,754
Profit before net financials (EBIT)	98,616	78,114	241,236
Net financials	-13,848	-9,667	-40,176
Profit before tax (EBT)	84,768	68,447	201,060
Profit for the period	66,443	53,715	159,222
Earnings per share (DKK)	5.47	4.42	13.04
Earnings per share, diluted (DKK)	5.47	4.42	13.04
Balance sheet			
Non-current assets	1,822,664	1,771,089	1,839,621
Total assets	3,078,152	2,995,097	3,019,634
Equity including non-controlling interests	1,535,704	1,336,547	1,463,570
Investments in property, plant and equipment (excluding acquisitions)	29,515	64,317	210,995
Net working capital (NWC)	796,928	709,455	785,757
Net interest-bearing debt (NIBD)	946,392	996,637	1,030,599
NIBD/EBITDA (LTM)	2.0	2.1	2.3
Cash flows			
Cash flows from:			
- operating activities	121,278	130,378	360,372
- investing activities	-29,240	-49,962	-187,461
- financing activities	-84,091	-105,581	-216,058
Change in cash and cash equivalents	7,947	-25,165	-43,147
Key ratios			
EBITDA margin (%)	20.5	18.1	16.9
EBIT margin (%)	13.6	11.0	9.3
Profit before tax (EBT) as a percentage of revenue	11.7	9.7	7.7
Return on invested capital including goodwill (%)			9.5
Return on invested capital excluding goodwill (%)			10.9
Return on equity, excluding non-controlling interests (%)			11.6
Equity ratio, excluding non-controlling interests (%)	49.7	44.5	48.3
Equity ratio, including non-controlling interests (%)	49.9	44.6	48.5
Financial gearing	0.6	0.7	0.7
Cash flow per share, DKK	10.01	10.72	29.64
Total dividends for the year per share (DKK)			3.00
Market price, end of period (DKK per share)	217.00	259.00	218.50
Net asset value per share, end of period (DKK)	126.43	110.05	120.49
Market price/net asset value, end of period	1.72	2.35	1.81
Number of shares, end of period	12,490,000	12,490,000	12,490,000
of which treasury shares, end of period	377,561	376,032	377,561
Average no. of employees	2,327	2,415	2,351

The definitions of key ratios are listed on page 96 of the 2023 Annual Report.



MANAGEMENT COMMENTARY

Q1 PERFORMANCE REVIEW

We saw an increase in sales to many customers across industries and geographies in the first quarter. Our international markets improved, as sales outside Denmark grew by 10.2% in the first three months of 2024. Sales to our Danish customers were down by 15.5%.

International sales were up by 11.1% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2023:

	Q1 2024
Healthcare	22.1%
Cleantech	3.2%
Food-related	-8.3%
Automotive	-31.0%
Other demanding industries	-17.4%
of which own brands	25.1%

Most of the change in revenue for the Q1 period was due to higher volume sales. Exchange rate developments reduced revenue by about DKK 4.4 million (mainly USD and RMB depreciating), equal to 0.6% of revenue.

Organic growth in local currencies was about 2.8% in Q1 2024.

Sales to the healthcare industry were up by 22.1% year-on-year to DKK 286.1 million and now account for 39.6% of consolidated revenue.

Sales to the cleantech industry were up by 3.2% to DKK 214.1 million and now make up 29.6% of consolidated revenue.

Sales to food-related industries fell by 8.3% to DKK 85.6 million and now make up 11.8% of consolidated revenue.

Sales to the automotive sector declined 31.0% to DKK 25.3 million to make up 3.5% of revenue.

Sales to other demanding industries were down by 17.4% to DKK 111.8 million and now account for 15.5% of consolidated revenue.

Sales of our own brands were up by 25.1% and now account for 28.4% of consolidated revenue,

driven by, among other things, improved sales of SP Medical's guidewires, TPI's farm ventilation components and Ergomat's ergonomic products.

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 increasing our volume sales to the healthcare industry and have won orders for many new plastic components for regular shipment.

International sales made up 74% of revenue (compared with 69% in Q1 2023).

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 as well as switch-over times. The current LEAN process will continue with the focus on improving processes and flows and strengthening our employees' competencies.

Currently, 70% of our staff are employed outside Denmark.

The Group's headcount grew by 17 in the first quarter.

The headcount mainly grew in Poland (23) and in the USA (5), whereas the headcount was reduced in China (9) and Sweden (6). There was a net increase of four employees in the rest of the world.

At 31 March 2024, SP Group had 2,353 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 Russia and Belarus represented DKK 0 million in 2022, 2023 and 2024. We began trading in Ukraine in 2023.

We will undoubtedly see a continued adverse impact from inflation, high interest rates, volatile energy prices 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, nor do we expect any.

In addition, SP Group has extended its credit facilities with its primary bankers until spring 2025. 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 2024.

The Company has not sold treasury shares to cover warrants exercised in 2024.

At the Company's annual general meeting held on 25 April 2024, 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 at the end of April 2024.

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 quarter of 2024 amounted to DKK 722.9 million, a 2.2% improvement from DKK 707.3 million in the year-earlier period. Exchange rate developments reduced revenue growth by about 0.6 of a percentage point.

The consolidated Q1 2024 EBITDA was DKK 148.4 million compared with DKK 127.7 million in Q1 2023.

The EBITDA margin was 20.5%, against 18.1% in Q1 2023.

Profit before net financials (EBIT) came to DKK 98.6 million in Q1 2024, against DKK 78.1 million in Q1 2023. The EBIT margin was 13.6% in Q1 2024 compared with 11.0% in Q1 2023.

Net financials were an expense of DKK 13.8 million in Q1 2024, a DKK 4.2 million increase relative to Q1 2023. The increase was due to higher interest levels and reduced capital gains relative to the year-earlier period.

Profit before tax (EBT) amounted to DKK 84.8 million in Q1 2024 as against DKK 68.4 million in Q1 2023. The Q1 2024 EBT margin was 11.7%, against 9.7% in the same period of last year.

The tax rate rose slightly to 21.6% from 21.5%.

Total assets amounted to DKK 3,078.2 million at 31 March 2024, compared with DKK 2,995.1 million at 31 March 2023 and DKK 3,019.6 million at 31 December 2023. The equity ratio was 49.9% at 31 March 2024, as against 44.7% at 31 March 2023 and 48.5% at 31 December 2023.

Total assets grew by DKK 58.5 million during the first quarter of the year. The amount breaks down as follows: an increase in gross working capital (DKK 67.6 million), an increase in cash and cash equivalents (DKK 7.9 million), a drop in intangible assets (DKK 2.8 million), a drop in property, plant and equipment (DKK 14.9 million) and an increase in financial assets (DKK 0.7 million).

Net interest-bearing debt amounted to DKK 946.4 million at 31 March 2024, against DKK 1,030.6 million at 1 January 2024 and DKK 996.6 million at 31 March 2023.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 2.0x the LTM EBITDA of DKK 461.7 million. NIBD/EBITDA at 31 December 2023 was 2.3. We remain strongly committed to reducing the interest-bearing debt by increasing cash flows from operating activities.

Equity grew in the reporting period, due to positive effects from exchange rate adjustments of foreign subsidiaries (by DKK 5.8 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 1.4 million).



Equity amounted to DKK 1,535.7 million at 31 March 2024, against DKK 1,336.5 million at 31 March 2023 and DKK 1,463.6 million at 31 December 2023.

Equity increased by DKK 72.1 million in the Q1 2024 period.

Cash flows

Cash flows from operating activities were an inflow of DKK 121.3 million in Q1 2024, which was DKK 9.1 million less than in the Q1 2023 period.

In Q1 2024, the Group spent DKK 29.2 million on investments, a net amount of DKK 59.0 million on reducing non-current loans, reduced deposits by DKK 0.7 million and its short-term bank debt by DKK 34.2 million, while raising long-term debt of DKK 9.8 million. The resulting change in cash and cash equivalents was DKK 8.0 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 good, long-standing and constructive relationships with its financial cooperative partners, which are expected to continue.

OUTLOOK FOR THE REST OF 2024

Hopefully, the global economy will grow in 2024, 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.

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 potentially higher level of interest rates would also have an adverse effect on SP Group's performance.

Interest rates in Europe and in the US remain at a significantly higher level than in 2022, which may have considerable adverse effects on the global economy and on our customers and suppliers – and thus on SP Group's performance. Hopefully, the central banks will soon have the courage to start cutting rates again.

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.

We are pleased to see sales growth for Q4 2023 and Q1 2024 and a continual increase in our order inflow. Based on these factors, we believe that we can generate profitable growth during the coming quarters of the year.

After acquiring Bovil and DAVINCI 3D in 2022, we are even better positioned to support our customers from product launch to full-scale production.

By acquiring Meditec in 2022, we added to our existing skills and expertise within the healthcare field.

We intend to maintain a high level of investment in 2024. We expect to make the largest investments in our healthcare operations by building a new factory in Atlanta, USA. This factory will allow us to offer a wide selection of our production technologies to customers on three continents.

Amortisation and depreciation charges are expected to increase slightly relative to 2023, in part due to the substantial investments made in 2023.

Financial expenses are expected to be at the level of 2023.

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 inflation, high interest rates, volatile energy prices and the wars in Ukraine and Gaza, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

For now, SP Group continues to expect FY 2024 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 the USA, the establishment of our new injection moulding factory in Atlanta is progressing according to plan, and construction is expected to be completed in Q2 2024 for commencement of production in H2 2024. We have hired the first employees and have contracted with the first customers. We have signed purchase contracts for new machinery.

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 2024.

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 2024 and of the results of the Group's operations and cash flows for the three months ended 31 March 2024.

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, 27 May 2024

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 2024 (unaud.)	Q1 2023 (unaud.)	FY 2023 (audited)
Revenue	722,893	707,344	2,606,322
Production costs	-455,980	-471,141	-1,748,011
Contribution margin	266,913	236,203	858,311
Profit before depreciation, amortisation and impairment losses (EBITDA)	148,402	127,692	440,990
Depreciation, amortisation and impairment losses	-49,786	-49,578	-199,754
Profit before net financials (EBIT)	98,616	78,114	241,236
Net financials	-13,848	-9,667	-40,176
Profit before tax (EBT)	84,768	68,447	201,060
Tax on profit for the period	-18,325	-14,732	-41,838
Profit for the period	66,443	53,715	159,222
Attributable to:			
Parent company shareholders	66,266	53,734	158,507
Non-controlling shareholders	177	-19	715
Earnings per share (DKK)	5.47	4.42	13.04
Earnings per share, diluted (DKK)	5.47	4.42	13.04

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q1 2024 (unaud.)	Q1 2023 (unaud.)	FY 2023 (audited)
Profit for the period	66,443	53,715	159,222
<i>Items that may be reclassified to the income statement:</i>			
Exchange rate adjustment relating to foreign companies	5,777	-1,677	11,589
Net fair value adjustment of financial instruments entered into to hedge future cash flows	-1,415	28,594	69,598
Other comprehensive income	4,362	26,917	81,187
Comprehensive income	70,805	80,632	240,409
Allocation of comprehensive income for the period:			
Parent company shareholders	70,660	80,658	239,683
Non-controlling shareholders	145	-26	726
Earnings per share (DKK)	5.85	6.63	19.78
Earnings per share, diluted (DKK)	5.85	6.63	19.78

**BALANCE SHEET (summary)**

DKK '000	31.03. 2024 (unaud.)	31.03. 2023 (unaud.)	31.12. 2023 (audited)
Intangible assets*	438,778	455,852	441,530
Property, plant and equipment	1,371,825	1,304,482	1,386,756
Financial assets	2,352	1,310	1,626
Deferred tax assets	9,709	9,445	9,709
Total non-current assets	1,822,664	1,771,089	1,839,621
Inventories	703,941	755,861	676,895
Receivables*	493,323	399,888	452,841
Cash	58,224	68,259	50,277
Total current assets	1,255,488	1,224,008	1,180,013
Total assets	3,078,152	2,995,097	3,019,634
Equity including non-controlling interests	1,535,704	1,336,547	1,463,570
Non-current liabilities*	699,033	849,535	710,649
Current liabilities*	843,445	809,015	845,415
Equity and liabilities	3,078,152	2,995,097	3,019,634

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

**CASH FLOW STATEMENT**

DKK '000	Q1 2024 (unaud.)	Q1 2023 (unaud.)	FY 2023 (audited)
Profit before net financials (EBIT)	98,616	78,114	241,236
Depreciation, amortisation and impairment losses	49,786	49,578	199,754
Share-based payment	1,329	933	4,924
Value adjustments, etc.	7,520	11,815	-699
Change in working capital	-12,585	15,462	5,010
Interest expenses paid	-15,572	-12,792	-40,176
Income tax received/paid	-7,816	-12,732	-49,677
Cash flows from operating activities	121,278	130,378	360,372
Acquisition of subsidiary and associate businesses	0	0	0
Acquisition of intangible assets, net	-1,607	-1,710	-5,870
Acquisition of property, plant and equipment, net	-27,633	-48,252	-183,285
Cash flows from investing activities	-29,240	-49,962	187,461
Dividends paid	0	0	-36,338
Deposits, adjustment	-726	447	71
Acquisition of treasury shares	0	-13,756	-14,163
Sale of treasury shares	0	2,636	2,636
Sale of warrants	0	0	0
Raising of long-term loans	9,780	34,128	34,131
Instalments on non-current liabilities	-58,964	-79,924	-251,702
Short-term bank debt, adjustment	-34,181	-49,112	49,307
Cash flows from financing activities	-84,091	-105,581	-216,058
Change in cash and cash equivalents	7,947	-25,165	-43,147
Cash and cash equivalents at beginning of period	50,277	93,424	93,424
Cash and cash equivalents at end of period	58,224	68,259	50,277

**CHANGES IN EQUITY** since 1 January:

	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2024 (unaud.)	2023 (unaud.)	2024 (unaud.)	2023 (unaud.)	2024 (unaud.)	2023 (unaud.)
DKK '000						
Balance at 1 January	1,459,390	1,262,648	4,180	3,454	1,463,570	1,266,102
Profit for the period	66,266	53,734	177	-19	66,443	53,715
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	5,809	-1,670	-32	-7	5,777	-1,677
Value adjustment of derivative financial instruments	-1,415	28,594	0	0	-1,415	28,594
Total other comprehensive income	4,394	26,924	-32	-7	4,362	26,917
Comprehensive income for the period	70,660	80,658	145	-26	70,805	80,632
Share-based payment	1,329	933	0	0	1,329	933
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	0	-13,756	0	0	0	-13,756
Sale of treasury shares	0	2,636	0	0	0	2,636
Dividends paid	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	1,329	-10,187	0	0	1,329	-10,187
Balance at 31 March	1,531,379	1,333,119	4,325	3,428	1,535,704	1,336,547



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

The Board of Directors resolved on 21 March 2024 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 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 190.00 per share with a nominal value of DKK 2 plus a 7.5% premium calculated from 1 April 2024 and until the date of exercise. The exercise price was fixed on the basis of market conditions applying on 20 March 2024.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2027 to 31 March 2030, 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 30.61 each for an aggregate market value of DKK 3,673,553.00. The market value of the warrants issued was calculated using the Black-Scholes model with volatility of 34.1% calculated on the basis of the price of the Company's shares during the past 12 months, a level of interest rates of 2.62%, a share price of DKK 182.80 (closing price at 20 March 2024) and assuming that warrants awarded are exercised in April 2027. Allowance is made for any dividend payments to be made during the period.

No warrants have been exercised in 2024. A total of 90,645 warrants from the 2018 programme were not exercised and have therefore expired.

SP Group currently has incentive programmes consisting of 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, 120,000 warrants (2023 programme) that are exercisable as from 2026, and 120,000 warrants (2024 programme) that are exercisable as from 2027.

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 2024 is presented in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU, and Danish disclosure requirements for listed companies. The accounting policies are consistent with those applied in Annual Report 2023, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

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 2023. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2023.

Impairment test

Management had not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 31 March 2024.



Note 3. Intangible assets

Goodwill

DKK '000	31.03. 2024 (unaud.)	31.03. 2023 (unaud.)	31.12. 2023 (audited)
Cost at 1 January	332,800	333,940	333,940
Foreign exchange adjustment	-51	-272	-1,140
Additions on acquisitions	0	0	0
Cost at end of period	332,749	333,668	332,800
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	330,888	331,807	330,939

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. 2024 (unaud.)		31.03. 2023 (unaud.)		31.12. 2023 (audited)	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets						
Derivative financial instruments to hedge future cash flows	52,142	52,142	1,532	1,532	53,606	53,606
Financial liabilities						
Derivative financial instruments to hedge future cash flows	0	0	0	0	0	0

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 an F5 mortgage loans of DKK 11.5 million, while taking out an F5 mortgage loan of DKK 9.8 million.

The table below lists loans redeemed and taken out:

Raised/redeemed	Currency	Matures in	Loan type	Carrying amount at 31 March 2024
				DKK '000
Raised	DKK	2044	F5	9,780
Redeemed	DKK	2026	F5	522
Redeemed	DKK	2028	F5	7,957
Redeemed	DKK	2030	F5	3,030

At 31 March 2024, the company entered into a five-year interest rate swap agreement to secure long-term bank debt. The debt and the swap have identical repayment profiles.



Forward-looking statements

This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2024 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 Gaza 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 2,350 employees and about 4,100 registered shareholders at 31 March 2024.

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

