

Interim report - First half year of 2024

Summary: SP Group generated revenue of DKK 1,485.1 million in the H1 2024 reporting period, an 8.4% improvement from DKK 1,370.1 million in H1 2023. EBITDA was up by 31.2% to DKK 302.1 million from DKK 230.3 million last year, and profit before tax was up by 63.5% to DKK 176.4 million. The revenue improvement was driven by higher sales of own brands.

Full-year 2024 guidance upgraded: SP Group now expects FY 2024 revenue to grow by 8-18% (previously 5-15%) at an EBITDA margin of 19-21% (previously 16-19%) and an EBT margin of 11-13% (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 2024.

Highlights of the interim report:

- H1 2024 revenue was up by DKK 115.0 million to DKK 1,485.1 million, an 8.4% improvement over H1 2023. Q2 sales were up by 15.0%.
- EBITDA for H1 2024 was DKK 302.1 million, as against DKK 230.3 million in H1 2023. EBITDA grew by DKK 51.2 million in Q2 2024, for a 49.9% year-on-year increase.
- Depreciation, amortisation and impairment losses amounted to DKK 99.7 million, a decrease of DKK 1.1 million relative to the same period last year.
- Profit before net financials (EBIT) came to DKK 202.5 million in H1 2024, against DKK 129.5 million in H1 2023, for a 56.3% increase. The Q2 2024 EBIT was DKK 103.9 million against DKK 51.4 million in Q2 2023, for a 102.1% increase.
- Net financials were an expense of DKK 26.1 million, a DKK 4.4 million increase relative to the year-earlier period. The increase was due to reduced capital gains relative to 2023.
- Profit before tax was DKK 176.4 million in H1 2024, as against DKK 107.9 million in the year-earlier period, for a 63.5% increase. The Q2 2024 EBT was DKK 91.6 million against DKK 39.5 million in Q2 2023, for a 132.3% increase.
- Earnings per share (diluted) came to DKK 11.33 in H1 2024, against DKK 6.92 in H1 2023, for a 63.7% increase.
- Sales of our own brands were up by 38.4% year-on-year in H1 2024 to DKK 438.8 million. The earnings improvement was attributable to the increase in sales of own brands, which accounted for 29.6% of H1 2024 revenue.
- Sales to the healthcare, cleantech and food-related industries increased during the reporting period, whereas sales to the automotive and other demanding industries declined.
- There was a cash inflow from operating activities of DKK 256.6 million in H1 2024, against DKK 186.8 million in H1 2023.
- Net interest-bearing debt (NIBD) amounted to DKK 923.8 million at 30 June 2024, against DKK 1,012.5 million at 30 June 2023. At 31 December 2023, NIBD amounted to DKK 1,030.6 million. NIBD was 1.8 times LTM EBITDA. NIBD fell by DKK 106.8 million in H1 2024.
- Full-year 2024 guidance upgraded: SP Group now expects FY 2024 revenue to grow by 8-18% (previously 5-15%) at an EBITDA margin of 19-21% (previously 16-19%) and an EBT margin of 11-13% (previously 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 are seeing healthy growth again at SP Group and that sales of our own brands are increasing nicely. Customers are welcoming our new solutions and new products."

Further information:

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In case of discrepancies, the Danish version prevails.



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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q2 2024 (unaud.)	Q2 2023 (unaud.)	H1 2024 (unaud.)	H1 2023 (unaud.)	FY 2023 (audited)
Income statement					
Revenue	762,234	662,764	1,485,127	1,370,108	2,606,322
Profit before depreciation, amortisation and impairment losses (EBITDA)	153,721	102,558	302,123	230,250	440,990
Depreciation, amortisation and impairment losses	-49,870	-51,165	-99,656	-100,743	-199,754
Profit before net financials (EBIT)	103,851	51,393	202,467	129,507	241,236
Net financials	-12,205	-11,938	-26,053	-21,605	-40,176
Profit before tax (EBT)	91,646	39,455	176,414	107,902	201,060
Profit for the period	71,432	30,561	137,875	84,276	159,222
Earnings per share (DKK)			11.34	6.92	13.04
Earnings per share, diluted (DKK)			11.33	6.92	13.04
Balance sheet					
Non-current assets			1,847,764	1,764,117	1,839,621
Total assets			3,157,461	3,055,810	3,019,634
Equity including non-controlling interests			1,576,035	1,396,194	1,463,570
Investments in property, plant and equipment (excluding acquisitions)	65,993	25,419	95,508	89,736	210,995
Net working capital (NWC)			792,296	797,792	785,757
Net interest-bearing debt (NIBD)			923,785	1,012,497	1,030,599
NIBD/EBITDA (LTM)			1.8	2.2	2.3
Cash flows					
Cash flows from:					
- operating activities	135,291	56,430	256,569	186,808	360,372
- investing activities	-65,959	-24,073	-95,199	-74,035	-187,461
- financing activities	-52,516	-23,216	-136,607	-128,797	-216,058
Change in cash and cash equivalents	16,816	9,141	24,763	-16,024	-43,147
Key ratios					
EBITDA margin (%)	20.2	15.5	20.3	16.8	16.9
EBIT margin (%)	13.6	7.8	13.6	9.5	9.3
Profit before tax (EBT) as a percentage of revenue	12.0	6.0	11.9	7.9	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 (%)			49.8	45.6	48.3
Equity ratio, including non-controlling interests (%)			49.9	45.7	48.5
Financial gearing			0.6	0.7	0.7
Cash flow per share, DKK			21.16	15.37	29.64
Total dividends for the year per share (DKK)					3.00
Market price, end of period (DKK per share)			258.00	263.00	218.50
Net asset value per share, end of period (DKK)			129.73	114.97	120.49
Market price/net asset value, end of period			1.99	2.29	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	377,561	377,561
Average no. of employees			2,331	2,404	2,351

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



MANAGEMENT COMMENTARY

Q2 PERFORMANCE REVIEW

We saw an increase in sales to many customers across industries and geographies in the first half of the year. Our international markets improved, as sales outside Denmark grew by 15.4% in the first six months of 2024. Sales to our Danish customers were down by 8.2%.

International sales were up by 15.8% in local currencies.

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

	Q2 2024	H1 2024
Healthcare	49.7%	34.9%
Cleantech	7.8%	5.5%
Food-related	24.9%	6.5%
Automotive	-29.3%	-30.1%
Other demanding industries	-18.0%	-17.7%
of which own brands	52.6%	38.4%

Most of the change in revenue for the H1 period was due to higher volume sales. Exchange rate developments reduced revenue by about DKK 4.0 million (mainly RMB depreciating), equal to 0.3% of revenue.

Organic growth in local currencies was about 8.7% in H1 2024.

Sales to the healthcare industry were up by 34.9% year-on-year to DKK 592.0 million and now account for 39.9% of consolidated revenue.

Sales to the cleantech industry were up by 5.5% to DKK 434.7 million and now make up 29.3% of consolidated revenue.

Sales to food-related industries were up by 6.5% to DKK 180.1 million and now make up 12.1% of consolidated revenue.

Sales to the automotive sector declined 30.1% to DKK 56.3 million to make up 3.8% of revenue.

Sales to other demanding industries were down by 17.7% to DKK 222.1 million and now account for 15.0% of consolidated revenue.

Sales of our own brands were up by 38.4% and now account for 29.6% 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 six months of 2024 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 74.8% of revenue (compared with 70.3% in 6M 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 44 during the six months to 30 June 2024, due to a higher level of business activity.

The headcount mainly grew in Poland (24), Denmark (19) and in the USA (10), whereas the headcount was reduced in Sweden (6) and Finland (5). There was a net increase of two employees in the rest of the world.

At 30 June 2024, SP Group had 2,380 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.



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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 with 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 approximately 1.5 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 six months of 2024 amounted to DKK 1,485.1 million, a 8.4% improvement from DKK 1,370.1 million in the year-earlier period. Exchange rate developments reduced revenue growth by about 0.3 of a percentage point.

Consolidated H1 2024 EBITDA was DKK 302.1 million compared with DKK 230.3 million in H1 2023.

The EBITDA margin was 20.3%, against 16.8% in H1 2023.

Profit before net financials (EBIT) came to DKK 202.5 million in H1 2024, against DKK 129.5 million in H1 2023. The EBIT margin was 13.6% in H1 2024 compared with 9.5% in H1 2023.

Net financials were an expense of DKK 26.1 million in H1 2024, a DKK 4.4 million increase relative to H1 2023. The increase was due to reduced capital gains relative to 2023.

Profit before tax (EBT) amounted to DKK 176.4 million in H1 2024 as against DKK 107.9 million in H1 2023. The H1 2024 EBT margin was 11.9%, against 7.9% in the same period of last year.

The tax rate fell slightly to 21.8% from 21.9%.

Total assets amounted to DKK 3,157.5 million at 30 June 2024, compared with DKK 3,055.8 million at 30 June 2023 and DKK 3,019.6 million at 31 December 2023. The equity ratio was 49.9% at 30 June 2024, as against 45.7% at 30 June 2023 and 48.5% at 31 December 2023.

Total assets grew by DKK 137.8 million during the first half of the year. The amount breaks down as follows: an increase in gross working capital (DKK 104.9 million), an increase in cash and cash equivalents (DKK 24.8 million), a drop in intangible assets (DKK 5.3 million), an increase in property, plant and equipment (DKK 12.7 million) and an increase in financial assets (DKK 0.7 million).

Net interest-bearing debt amounted to DKK 923.8 million at 30 June 2024, against DKK 1,030.6 million at 1 January 2024 and DKK 1,012.5 million at 30 June 2023.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 1.8x the LTM EBITDA of DKK 512.9 million. LTM EBITDA was the highest EBITDA reported for a 12-month period in company history. 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 for the H1 reporting period was favourably impacted by exchange rate adjustments of foreign subsidiaries (by DKK 10.6 million) and negatively impacted by value adjustment of financial instruments entered into to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 2.1 million).



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Equity amounted to DKK 1,576.0 million at 30 June 2024, against DKK 1,396.2 million at 30 June 2023 and DKK 1,463.6 million at 31 December 2023.

Equity increased by DKK 112.5 million in the H1 2024 period.

The equity ratio rose to 49.9% from 45.7% at 30 June 2023 and 48.5% at 1 January 2024.

Cash flows

Cash flows from operating activities were DKK 256.6 million in H1 2024, which was DKK 69.8 million more than in the H1 2023 period.

In H1 2024, the Group spent DKK 95.2 million on investments, a net amount of DKK 114.2 million on reducing non-current loans, reduced deposits by DKK 0.7 million and its short-term bank debt by DKK 4.8 million, and spent DKK 36.3 million on dividend payouts, while raising long-term debt of DKK 9.8 million. The resulting change in cash and cash equivalents was DKK 24.8 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 USA remain at a significantly higher level than in 2022, which has 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 the growth in the wind turbine industry in the coming years.

We are pleased to see sales growth for Q4 2023 and H1 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 investment 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.

Full-year 2024 guidance upgraded: SP Group now expects FY 2024 revenue to grow by 8-18% (previously 5-15%) at an EBITDA margin of 19-21% (previously 16-19%) and an EBT margin of 11-13% (previously 9-12%).



OTHER MATTERS AND EVENTS OCCURRING DURING THE REPORTING PERIOD

In the USA, the construction of our new injection moulding factory in Atlanta has been completed. We have hired the first employees and have contracted with the first customers. We have signed purchase contracts for new machinery, which is expected to be in production in H2 2024.

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.



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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 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 30 June 2024 and of the results of the Group's operations and cash flows for the six months ended 30 June 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, 23 August 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



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INCOME STATEMENT (summary)

DKK '000	Q2 2024 (unaud.)	Q2 2023 (unaud.)	H1 2024 (unaud.)	H1 2023 (unaud.)	FY 2023 (audited)
Revenue	762,234	662,764	1,485,127	1,370,108	2,606,322
Production costs	-480,629	-448,769	-936,609	-919,910	-1,748,011
Contribution margin	281,605	213,995	548,518	450,198	858,311
Profit before depreciation, amortisation and impairment losses (EBITDA)	153,721	102,558	302,123	230,250	440,990
Depreciation, amortisation and impairment losses	-49,870	-51,165	-99,656	-100,743	-199,754
Profit before net financials (EBIT)	103,851	51,393	202,467	129,507	241,236
Net financials	-12,205	-11,938	-26,053	-21,605	-40,176
Profit before tax (EBT)	91,646	39,455	176,414	107,902	201,060
Tax on profit for the period	-20,214	-8,894	-38,539	-23,626	-41,838
Profit for the period	71,432	30,561	137,875	84,276	159,222
Attributable to:					
Parent company shareholders	71,100	30,336	137,366	84,070	158,507
Non-controlling shareholders	332	225	509	206	715
Earnings per share (DKK)			11.34	6.92	13.04
Earnings per share, diluted (DKK)			11.33	6.92	13.04

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q2 2024 (unaud.)	Q2 2023 (unaud.)	H1 2024 (unaud.)	H1 2023 (unaud.)	FY 2023 (audited)
Profit for the period	71,432	30,561	137,875	84,276	159,222
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustment relating to foreign companies	4,812	5,301	10,589	3,624	11,589
Net fair value adjustment of financial instruments entered into to hedge future cash flows	-691	59,198	-2,106	87,792	69,598
Other comprehensive income	4,121	64,499	8,483	91,416	81,187
Comprehensive income	75,553	95,060	146,358	175,692	240,409
Allocation of comprehensive income for the period:					
Parent company shareholders	75,209	94,875	145,869	175,533	239,683
Non-controlling shareholders	344	185	489	159	726
Earnings per share (DKK)			12.08	14.45	19.78
Earnings per share, diluted (DKK)			12.07	14.45	19.78



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BALANCE SHEET (summary)

DKK '000	30.06. 2024 (unaud.)	30.06. 2023 (unaud.)	31.12. 2023 (audited)
Intangible assets*	436,218	450,170	441,530
Property, plant and equipment	1,399,477	1,303,228	1,386,756
Financial assets	2,360	1,274	1,626
Deferred tax assets	9,709	9,445	9,709
Total non-current assets	1,847,764	1,764,117	1,839,621
Inventories	690,257	747,586	676,895
Receivables*	544,400	466,707	452,841
Cash	75,040	77,400	50,277
Total current assets	1,309,697	1,291,693	1,180,013
Total assets	3,157,461	3,055,810	3,019,634
Equity including non-controlling interests	1,576,035	1,396,194	1,463,570
Non-current liabilities	652,425	775,156	710,649
Current liabilities*	929,001	884,460	845,415
Equity and liabilities	3,157,461	3,055,810	3,019,634

* See notes 3, 4 and 5 to the financial statements on pp. 13 and 14 for changes in goodwill, the fair value of derivative financial instruments and capital position.



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CASH FLOW STATEMENT

DKK '000	Q2 2024 (unaud.)	Q2 2023 (unaud.)	H1 2024 (unaud.)	H1 2023 (unaud.)	FY 2023 (audited)
Profit before net financials (EBIT)	103,851	51,393	202,467	129,507	241,236
Depreciation, amortisation and impairment losses	49,870	51,165	99,656	100,743	199,754
Share-based payment	1,113	1,329	2,442	2,262	4,924
Value adjustments, etc.	-2,172	4,167	5,348	17,655	-699
Change in working capital	3,938	-29,147	-8,647	-13,685	5,010
Interest expenses paid	-12,587	-14,674	-28,159	-27,466	-40,176
Income tax received/paid	-8,722	-7,803	-16,538	-22,208	-49,677
Cash flows from operating activities	135,291	56,430	256,569	186,808	360,372
Acquisition of subsidiary and associate businesses	0	0	0	0	0
Acquisition of intangible assets, net	-3,681	-254	-5,288	-1,964	-5,870
Acquisition of property, plant and equipment, net	-62,278	-23,819	-89,911	-72,071	-181,591
Cash flows from investing activities	-65,959	-24,073	-95,199	-74,035	-187,461
Dividend to non-controlling shareholders	0	0	0	0	0
Dividends paid	-36,337	-36,337	-36,337	-36,337	-36,337
Deposits, adjustment	-7	45	-733	492	71
Acquisition of treasury shares	0	-405	0	-14,161	-14,163
Sale of treasury shares	0	0	0	2,636	2,636
Sale of warrants	0	0	0	0	0
Raising of long-term loans	0	0	9,780	34,128	34,131
Instalments on non-current liabilities	-55,203	-60,767	-114,167	-140,691	-251,702
Short-term bank debt, adjustment	39,031	74,248	4,850	25,136	49,306
Cash flows from financing activities	-52,516	-23,216	-136,607	-128,797	-216,058
Change in cash and cash equivalents	16,816	9,141	24,763	-16,024	-43,147
Cash and cash equivalents at beginning of period	58,224	68,259	50,277	93,424	93,424
Cash and cash equivalents at end of period	75,040	77,400	75,040	77,400	50,277



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CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2024 (unaud.)	2023 (unaud.)	2024 (unaud.)	2023 (unaud.)	2024 (unaud.)	2023 (unaud.)
DKK '000						
Balance at 1 January	1,459,392	1,262,648	4,180	3,454	1,463,572	1,266,102
Profit for the period	137,366	84,070	509	206	137,875	84,276
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	10,609	3,671	-20	-47	10,589	3,624
Value adj., derivative financial instruments	-2,106	87,792	0	0	-2,106	87,792
Total other comprehensive income	8,503	91,463	-20	-47	8,483	91,416
Comprehensive income for the period	145,869	175,533	489	159	146,358	175,692
Share-based payment	2,442	2,262	0	0	2,442	2,262
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	0	-14,161	0	0	0	-14,161
Sale of treasury shares	0	2,636	0	0	0	2,636
Dividends paid	-36,337	-36,337	0	0	-36,337	-36,337
Additions from acquisitions	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Transactions with shareholders	-33,895	-45,600	0	0	-33,895	-45,600
Balance at 30 June	1,571,366	1,392,581	4,669	3,613	1,576,035	1,396,194



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 six months to 30 June 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.

Implementation of new or amended standards and interpretations

- Classification of liabilities as current and non-current liabilities with covenants – amendments to IAS 1
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7

SP Group has implemented the standards and interpretations taking effect in the EU for 2024. None of these have affected recognition and measurement in 2024 nor are they expected to affect SP Group.

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 30 June 2024.

NOTE 3. INTANGIBLE ASSETS

Goodwill

DKK `000	30.06. 2024 (unaud.)	30.06. 2023 (unaud.)	31.12. 2023 (audited)
Cost at 1 January	332,800	333,940	333,940
Foreign exchange adjustment	259	-250	-1,140
Additions on acquisitions	0	0	0
Cost at end of period	333,059	333,690	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	331,198	331,829	330,939



NOTE 4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Listed below are relevant disclosure requirements relating to 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	30.06.2024 (unaud.)		30.06.2023 (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	50,771	50,771	73,389	73,389	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 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 30 June 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 its 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 wars 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 plastics and composite components and applies 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 2,380 employees and about 4,100 registered shareholders at 30 June 2024.

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

