



Annual report  
**2022**

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Picture on the front page shows production process of Meditec sampling kit for viral and bacterial use. Meditec sampling kit is used for every sample and transportation of microbiological tests on human beings, animals and industrial QC.

# Company details

## Company details

### Company

SP Group A/S  
Snavevej 6-10  
DK-5471 Søndersø  
Telephone: +45 70 23 23 79  
Telefax: +45 70 23 23 52

CVR no.: 15 70 13 15  
Financial year: 1 January – 31 December  
Registered office: Nordfyns municipality  
Webpage: [www.sp-group.dk](http://www.sp-group.dk)  
E-mail: [info@sp-group.dk](mailto:info@sp-group.dk)

## Supervisory Board

Hans Wilhelm Schur (chairman)  
Erik Preben Holm (vice chairman)  
Hans-Henrik Eriksen  
Bente Overgaard

## Executive Board

Frank Gad, CEO  
Søren Ulstrup, Executive Vice President  
Lars Ravn Bering, Executive Vice President

## Audit

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
DK-2000 Frederiksberg

## Annual general meeting

The annual general meeting will be held on 27 April 2023 at 12.00 o'clock  
at MedicoPack A/S, Industrivej 6, 5550 Langeskov

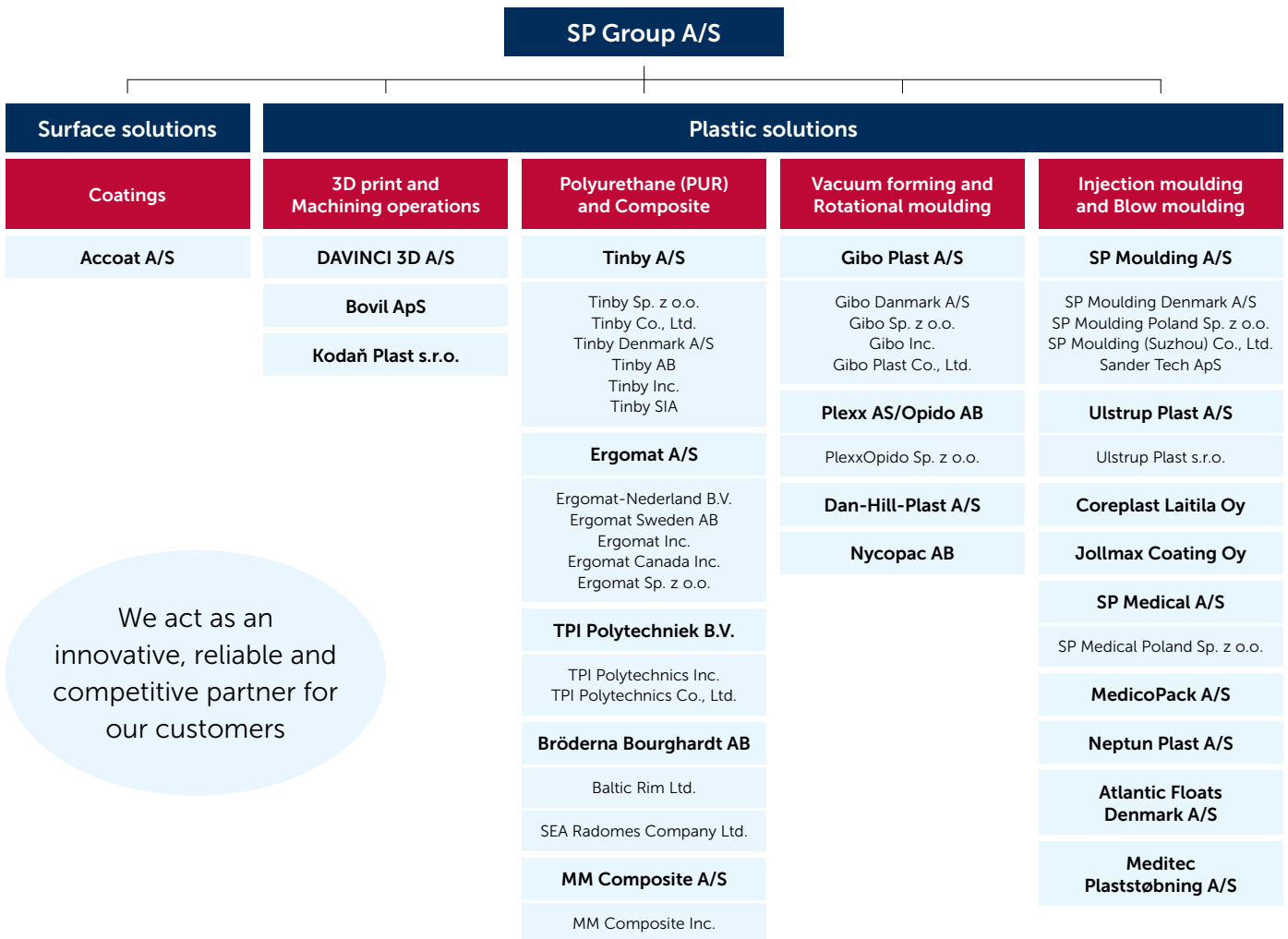
The following is a translation of an original Danish document.  
The original Danish document is the governing document  
for all purposes, and in case of any discrepancy, the Danish  
wording will be applicable.

# Group chart

## Activities

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

SP Group is a leading supplier of plastic-manufactured products to the manufacturing sector and has increasing sales and growing production from own factories in Denmark, China, the US, Latvia, Slovakia, Sweden, Finland, Poland and Thailand. In addition, SP Group has sales and service companies in Sweden, Norway, the Netherlands and Canada. SP Group is listed on NASDAQ Copenhagen, employed an average of 2,480 people at year-end 2022 and had approx. 3,300 registered shareholders.



SP Group is engaged in the following activities: Plastic and composite solutions as well as surface solutions:

**Coatings:** This segment develops and produces fluoroplastic coatings (Teflon®), PTFE and other refined materials for a number of customers' products and production plants. The customers are primarily in the healthcare, cleantech and food-related industries.

**Plastic and composite solutions:** This segment offers solutions using one or more of the following technologies: Reaction injection moulding (Polyurethane and Telene), vacuum forming, extrusion, injection moulding, rotational moulding and blow moulding – all described in further detail below.

- **Polyurethane (PUR):** Manufacturing of moulded products in solid, foamed, flexible and light-foam PUR for a number of industries, including cleantech industry. Add to this ventilation equipment, ergonomic mats and striping products.
- **Vacuum and extrusion:** Via traditional vacuum forming, High-pressure and Twinsheet, manufacturing of thermo-formed plastic components for refrigerators and freezers, cars, buses and other rolling stock (automotive) and the cleantech and medical device industries and parts for biological water purification.
- **Injection moulding:** Manufacturing of injection-moulded plastic precision components for a wide range of industries. The business area also manufactures FDA-registered products for medical device industry.
- **Rotational moulding:** Manufacturing of rotational-moulded precision components for a wide range of industries. Add to this fenders and buoys to the maritime industry.
- **Blow moulding:** Manufacturing of blow-moulded plastic precision components for customers in the medical device industry. The business area also manufactures packaging for FDA-registered products in the pharmaceutical and medical industry.
- **Composite:** Solutions where several raw materials are included, typically glass fibre or carbon fibre combined with other materials.
- **3D print and machining operations**



# SP Group in brief

Headquarters in Denmark

established  
in 1972



Products are marketed and sold in

97 countries



Subsidiaries in

12 countries  
on  
3 continents



Average number of employees increased  
in 2022 from 2,380 to

2,485  
committed  
employees



In 2022, revenue increased  
by 7.1% to

DKK 2,656 million



In 2022, revenue from own trademarks  
increased by 9.3% to

DKK 704 million



In 2022, EBITDA increased  
by 13.1% to

DKK 478 million



In 2022, diluted EPS increased  
by 6.4% to

DKK 17.49

# Financial highlights for the Group

DKK '000	2022	2021	2020	2019	2018
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Revenue	2,656,342	2,480,869	2,178,189	2,012,932	1,965,028
Profit/loss before depreciation and amortisation (EBITDA)	478,445	422,912	356,381	307,510	285,619
Depreciation, amortisation and impairment losses	-182,315	-153,848	-141,550	-129,681	-89,695
Profit/loss before net financials (EBIT)	296,130	269,064	214,831	177,829	195,924
Net financials	-27,599	-11,290	-21,064	-2,436	4,189
Profit/loss before tax	268,531	257,774	193,767	175,393	200,113
Profit/loss for the year	213,443	203,217	150,841	140,269	160,083
Earnings per share, DKK per share (EPS)*	17.49	16.63	12.85	12.57	14.37
Diluted earnings per share, DKK per share (EPS diluted)	17.49	16.44	12.75	12.46	14.10
<b>BALANCE SHEET</b>					
Non-current assets	1,762,928	1,470,872	1,332,107	1,218,274	938,668
Total assets	2,961,902	2,530,017	2,264,875	2,058,615	1,640,509
Equity, including non-controlling interests	1,266,102	1,084,022	1,007,379	710,402	620,030
Investments in property, plant and equipment, excluding acquisitions	245,365	198,107	143,378	154,997	123,648
Working capital (NWC)	696,320	545,924	453,525	491,614	376,469
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	264,491	237,701	320,435	158,630	173,401
Cash flows from investing activities, incl. acquisitions	-320,927	-221,930	-203,392	-180,202	-124,647
Cash flows from financing activities	67,697	-56,300	-43,057	8,836	-62,917
Changes in cash and cash equivalents	11,261	-40,529	73,986	-12,736	-14,163
<b>FINANCIAL RATIOS</b>					
Net interest-bearing debt (NIBD)	1,034,548	821,986	686,142	875,677	576,598
NIBD/EBITDA	2.2	1.9	1.9	2.8	2.0
Operating profit (EBITDA margin), %	18.0	17.0	16.4	15.3	14.5
Net profit ratio (EBIT margin), %	11.1	10.8	9.9	8.8	10.0
Profit before tax and non-controlling interests in % of revenue	10.1	10.4	8.9	8.7	10.2
Return on invested capital, incl. goodwill, %	13.3	14.2	12.3	11.8	15.8
Return on invested capital, excl. goodwill, %	15.2	16.1	14.0	13.5	18.6
Return on equity (ROE), excluding non-controlling interests, %	18.2	19.4	17.6	21.1	27.8
Equity, excl. non-controlling interests, %	42.6	42.7	44.4	34.4	37.7
Equity, incl. non-controlling interests, %	42.7	42.8	44.5	34.5	37.8
Gearing ratio	0.8	0.8	0.7	1.2	0.9
Cash flow per share, DKK*	21.73	19.27	27.10	14.10	15.24
Total dividend for the year per share, DKK*	3.00	3.00	5.00	0.00	2.40
Market price, DKK per share, end of year*	256.50	441.00	271.00	242.00	197.50
Equity value per share, DKK per share, end of year*	103.77	88.77	82.35	63.51	55.35
Market price/ equity value per share, end of year*	2.47	4.97	3.29	3.81	3.57
Average number of employees	2,485	2,380	2,214	2,114	1,994
Number of shares, end of year*	12,490,000	12,490,000	12,490,000	11,390,000	11,390,000
Hereof treasury shares, end of year*	321,663	310,761	286,430	242,594	230,351

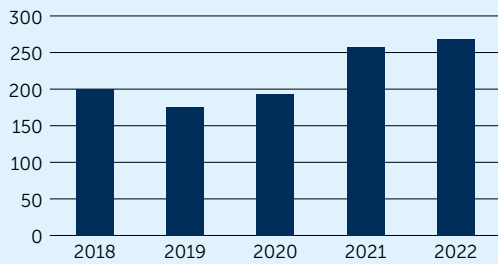
Financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios".

See page 88 for definitions. The key figures for 2018 have not been restated to reflect the effect of the implementation of IFRS 16.

\* Key figures have been restated to reflect the share split in May 2018

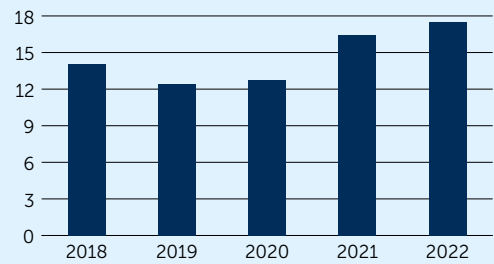
**In 2022, profit/loss before tax increased by 4.2% to DKK 268.5 million**

**DKKm**



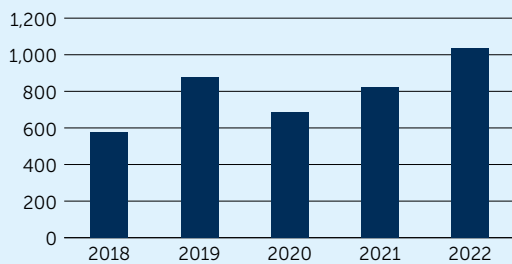
**EPS, earnings per share, diluted, increased by 6.4% to DKK 17.49**

**DKK**



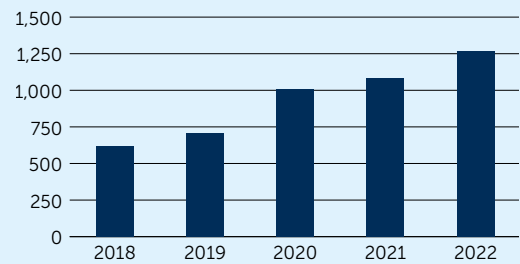
**Net interest-bearing debt (NIBD) increased by DKK 213 million to DKK 1,035 million**

**DKKm**

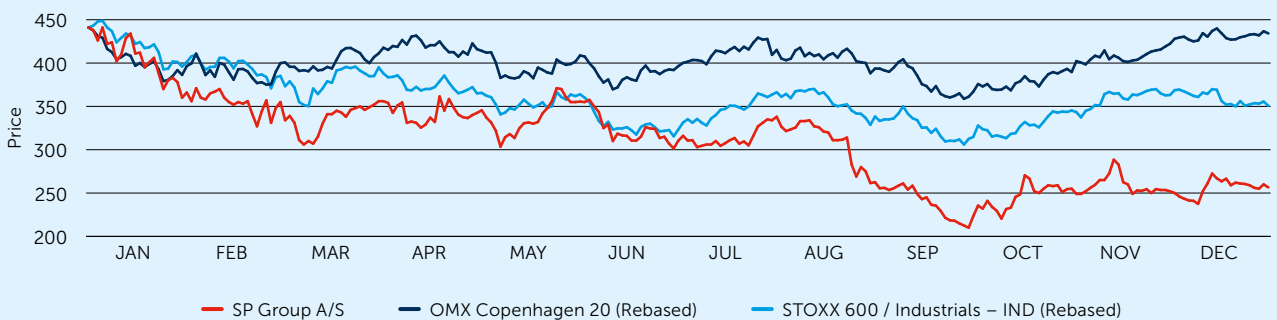


**Equity increased by DKK 182 million to DKK 1,266 million**

**DKKm**



**Development in the share price in 2022**



# An interesting and eventful year

## Dear shareholders and other stakeholders

2022 was characterised by geopolitical tensions, war, inflation and financial challenges. It has been very demanding for governments, entities and investors and in particular for the people in Ukraine. The war has started a painful new self-perception in Western Europe. We must be able to defend our democracy and be financially independent of Russia and other totalitarian regimes.

The war in Ukraine has triggered an energy crisis in Europe, which will last for several years. We must now expand the European energy infrastructure and in the long run, Europe should be self-sufficient with energy. The war has sparked increasing energy prices, an inflationary pressure and a shift in the European monetary policy.

At the same time, the USA faces economic challenges. A lack of labour force following the COVID crisis has led to inflation and necessitated a significant tightening of monetary policy. As a result, interest rates are rising and stock prices are declining.

Thirdly, China has been affected by COVID lockdowns and a very large housing bubble throughout 2022. The COVID crisis has been resolved, but the housing bubble will drag on and weaken China's growth rate.

The fight against global warming has receded into the background. But major climate investments will soon be back on the agenda, giving the global economy a solid boost to growth.

All this can also be seen in our results in 2022 – and we are still alive.

Increasing prices on raw materials, energy and transportation have been passed on to our customers with delay which has contributed to the increasing revenue.

Due to amazing efforts from the entire organisation, we managed to keep all of our factories in operation and to service our customers from the factories and sales offices throughout the year.

Total revenue amounted to DKK 2,656 million, which is up 7.1% on 2021. Organic growth amounted to 1.4% in local currencies. Measured in Danish kroner, organic growth amounted to 4.3%. In Q4, the growth rate was 1.0%, of which -4.3% was organic growth. Measured in DKK, there was a positive currency effect in Q4 as USD and RMB increased against DKK. Organic growth measured in DKK was -2.3%.

Sales of our own trademarks rose by 9.3% and now account for 26.5% of revenue.

Sales to our international customers increased by 6.9% and now account for 72.2% of total sales.

We noted the highest growth in Africa by 67.2%, South America by 52.4%, Australia by 51.8%, Asia (excl. China) by 36.0%, Europe (excl. Denmark) by 12.1%. Unfortunately, we saw a decline in sales to North America and China.

Revenue in Denmark increased by 7.6%.

EBITDA increased by 13.1% to DKK 478,4 million. EBITDA margin increased from 17.0% to 18.0%. EBIT increased by 10.1% to DKK 296.1 million.

Profit before tax increased by 4.2% to DKK 268.5 million.

EPS, diluted, increased by 6.4% to DKK 17.49 per share.

Cash flows from operating activities were positive by DKK 264.5 million.

Net interest-bearing debt went up by DKK 212.6 million to DKK 1,034.5 million at the end of 2022, which corresponds to 2.2 times EBITDA for the year as against 1.9 in 2021.

## In 2022, we thus achieved new records in revenue, EBITDA, EBIT and EBT.

2022 was an eventful year where:

- Our sales to the healthcare industry increased by 16.1% and now account for 33.8% of revenue
- Our sales to the cleantech industry decreased by 5.6% and now account for 28.1% of revenue. Slowness in the green transition has had a negative impact on our customers' sales
- Our sales to the food-related industry increased by 18.0% and now account for 13.8% of revenue
- Our sales to the automotive industry increased by 6.0% and now account for 5.6% of revenue
- Our sales to 'other demanding industries' increased by 6.6% and now account for 18.7% of revenue
- We entered into a number of contracts and partnership agreements holding a good potential for the future
- We aspire to be an innovative, reliable and competitive partner for our customers, also when they decide to outsource their own production
- On 4 February 2022, SP Group A/S acquired all the shares in DAVINCI 3D A/S in Billund. DAVINCI 3D is specialised in 3D print of technical plastics and in the construction of parts. EBITDA totalled approx. DKK 6.4 million in the latest financial year prior to the takeover. Management and the committed employees stay on
- On 9 March 2022, SP Group acquired all the shares in Bovil ApS in Odense. Bovil is specialised in CNC processing of technical plastics. Normalised EBITDA totalled DKK 6.6 million in the latest financial year prior to the acquisition. Management and the competent employees stay on
- On 3 October 2022, SP Group A/S acquired through SP Moulding A/S all the shares in Meditec Plaststøbning A/S in Helsingør with closing on 3 October 2022. Meditec is specialised in injection-moulded plastics for the healthcare industry. Meditec has also developed its own products which are sold to the healthcare sector. Meditec's normalised EBITDA totalled approx. DKK 16 million in the latest financial year prior to the acquisition. Management and the excellent employees stay on
- SP Group also acquired the modern domiciles, which DAVINCI 3D, Bovil and Meditec use
- These three well-functioning companies help accelerate SP Group's growth and add new qualifications and new technology to our existing broad range. At the same time, we add a number of new and interesting customers with whom we look forward to working with
- We expect that the acquired companies will continue to grow together with the other companies in SP Group
- In 2022, SP Group entered into 2 loan agreements with Jyske Bank each of DKK 100 million to finance new acquisitions. The term is 7 years. The interest rate of the loan is the market rate, and the margin is competitive
- SP Group has refinanced a number of Danish properties with mortgage loans, which has increased the maturity of the debt and generated proceeds of DKK 60 million
- Ergomat continued its impressive growth globally and grew by 10.9% in 2022. At the beginning of 2023, Ergomat in Poland moved into a new and larger factory, which further increases production capacity. Growth was driven by new innovative products and a dedicated team in close interaction with the customers
- In Iowa, MM Composite, Tinby, TPI Polytechnics and Gibo Plast slowly developed

On 9 March 2022, SP Group A/S concluded an agreement with the owner of Bovil ApS on the acquisition of the company in Odense, Denmark.



On 4 February 2022, SP Group A/S acquired all the shares in DAVINCI 3D A/S, Billund, Denmark.



Through its subsidiary, SP Moulding A/S, SP Group A/S acquired all the shares in Meditec Plaststøbning A/S, Denmark on 3 October 2022.

- In China, the production of vacuum-shaped parts at Gibo's new 11,244 m<sup>2</sup> factory has grown steadily throughout the year. The factory commenced local production at the end of Q4 2020 and now runs as desired. In 2021, the factory was expanded with new production lines for rotational moulding. The factory will be further expanded in 2023. The factory saw a sound influx of new customers in 2022
- In Suzhou, China, SP Moulding and Tinby saw a modest influx of new customers and projects

- In Finland, Coreplast and Jollmax invested in a number of new machines, which increases capacity and further improves our quality
- In Funen, MM Composite and Tinby adjusted its organisations to fit the decreasing demand, but also to become a more value-creating partner to our customers. MedicoPack obtained a handsome growth in the sale of clear vials and other state-of-the-art packaging for medicine. MedicoPack also invested in many new machines to increase capacity and to further improve the quality



- In Poland, all the companies performed well. We concluded a few new leases and completed the erection of a new factory of approx. 11,000 sqm which was ready for production in Q1 2023. We also acquired an additional 10,000 sqm of land and our industrial site now counts 60,000 sqm on which we expect to build in 2024
- In Thailand, we established a new factory, which is named SEA Radomes. SEA Radomes manufactures radomes for satellite communication
- In Slovakia, Ulstrup Plast and Kodaň Plast performed well and saw a sound influx of new customers and projects. We acquired an industrial site of 35,000 sqm on which we expect to build in 2024 or 2025
- In 2022, we had an influx of a number of new large customers and lost no large customers
- We launched a number of new and improved products in 2022 (guide wires, ergonomic mats, industrial standard components, medical device packaging, fenders, floats and farm ventilation equipment). Moreover, we have developed new products to be launched in 2023. We further developed our medical device expertise in Denmark, Poland, Slovakia, Finland and China
- We made net investments of DKK 245.4 million in new equipment, land and properties, which is historically high
- We sold more new moulds to our customers than ever before
- During the year, the SPG share was traded at prices between 202 and 448. The price closed at 441 in 2021 and opened at 438 in 2022. On 30 December 2022, the price closed at 257. The capital loss thus totalled 41.7%. Including the dividend of DKK 3.00 per share, return from 1 January 2022 to 31 December 2022 was -41.0%, which is somewhat below the market
- In the period from 1 January 2010 to 31 December 2022, the SPG share yielded a return of 3,260%, which is the third highest among listed Danish shares
- Last, but not least, we got many new shareholders: almost 10% more than at the beginning of 2022

These are the results on which we will base our future activities.

The Board of Directors recommends distribution of a dividend of DKK 3.00 per share for 2022 at the annual general meeting.

SP Group has no factories, sales offices or other direct investments in Russia, Belarus or Ukraine. We have no employees or suppliers in those three countries. We have no investors or creditors in those three countries. Our direct trade with customers in those three countries accounted for approx. DKK 1 million in 2021, however, our indirect sales through our other customers were, naturally, higher. We have had no sales to Russia and Belarus in 2022.

We have been negatively affected and will continue to be so by increasing energy prices and weak growth of global economy. We urgently need to invest in more wind turbines, solar cells and other equipment so that Europe can become independent of Russian gas and oil and carry through the green transition. SP Group approves of EU's decision to quickly expand the generation of electricity from land-based wind turbines and offshore wind turbines.

In 2022, our tax expenses amounted to DKK 55.1 million, corresponding to an effective tax rate of 20.5%. We pay tax in the country where the income is earned in accordance with national and international transfer pricing rules, and it is our goal to act as a responsible member of society in all areas where we operate. Our tax policy is available on the website [www.sp-group.dk](http://www.sp-group.dk). In 2022, we paid tax in all countries in which we have permanent establishments, except for Latvia where corporation tax is 0 when no dividend is distributed. We therefore make long-term invest-

ments in Latvia and expand our facilities and activities. Note 13 discloses the calculated tax in the individual countries.

The reduction of duties on energy ("PSO duties") in Denmark, as adopted by the Danish Parliament, is an important step towards restoring the competitiveness of Danish businesses. A reduction of the corporation tax rate and taxation of shareholders should follow.

We will continue to adjust our capacity, improve efficiency – and pursue new opportunities in the healthcare industry, the cleantech industry (green transition) and food-related industries – and move labour-intensive production from Western Europe to Poland, Slovakia and Latvia as well as make massive investments in people and technology in Europe, USA and China to enable us to be a global, innovative, reliable, sustainable and competitive partner for our customers.

We will also continue our focus on minimising our environmental impact, electricity consumption, water consumption, increasing recycling of by-products from our production and – in cooperation with our customers – developing and manufacturing more products made from "low carbon plastic" (recycled plastics or bio-based plastics) for the benefit of the environment. It is our ambition to purchase all our electricity from renewable energy sources (wind, sun and water) before 2030, and we will invest in the production of renewable energy.

Together with three partners, we have established the company, Juelsmindehalvøens Solar A/S, which will build a solar park on the peninsula, Juelsminde, with a capacity of 60 million kWh, corresponding to SP Group's global power consumption. We are under an obligation to acquire 50% of the production, and our three partners acquire the other 50%. Once the solar park is productive in 2024 or 2025, it will cover our entire power consumption in Denmark. We have invested in local solar cell installations on our roofs in Poland, Slovakia and Finland. These installations went into operation in 2021 and 2022 and more will be added in 2023.

We will establish a new solar park next to Coreplast's factory in Finland. We acquired the site in 2022.

In 2022, we purchased only certified green power in Poland, Slovakia and Denmark. These efforts have contributed to reducing our carbon footprint in Scope 2.

Again in 2022, we have strived to help our customers create value. We have invested significant amounts in improving our competencies, getting more and even better coherent technologies, even better local presence and more energy-efficient capacity, so that we can serve our customers even better in the future.

Plastic is the material of the future, and only our own lack of creativity sets the limits to the application of plastic in society in future.

We want to thank our many good and loyal customers and other business partners. Thank you to shareholders and lenders for backing us up. Also, thank you to our employees for their committed contribution and readiness to change. We will continue to put all our creativity into further improving our solutions for the benefit of our customers, shareholders, employees and the planet.

Frank Gad  
CEO

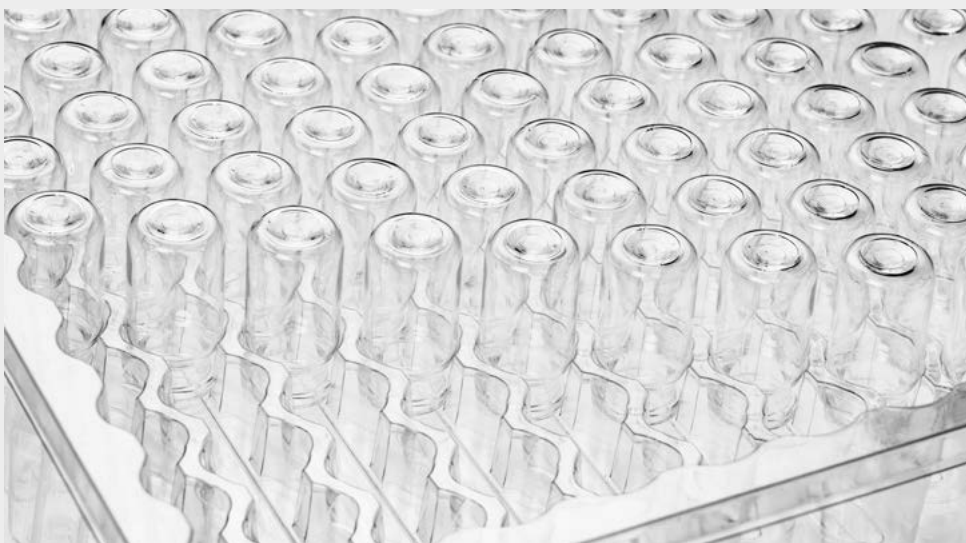
## ClearVial™



### ClearVial™

MedicoPack's ClearVial™ is a transparent alternative to glass for both liquid and freeze-dried pharmaceuticals.

### ClearVial™ Ready To Use





# The year in outline

## COVID-19

In 2022, SP Group experienced disruptions in supplies, production and sales due to the COVID-19 pandemic, primarily in China. However, this did not have a material impact on activities and profit/loss for the year for 2022. At the beginning of 2023, disruptions continued, but the situation is expected to normalise in 2023.

## Ukraine

We have no factories or sales offices in Ukraine, Russia or Belarus. We have no employees or suppliers in those three countries. We have no lenders, creditors or investors in those three countries. Directly and indirectly, we had customers in the three countries, which together are estimated to make up less than 1% of our sales in 2021, but a war in the middle of Europe can still have major negative consequences for all of us. We have stopped all sales to Russia and Belarus following Russia's invasion of Ukraine.

## 2022 in outline

The Group's revenue increased by 7.1% to DKK 2,656.3 million from DKK 2,480.9 million in 2021. The change is primarily due to higher prices on power and raw materials. The organic growth in local currencies amounted to 1.4%. Changed exchange rates and the increase in RMB and USD increased our revenue by approx. DKK 70 million. The effects of currency make up approx. 2.8% of the increase in revenue of 7.1%. Acquired activities and businesses account for 2.8%.

International sales increased by 6.9% and now account for 72.2% of revenue (against 72.3% in 2021). Revenue growth was particularly high in Europe, Asia, Africa, Australia and South America. Sales in China and North America showed a slight decrease. Sales outside Europe decreased from 27.6% to 25.3% of revenue.

Sales to our Danish customers increased by 7.6%.

Sales to the healthcare industry increased by 16.1%. Sales to the health care industry now account for 33.8% of our sales (against 31.2% in 2021).

Sales of proprietary products increased by 9.3%. SP Group realised an increase in the sale of ergonomic products (+10.9%). Sales of farm ventilation components decreased by 5.2%. Sales of guide wires increased by 25.9%. Sales of medical packaging increased by 59.3%, and sales of industrial standard components decreased by 6.5%. The improvement in sales of own trademarks contributed to the improved earnings. Own trademarks now account for 26.5% of the Group's total sales.

The Group's operating income – EBITDA – increased by 13.1% to DKK 478.4 million. The EBITDA margin came in at 18.0%, representing an improvement of 1.0 percentage points relative to 2021. During the year, considerable resources were dedicated to the commissioning of new production facilities, adversely impacting operating profit.

At the end of the year, we had 2,480 employees, including 64 employees in Meditec, Bovil and DAVINCI 3D, which were acquired in the year. Investments in property, plant and equipment amounted to DKK 245.4 million, net, including leased assets. Increasing energy and commodity prices and frequent force majeure claims from our suppliers also adversely affected EBITDA. We expect to pass on energy and commodity price increases to our customers with delay.

Depreciation, amortisation and impairment losses amounted to DKK 182.3 million, which is an increase of DKK 28.5 million on 2021.

EBIT amounted to DKK 296.1 million, corresponding to 11.1% of revenue. EBIT increased by DKK 27.1 million relative to 2021. DKK 7.2 million there-of relates to acquisitions.

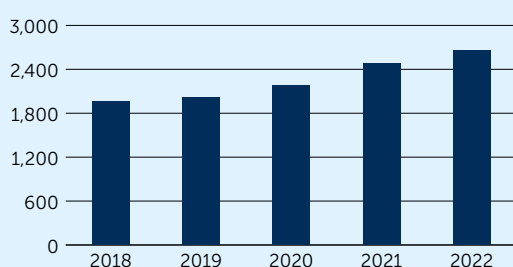
The Group's financial net expenses increased by DKK 16.3 million from 2021 to 2022, where it was a net expense of DKK 27.6 million. The net expense was affected by foreign exchange adjustments and a higher level of interest. Lending margins remained largely unchanged. Liabilities were higher than last year.

Diluted earnings per share amounted to DKK 17.49, which is an increase of 6.4% compared to 2021.

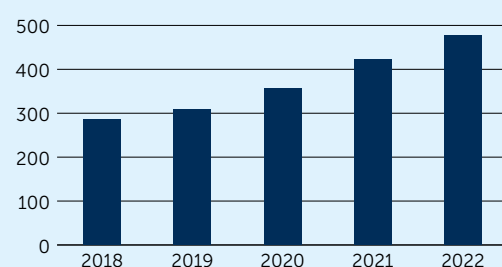
At the end of 2022, interest-bearing debt can be specified by currency as follows:

		According to IFRS 16	Before IFRS 16
DKK	DKK	-707 million	-698 million
EUR	DKK	-297 million	-250 million
PLN	DKK	-57 million	-1 million
USD	DKK	48 million	48 million
NOK	DKK	4 million	5 million
SEK	DKK	0 million	1 million
THB	DKK	-1 million	1 million
RMB	DKK	-25 million	-1 million
<b>Total</b>	<b>DKK</b>	<b>-1,035 million</b>	<b>-895 million</b>

Consolidated revenue 2018-2022 (DKKm)



Operating profit (EBITDA) 2018-2022 (DKKm)



## Cash flows

Cash flows from operating activities increased to DKK 264.5 million (against DKK 237.7 million in 2021), primarily due to increased operating income and increased net working capital.

Cash flows from investing activities amounted to DKK 320.9 million relating to capacity and competency development within healthcare (approx. DKK 67 million), cleantech (approx. DKK 54 million), food-related industries (approx. DKK 9 million), automotive (approx. DKK 2 million), other (approx. DKK 24 million) and investments in properties and land (DKK 72 million). Furthermore, 100% of the shares in DAVINCI 3D A/S, Bovil ApS and Meditec Plaststøbning A/S were acquired at a price of DKK 92.9 million in cash.

DKK 158.4 million was repaid on long-term debt. New loans were raised in the amount of DKK 312.2 million in cash as well as lease liabilities totalling DKK 31.2 million.

Dividends totalling DKK 36.7 million were distributed to the shareholders, and treasury shares were acquired for DKK 13.3 million, net. No new shares were issued in 2022.

The change in short-term bank debt had a positive effect on liquidity totalling DKK 67.7 million.

## Balance sheet

The balance sheet total increased from DKK 2,530.0 million to DKK 2,961.9 million, which is attributable to the acquisition of new machinery, acquisition of entities, acquisition of properties and land and an increase in the gross working capital as well as an increase in cash and cash equivalents.

Equity increased from DKK 1,084.0 million to DKK 1,266.1 million.

Net interest-bearing debt (NIBD) rose to DKK 1,034.5 million from DKK 822.0 million, accounting for 2.2 times the year's EBITDA.

It is Management's opinion that the Company still has adequate capital resources and sufficient liquidity to finance the Company's plans and operations. The Company has enjoyed a long-term and fruitful working relationship with its financial business partners, which is expected to continue.

The capital structure changed in the year, meaning that the current interest-bearing debt decreased from 16.9% to 15.1% of the balance sheet total, and the long-term interest-bearing debt increased from 18.8% to

23.0% of the balance sheet total. The equity ratio interest decreased from 42.8% to 42.7%, and non-interest-bearing debt's share of the balance sheet total decreased from 21.4% to 19.2%.

Net interest-bearing debt increased from 32.5% to 34.9% of the balance sheet total.

In 2022, equity was negatively affected by the acquisition of treasury shares at a net amount of DKK 13.3 million. Value adjustments of financial instruments held to hedge future cash flows, primarily forward contracts (PLN against EUR), had an adverse effect on comprehensive income and, thus, had a positive impact on equity in the amount of DKK 16.0 million. Foreign exchange adjustments of the foreign entities had a negative effect on equity in the amount of DKK 1.0 million. Equity was negatively affected by DKK 36.7 million due to the dividend distribution.

## Q4 2022

In Q4 2022, SP Group's sales totalled DKK 648.8 million, which is 1.0% higher than in the same period the year before. -4.3% thereof relates to organic growth measured in local currencies. There was a positive currency effect of 2.0%.

EBITDA totalled DKK 124.1 million, which is up 16.9% on the same period the year before. EBIT totalled DKK 75.5 million, which is up DKK 9.6 million on the same period the year before.

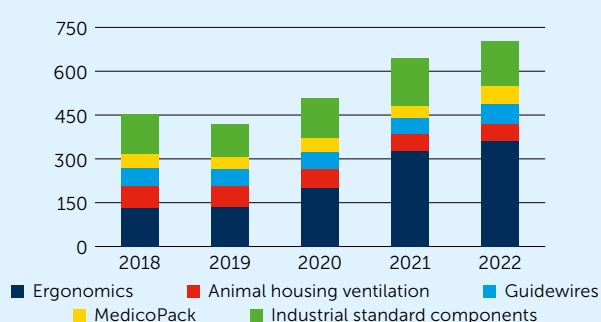
Profit before tax amounted to DKK 65.6 million, which is an increase of DKK 0.2 million compared to the same period the year before. The EBITDA margin in the quarter totalled 19.1%, and profit before tax amounted to 10.1% of revenue.

Depreciation, amortisation and impairment losses amounted to DKK 48.6 million, which is an increase of DKK 8.3 million compared to the same period the year before.

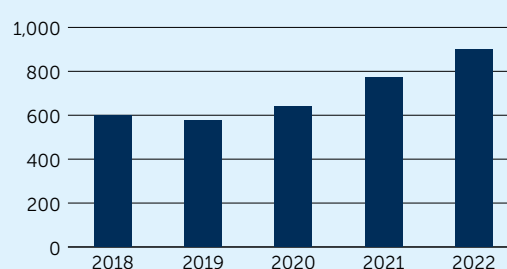
In Q4, cash flows from operating activities amounted to DKK 54.3 million (2021: DKK 40.0 million). Cash flows from investing activities were negative by DKK 122.3 million (2021: negative by DKK 60.3 million). Cash flows from financing activities were positive by DKK 87.5 million (2021: positive by DKK 11.4 million). Accordingly, the change in liquidity was positive by DKK 19.5 million (2021: negative by DKK 9.0 million).

Q4 brought market challenges and negative organic growth of -4.3%, which had an adverse impact on earnings. Our margin was under pressure due to increasing energy prices and raw material prices. An improved product mix contributed to a better margin.

Revenue under own brands 2018-2022 (DKKm)

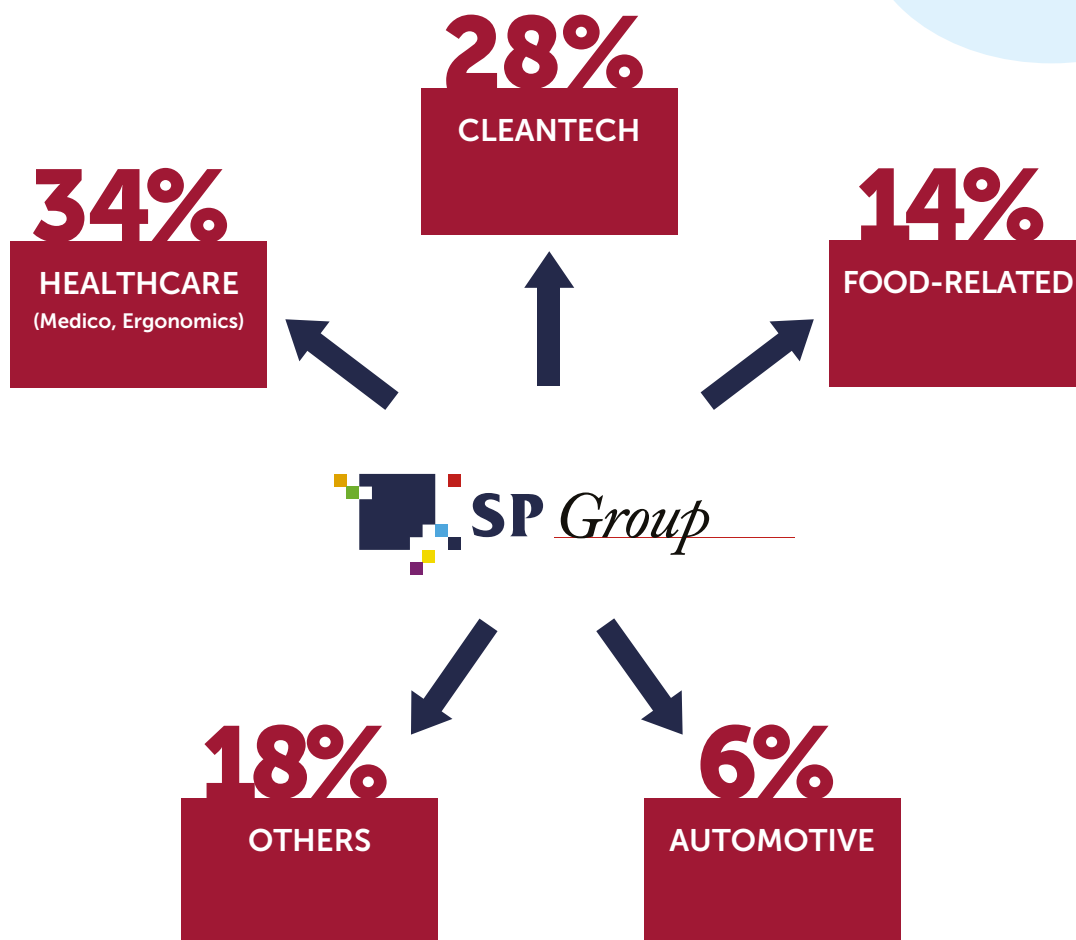


Revenue from healthcare products 2018-2022 (DKKm)



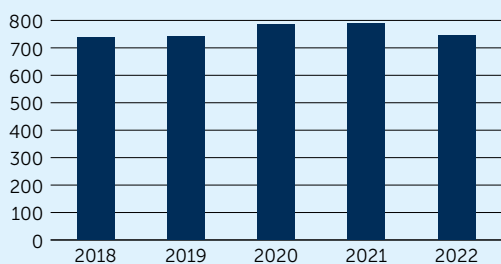
# SP Group's sales in 2022 broken down by customer group:

Our Purpose = Value Creation for our Customers

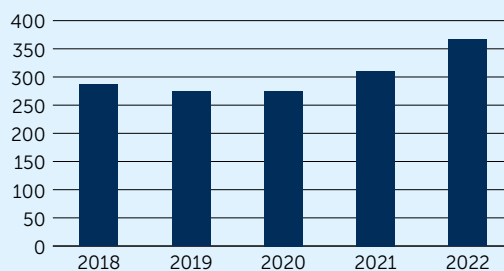


- More than 1,000 customers in total
- The largest customer accounts for under 10% (2021: 11%)
- The ten largest customers account for 48% (2021: 51%).
- The 20 largest customers account for 57% (2021: 61%).

Revenue from cleantech products 2018-2022 (DKKm)



Revenue from food-related industries 2018-2022 (DKKm)



### Follow-up on previously announced expectations

Revenue for the year of DKK 2,656.3 million and profit before tax of DKK 268.5 million, correspond to the expectations announced on 15 November 2022 as to revenue growth in the range of 5-15% (realised growth of 7.1%), EBITDA margin of 16-18% (realised 18.0%) and an EBT margin of 9-12% (realised 10.1%).

#### Previously announced expectations in 2022:

25 March: The war in Ukraine, the outbreak of the coronavirus, response by authorities and the fact that a number of supply chains globally encounter bottleneck problems imply that the level of our activities and our cash flows in the coming months is subject to material uncertainty. At present, we expect to realise revenue growth in the range of 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

20 April and 24 May: The same as 25 March 2022.

26 August: The energy crisis, the war in Ukraine, the outbreak of the coronavirus, response by authorities and the fact that a number of supply chains globally encounter bottleneck problems imply that the level of our activities and our cash flows in the coming months is subject to material uncertainty. In 2022, we expect to realise revenue growth in the range of 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

15 November: The same as 26 August 2022.

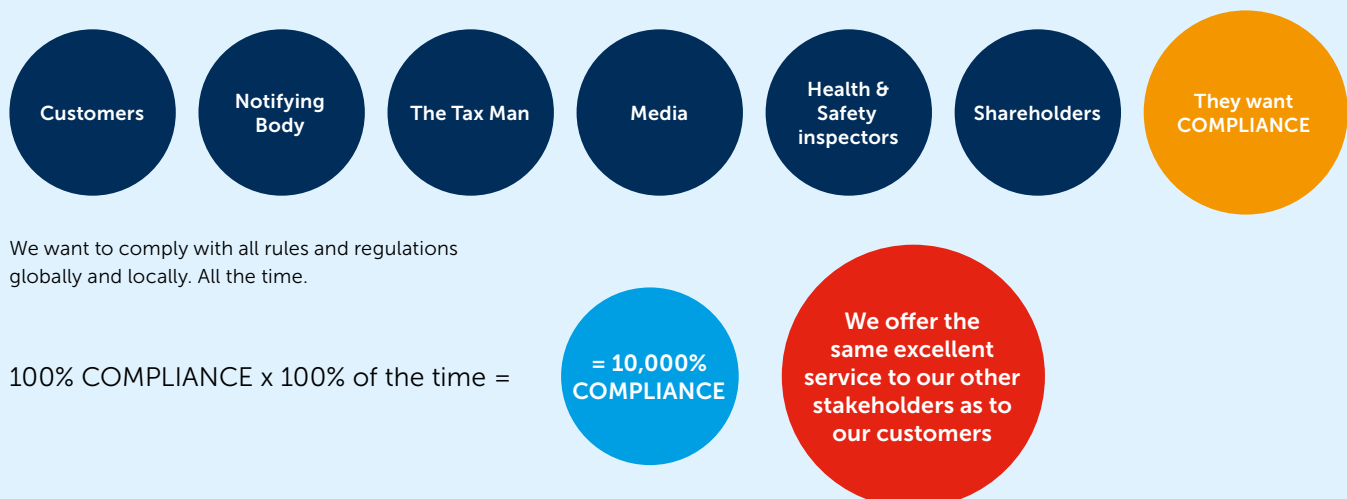


Anna Szymczak, CFO, SP Group in Poland and Izabela Filipiak, COO, Ergomat Poland in front of our new factory in Poland.

### Events after the balance sheet date

No significant events have occurred after the balance sheet date until the publication of this annual report that have not already been incorporated in this annual report and that significantly change the assessment of the Group's and the Company's financial position.

## Compliance



## Outlook for 2023

Hopefully, the global economy will grow in 2023, but it is still fragile and marked by political and economic uncertainty. The neighbouring markets in Europe have distressingly high inflation rates, grave government budget deficits and high indebtedness. The outbreak of the coronavirus, which has subsequently spread throughout the world, can still have considerable adverse effects on the global economy and on our customers and suppliers – and thus on the development in SP Group.

Russia's invasion of Ukraine can still have considerable adverse effects on the global economy and on our customers and suppliers – and thus on the development in SP Group.

Trade barriers between USA and the EU and between USA and China may have a strong negative impact on the global economy and thus on the development in SP Group. An increased interest rate level will also have an adverse effect on the development in SP Group.

We will 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 contribute to growth and earnings.

We are well positioned for contributing with advanced solution for the green transition, and we expect that the wind turbine industry will again report growth in the coming years.

Through our acquisitions of Bovil and DAVINCI 3D we are even better positioned for servicing our customers from the very product launch to full-scale production.

Through our acquisition of Meditec, we have increased our qualifications within healthcare even further.

A high investment level will be maintained in 2023. The largest investment is expected to be made in the healthcare activities.

Depreciation and amortisation are expected to be realised at a higher level than in 2022, among other things due to heavy investments in 2022.

Financial expenses are expected to be realised at a higher level than in 2022, due to the higher interest level.

Combined with strict cost control and early capacity adjustment as well as continued strong focus on risk management, cash management and capital management, this contributes to creating a sound basis for the Group going forward.

High inflation, increasing interest, the energy crisis, the war in Ukraine and the spread of the coronavirus as well as government response cause considerable uncertainty as to the level of our activities and cash flows in the coming months. At present, we expect to realise revenue growth in the range of 5-15% with an EBITDA margin of 16-19% and an EBT margin of 9-12%.

## Going towards 2024

Based on the results realised in the period 2010-2015, we drafted our 2020 ambition, which was revenue of approx. DKK 2 billion and an EBITDA margin in the range of 14-15% in 2020. Profit before tax should reach 8-10% of revenue up from the 6.1% realised in 2015.

With the results in 2018 (revenue of DKK 2.0 billion, an EBITDA margin of 14.5% and profit before tax of 10.2% of revenue), we met our 2020 goals as soon as in 2018. Therefore, we launched our 2022 ambition. The low growth rates in 2018 and 2019 and the coronavirus outbreak in 2020 have delayed the realisation of our ambitions. We assess that we will be

delayed by 2 years and therefore renamed our 2022 ambitions to 2024 ambitions, primarily attributable to the coronavirus outbreak.

Up to 2024, it is our ambition to generate revenue in the range of DKK 3.3-4.0 billion in 2024 through continued customer focus and organic growth combined with acquisitions ("buy and build" strategy, preferably companies with own products and trademarks). To attain this, we need to achieve annual growth (CAGR of 12-22% p.a.) in the period 2023-2024. In the period 2010-2022, growth accounted for 10% p.a. (CAGR), and in the period 2014-2017, growth accounted for 16% p.a. (CAGR).

Organic growth has been somewhat constant at 6-7% p.a. from 2010 to 2017. We believe that we can achieve similar growth rates in the future provided that our markets are well-working and there are no pandemics, trade wars or wars.

By increasing the share of own products in total sales from the current 26.5% to 28-30% in 2024, continuing the internationalisation and increasing efficiency further as well as by making massive investments in new technologies and people, it is our ambition to improve the EBITDA margin to 17-20% by 2024 (or more if we do not make large acquisitions) and increase profit before tax to 10-12% of revenue, as the share of own products and advanced solutions is expected to increase more relative to the rest of revenue.

In respect of subsupplier tasks, the goal is still to generate profit before tax corresponding to 5% of revenue.

It is therefore our ambition to increase profit before tax to approx. DKK 400 million by 2024 (12% of DKK 3.3 billion or 10% of DKK 4.0 billion as high growth in connection with acquisitions is expected to reduce the margin). This will imply that EBT increases by 22% p.a. in 2023-2024. In the period 2010-2022, EBT increased by 20% on average (CAGR).

This assumes that the markets we operate in are generally well-working and that acquisition opportunities at fair prices are available.

It is Management's goal to realise a ratio of net interest-bearing debt to EBITDA of 2-3.5 and to maintain this level as long as the interest rate level is low. This goal leaves room for increased expansion of activities compared to current plans up to 2024. SP Group will continue to reduce its net interest-bearing debt by strengthening cash flows from operating activities and by selling non-value-creating assets in order to release capital.

The equity ratio (including non-controlling interests' share of equity) will be maintained at 25-45%. Should the equity ratio decrease due to a higher level of activity, the Company will consider asking the shareholders for additional capital. If, on the other hand, the equity ratio increases, any excess capital is expected to be transferred back to the shareholders.

SP Group aims at providing its shareholders with a fair return through increases in the share price. It is the ambition that earnings per share (EPS) should increase by an average of 20% annually over a five-year period. In 2022, the EPS increased by 6.4%. In the period 2010-2022, EPS increased by 19.5% on average (CAGR).

In recent years, dividends distributed totalled 15-20% of the profit after tax. Every year before the annual general meeting, Management assesses whether the level is adequate. The proposed dividend for 2022 corresponds to 17.6% of profit after tax.

## Customers

A service level adapted to the individual customer's requirements and expectations is essential if we are to be regarded as a competitive, innovative, reliable and decent supplier.





Customers' requirements and expectations are constantly growing, as the general development offers more and more options, and a number of areas seem increasingly complex. Therefore, customers benefit from SP Group's expertise when they make decisions on plastic and composite solutions as well as surface coatings.

SP Group's offers to its customers are based on the ambition of being the best local partner within plastics, composites and coatings – in relation to product supply, competitiveness, availability and value creation. Often, SP Group succeeds in accommodating customers' global needs through local presence or by coming up with a globally competitive solution from one factory. In 2010, Tinby's local presence was established in China. Our sales and service activities in North America were expanded with production activities in 2013.

With the acquisition of Bröderna Bourghardt AB in 2014, we increased our local presence in Sweden and Latvia where we now have both sale, development and production of Telene products and composite solutions. In 2022, Bröderna Bourghardt sat up operations in Thailand to be closer to its customers in South-east Asia.

In 2015, we increased our local presence in Slovakia through the acquisition of Ulstrup Plast A/S, involving production, assembly and sale of injection-moulded components and solutions. In 2018, we expanded further with our investment in Kodaň Plast s.r.o., which makes machined plastic components. With the acquisition of Kodaň Plast s.r.o., we improved our product range within prototypes and low volume production (machined plastic components).

In 2016, we increased our local presence in Norway and Sweden through the acquisition of Plexx AS / Opido AB.

Plexx AS / Opido AB also brought new competences in the form of

- Laser cutting in acrylic
- Bending in acrylic
- The composite technology ORS (Opido Reinforced System).

Furthermore, we added blow moulding to our product range through the acquisition of MedicoPack A/S in 2016.

With the acquisition of Tinby Skumplast A/S and MM Composite A/S in 2017, we expanded our product range with 'block foaming' in PUR and PIR and a number of advanced composite solutions. Our local presence in the USA has been expanded with composite production and was further expanded in 2019 with the production of vacuum-formed plastics and sale of farm ventilation components.

In 2019, local presence in Finland was expanded by the acquisition of Coreplast, which is a state-of-the-art injection-moulding company. It is our ambition that Coreplast can also sell a number of our other services in Finland. In 2021, local presence in Finland was expanded by the acquisition of Jollmax, which offers state-of-the-art coating solutions such as

water printing that can add decorative surfaces to plastic, which is a new technology for SP Group. Jollmax Coating also performs EMS (Electro Magnetic Shielding).

In China, Tinby moved to new and larger premises in 2018. Activities have been expanded since then. In 2023, we will bring together SP Moulding's and Tinby's activities in China on the same address.

In northern China (Tianjin), Gibo has established a 11,244 sqm sales and logistics centre, which was expanded with vacuum-formed plastics production in 2020. With the acquisition of Dan-Hill-Plast in 2020, we now also offer rotational moulding to our customers; typically tanks, containers, ventilation ducts and other hollow plastic components. In the coming years, we will establish rotational moulding in other markets close to the customers. This happened in 2021 in China where two production lines are now operating and in 2022 Poland where one production line is operating at the moment.

Advisory services within plastics, composite and surface treatment are becoming increasingly important, and SP Group is using the Group's expertise and technologies to create value for our customers. In 2022, SP Group acquired DAVINCI 3D A/S, which adds strong qualifications to SP Group within Advanced Additive Manufacturing, and Bovil ApS, which is an expert in CNC-processed plastic components of high quality. In 2022, co-operation with leading universities in the EU was extended and so was co-operation with a number of suppliers' research centres and laboratories. Among our suppliers are the world's leading chemical groups.

In 2023, we plan to establish an injection-moulding factory in the USA to service our current customers in North America even better and to reduce our carbon footprint from transportation.

Sales under own trademarks should be further increased. In a number of global niches, SP Group controls a large part of the value chain with own products that have higher margins than many of the products that SP Group manufactures as a subsupplier. Total sales of ventilation equipment from TPI, ergonomic workplace equipment from Ergomat, guide wires under the SP Medical trademark, own products from MedicoPack, fenders from Dan-Hill-Plast and industrial standard components from other parts of the Group have quadrupled over the past ten years, so that own trademarks have increased from approx. 16% of revenue to 26.5%. We have developed a number of new products that will be marketed in 2023. In addition to increasing the sale of the existing products, the Group will continue to develop and acquire more new products under own trademarks. In 2021, we acquired Neptun Plast A/S and Atlantic Floats Denmark A/S, which develop, manufacture and sell floats, baskets, cod end rings, bobbins and baskets for the fishing industry. In 2022, we acquired Meditec Plaststøbning A/S, which among other things manufactures and sells specimen collection kits.

Growth must also be generated from customers and growth industries. An obvious example is the healthcare industry. Sales to this industry to-

talled DKK 898 million in 2022. Growth in healthcare sales will be further increased with the committed business units SP Medical, Meditec, Medico-Pack and Ergomat as the primary drivers. The figure on page 11 shows the development in total healthcare sales, which accounted for 33.8% of revenue in 2022. Sales to the healthcare industry increased by 16.1% in 2022.

SP Group has also established an international position as a supplier of cleantech solutions, a position that we plan to strengthen in order to support the green transition.

The figure on page 12 shows the development in sales to the cleantech industry, which accounted for 28.1% of revenue in 2022. Sales to the cleantech industry decreased by 5.6% in 2022.

A number of our customers are food manufacturers or suppliers to food manufacturers. This area is called "food-related industries". Sales to food-related industries accounted for 13.8% of revenue in 2022 and amounted to DKK 366.5 million. Trends in sales to food-related industries are shown on page 12. In 2022, sales to food-related industries increased by 18.0%.

The healthcare, cleantech and food-related industries accounted for approx. 76% of total revenue in 2022.

Sales to the automotive industry increased by 6.0% to DKK 150 million and now account for 5.6% of revenue.

Sales to other demanding industries increased by 6.6% to DKK 497 million.

The geographic expansion will continue through increased sales from the factories in Denmark, Sweden, Finland, Latvia, Slovakia, Poland, China, Thailand and the USA with particular focus on markets in Europe, the Americas and Asia. International sales have increased from approx. 50% to approx. 72% of revenue over the past 10 years, and this ratio must be further increased.

## Efficiency and rationalisation

In 2022, the Group's production structure was further streamlined and optimised, and heavy investments were made in new machinery, digitalisation, robots and vision systems.

Our competency development efforts will continue at the factories in China, Poland, Latvia, Slovakia, Sweden, Finland, the USA, Thailand and Denmark so that we can meet our customers' needs in a more efficient, better and less costly way.

In Poland, SP Medical has increased the production of guide wires, plastic components and assembly activities.

In Poland, SP Moulding has expanded its injection-moulding and assembly facilities and invested in many new machines, also offering 2K injection moulding (two-component) with machinery with a closing pressure of up to 500 tonnes and (single-component) injection moulding with machinery with a closing pressure of up to 1,500 tonnes.

In Poland, Tinby and Gibo Plast have also expanded its facilities and invested in many new machines.

In the USA and Poland, Ergomat has increased its production of ergonomic mats by improving productivity and increasing capacity. Ergomat has expanded its floor space considerably in the USA and Poland.

In Finland, Coreplast has invested in new machinery to increase capacity and operational reliability. Coreplast offers 3K injection moulding (three-

component) with machinery with a closing pressure of up to 500 tonnes and 1K injection moulding (single-component) with machinery with a closing pressure of up to 1,500 tonnes.

In Latvia and Sweden, Bröderna Bourghardt has increased capacity and enhanced efficiency. In 2022, the company set up operations in Thailand.

Ulstrup Plast has increased capacity and enhanced efficiency in Denmark and Slovakia. In Slovakia, a large expansion project has been completed.

In Denmark, SP Moulding, MM Composite, Accoat, Tinby, MedioPack, SP Medical, Gibo Plast and Dan-Hill-Plast have all enhanced efficiency and increased capacity. Tinby gathered its Danish activities in Sønderød and closed the factory in Tjæreborg. MM Composite and Tinby have integrated the organisations to provide even better and more efficient service to their customers.

In China, Tinby and SP Moulding have increased capacity and enhanced efficiency. SP Moulding also offers 2K moulding in China and has invested in a 1,600 tonnes 1K machine. In China, TPI has established a sales company, and Gibo Plast has established a sales and logistics company, which was expanded with production of vacuum-formed items in 2020 and with rotational moulding in 2021. Investments were made in additional resources in 2022.

In the Netherlands, TPI has adjusted its business by downsizing its organisation. TPI established sales companies in the USA and China in 2019, which are having trouble gaining traction due to the coronavirus situation; however, sales in both China and the USA have increased.

In the USA, Gibo Plast has established a company at MM Composite to be closer to customers for vacuum-formed components in North America. Tinby's North American sales company has also been relocated to MM Composite's facilities.

Plexx Opido and Nycopac have invested in new offices, new machinery and buildings in Sweden and expanded the sales company in Poland.

The reliability of delivery (on-time delivery) from all factories has now reached 98-99% and should be further improved. The level of quality is measured on an ongoing basis, and constant efforts are being made to improve quality.

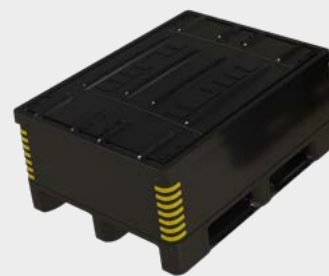
Apart from capacity adjustments, we focus on adjusting general costs on an ongoing basis. SP Group's goal is for all production facilities to manufacture and deliver better, less costly and faster. Steps are taken on an ongoing basis to reduce the consumption of materials and resources (reduction of CO<sub>2</sub> emissions, etc.) and to reduce break-in periods and switchover times in production. The current Lean process will continue with focus on improving processes and flows and strengthening our employees' competencies.

Many customers want new products made from recycled plastics or biobased plastics to reduce their carbon footprint. We replaced raw materials for a number of customers from virgin plastics to recycled plastics in 2022. The products are still fit for purpose and are now even more sustainable. In 2022, 15.2% of our plastic consumption was recycled or re-used plastic.

Finally, SP Group will constantly and critically analyse the Group's activities. If activities and businesses are unable to attain reasonable earnings, they will be closed down or sold.



## Nycopac Sleeve System



### Foldable pallet containers

Nycopac is developing and selling foldable pallet containers for many industries. Products that are being transported and handled in warehouses need to be protected in different ways. We have together with Swedish industries developed a functional foldable pallet container, which is fulfilling the most demanding requirements when used in transport and warehouse handling. Great advantages for the user are obtained in return handling, durability, easiness to fold and unfold, low weight. All included components are 100% reusable and recyclable.



### Self supporting interlayers

Nycopac's portfolio also includes part specific interlayers for transportation and storage of parts in the industry. When using self-supporting interlayers parts are protected fully by the interlayer and there is no need for further protection such as pallet-boxes or plastic films. The interlayers are self-supporting which means that it doesn't rest on product layers below it, so it can be used for products that cannot be exposed to pressure. The interlayers are vacuum formed in such a way that they can be stacked with reduced height during return transport, and the volume of the returned packaging is reduced by 60% or more. This reduces the overall transport costs and environmental impact of the parts.

### Interlayer sheets

Nycopac is developing and selling interlayer sheets for many industries. The purpose of interlayer sheets is mainly to stabilize and separate the product layers in a pallet during transport. Nycopac has in 2022 launched new interlayers in solid recycled PP material for heavy component transport and are made from process waste from MedicoPack.



# Coatings

- New tasks in the food industry
- More tasks in the medical device industry

## 2022 in outline

The corona pandemic and its spill-over effects continued to impact Accoat A/S in 2022 just as the war in Ukraine made its mark.

Generally, Accoat was affected in particular by sickness at the beginning of 2022 due to the corona pandemic as well as increased costs of power and raw materials throughout 2022. As coatings require sintering at high temperatures to obtain their unique quality, Accoat's production involves a high energy consumption, and the increased costs of energy have caused the company to introduce an energy fee for coating products. The fee is adjusted on a weekly basis according to the energy prices.

Accoat A/S performs tasks within a broad range of industries, including the medical device, cleantech, food-related and chemical industries. The production covers a broad range of coatings and a broad range of products. Accoat coats i.a. medical device equipment, chemical reactors, tanks, thermal sensors, dairy plants, bakery machinery, packing machines, engine parts, ventilation equipment as well as equipment for the oil and gas industry.

In principle, Accoat A/S is able to perform many different coatings, but has decided to focus especially on high-build (multiple layers) corrosion-protective coatings as well as non-stick and low-friction coatings.

<b>Name:</b>	Accoat A/S
<b>Website:</b>	www.accoat.dk
<b>Location:</b>	Kvistgård in North Zealand
<b>Executive Board:</b>	CEO Susie-Ann Spiegelhauer
<b>Activities:</b>	Accoat manufactures coatings for a number of industries' products and production facilities. The components that are coated cover a wide field from very small needles to large tank installations
<b>Description:</b>	Accoat develops and manufactures environmentally friendly technical solutions for industrial and pharmaceutical purposes, including fluoroplastic coatings (Teflon®), PTFE and other high-performance polymers
<b>Environment/quality:</b>	Reference is made to the list of certificates on page 46

## Development in activities and financial matters

In 2022, the company experienced disruptions in supplies, production and sales derived in particular from the COVID-19 pandemic and the war in Ukraine.

This has had a material impact on activities and profit for the year 2022 as it has affected the supply chains and prices on energy and materials.

Moreover, the company has had one major Non Conformance, which affected profit for the year significantly. For one major customer, forecast has been significantly downgraded and Accoat has adjusted its production to fit current demand.

## Strategy

Accoat will continue to strengthen products as well as processes. It will do so in cooperation with current and future customers as well as suppliers.

Accoat's core business areas will still be non-stick and corrosion coatings for Danish as well as foreign industries.

Accoat's coatings are to a high degree fluoropolymers, and Accoat is therefore affected by future EU legislation in respect of PFAS. At the beginning of 2023, rules were drafted, however, the final EU legislation is not expected to be in place until 2025 at the earliest. In 2022, there has been a lot of negative focus on PFAS in Denmark, and there is a risk that Danish legislation will be introduced before EU legislation.

All in all, this means that there is a great deal of uncertainty going forward as to whether coatings can be used and any restrictions on emissions that will be introduced.

In 2022, Accoat has launched considerable efforts to examine the market for other types of coatings that in some cases can replace the fluoropolymers. Accoat will continue and accelerate this work in 2023 and will continue to keep a close eye on any changes in the rules in this area.

In many of the industries where Accoat operates, the market penetration barrier is very high and the cost of changing coating or production method is high, requiring a high degree of validation before a product can be put into service. It is therefore important that Accoat is already in the process and can present possible alternatives to the fluoropolymer coatings as soon as possible.

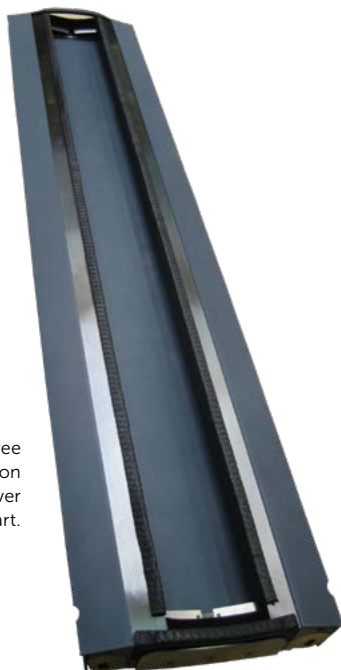


Funnel used in the food industry for non-stick properties and wear resistance. Coated with PFAS free Accolan P749.

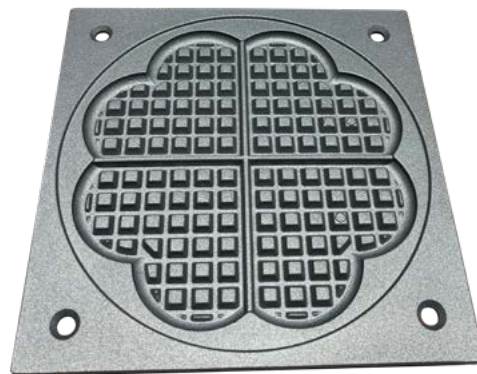
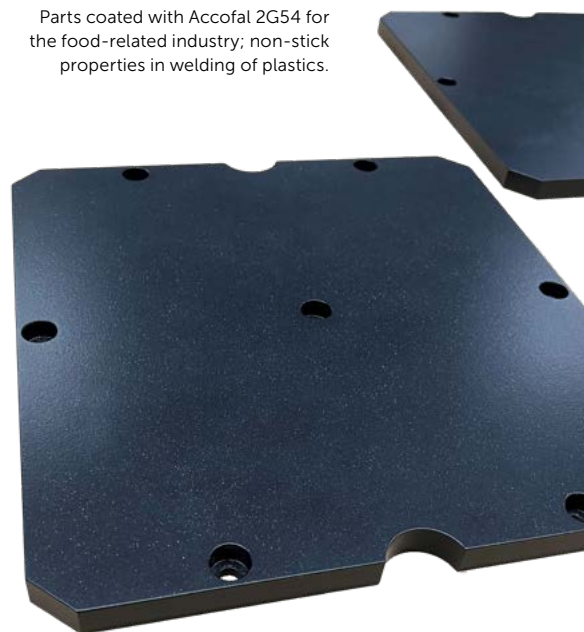
Part for Tresu A/S coated with PFAS free Ceraflex for non-stick properties and corrosion protection. Also Tinby and SP Moulding deliver components for this part.



Parts coated with Accolan G for the healthcare industry; non-stick properties in welding and cutting of plastics.



Parts coated with Accofal 2G54 for the food-related industry; non-stick properties in welding of plastics.



Waffle-iron coated with Accolan Silver for the food industry with non-stick properties.

## Outlook


Management expects results of operation to improve in 2023 relative to 2022, but expectations are subject to considerable uncertainty as the supply chains still encounter major problems and as the prices on energy and materials are very uncertain.

Expectations are that the market for non-stick as well as corrosion coatings will increase going forward as current production standards are generally high both in terms of performance, operational security and lifetime, and higher standards are expected to be set.

Use of non-stick coatings ease the cleaning of surfaces, which helps reduce the consumption of cleaning agents, the volume of water and time. For our customers, this means shorter interruptions of production due to cleaning and lower consumption of resources. Coatings may also make products and production equipment oil- and water-repellent, heat insulating, electrically insulating or resistant to chemicals. In some industries, coatings are necessary to comply with safety requirements.

Corrosion coatings can improve the applicability, strength and lifetime of a number of products at the end user and reduce the use of expensive materials such as titan and high alloy steel types.



A high-angle, perspective view of a long, straight row of industrial injection molding machines in a factory. The machines are primarily light blue and black, with some white components. They are arranged in a line, receding into the distance. The floor is grey concrete with yellow safety lines. On the right side, there are large, white, insulated pipes running parallel to the machines. The lighting is bright and even.

SP Moulding  
in Poland has more  
than 120 injection  
moulding machines

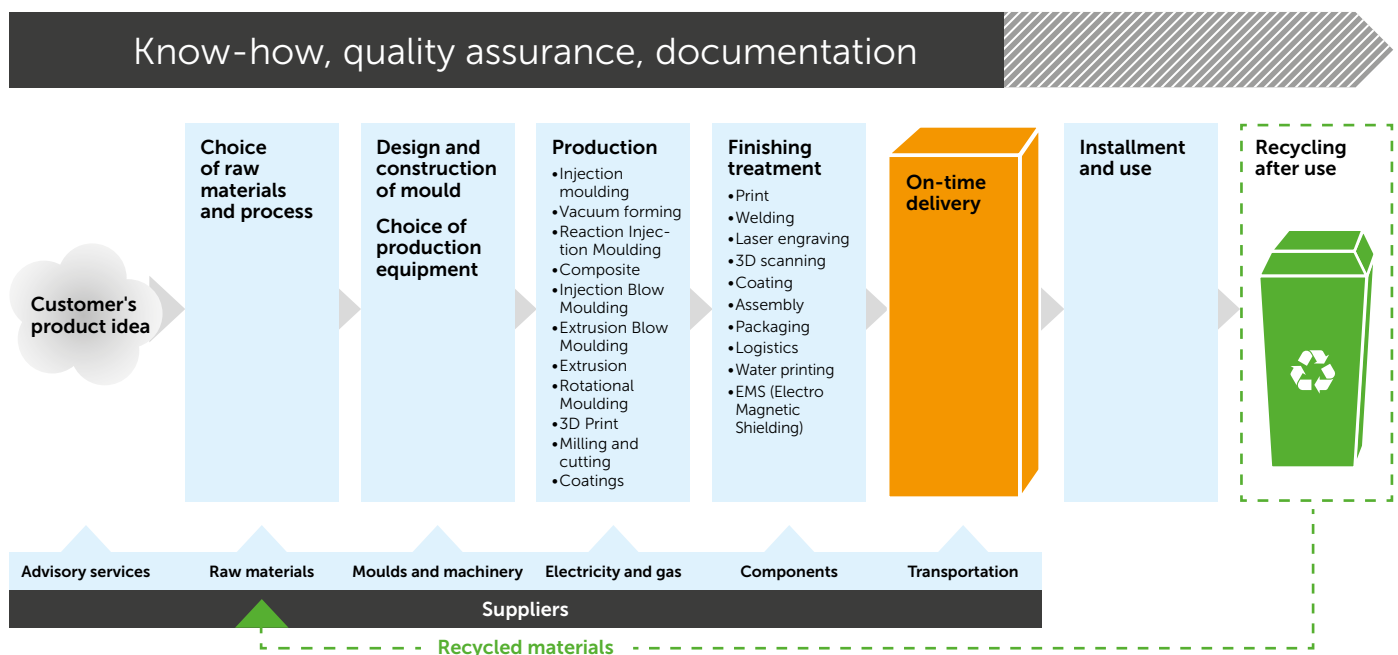


# Plastics and Composites

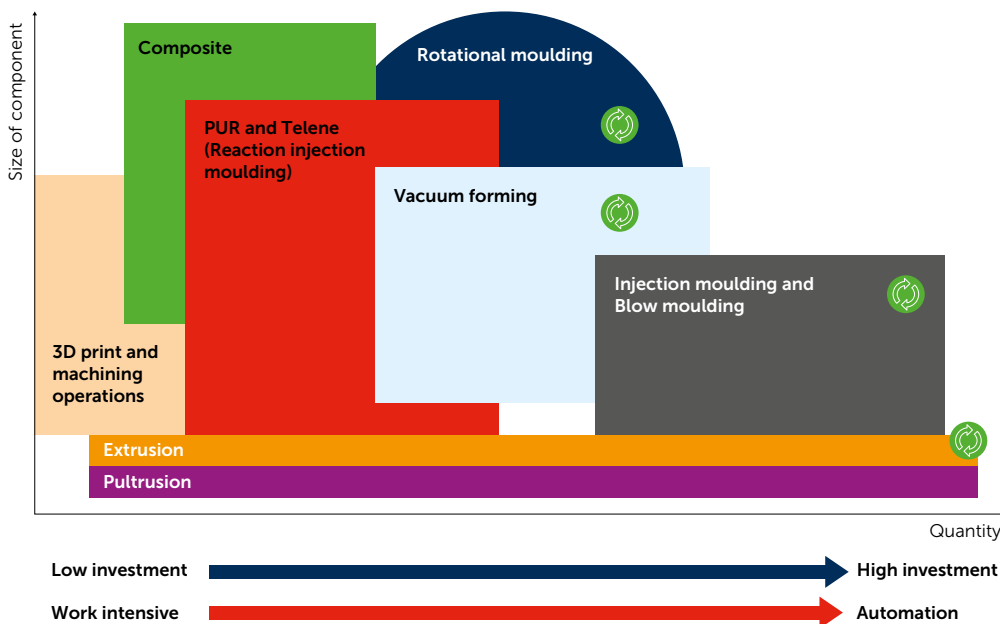
- New tasks in the healthcare industry
- New tasks in the cleantech industry
- More tasks in food-related industries

All plastic entities in SP Group provide customised solutions in close co-operation with customers.

## SP Group's value creation



The choice of production technology depends, among other things, on the size of the component and the number to be produced:



Prototypes are 3D printed or machined.

Often, a product starts its life cycle in PUR. Once the product has penetrated the market to a certain extent, "Mark II" is made in vacuum, and much later when the production reaches a high quantity, "Mark III" is injection-moulded.

Heavy investments were made in 2022, adversely affecting earnings. The investments are expected to contribute positively to results of operations from 2023 onwards.

## 3D Printing and Machining Operations

- New customers
- High activity

### DAVINCI 3D A/S

In 2022, SP Group acquired DAVINCI 3D A/S, which is a state-of-the-art 3D printing company with production facilities in Billund.

DAVINCI 3D is one of Denmark's leading companies within advanced Additive Manufacturing (3D print).

In 2022, DAVINCI 3D performed well and invested in new machines which can 3D print components in many colours and varying hardness. We hope that the customers will discover the fantastic new opportunities.

### Bovil ApS

In 2022, SP Group acquired Bovil ApS, which is specialised in CNC processing of technical plastics.

Bovil has grown steadily since the takeover and has launched a number of large investments to increase its capacity and its qualifications.

### Kodaň Plast s.r.o.

Kodaň Plast s.r.o. in Slovakia, which SP Group invested in in 2018, has accelerated its handsome growth in 2022.

Kodaň grew out of its premises and has therefore moved into new and larger premises, which provide a good basis framework for future growth. Kodaň also does CNC machining in plastics for customers in Europe and the USA.

In addition, assembly, printing, welding and other specialized techniques are performed that contribute to creating competitive solutions.

DAVINCI 3D, Bovil and Kodaň Plast serve customers abroad and in Denmark with 3D printed or CNC machined items for:

- Prototypes
- Ex-demonstration model
- 0-series
- Series production
- Spare parts
- Production equipment

DAVINCI 3D, Bovil and Kodaň Plast are extremely fast in "time to market".

Given DAVINCI 3D, Bovil and Kodaň capabilities, SP Group can now help the customers even more efficiently and competitively "all the way" from development, prototype and low-volume manufacturing to high-volume manufacturing in plastics and reduce time and money spent by the customers.

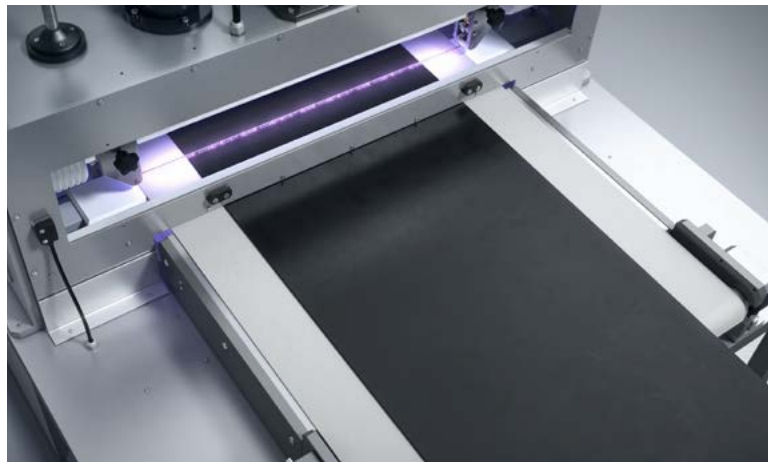
With DAVINCI 3D's newest 3D print technology we can produce acrylic parts in up to 600,000 different colours and in up to 14 different hardness's. We can deliver transparent parts as well as a combination of all mentioned possibilities.

<b>Name:</b>	DAVINCI 3D A/S, Bovil ApS and Kodaň Plast s.r.o.
<b>Website:</b>	www.davinci.dk, www.bovil.dk, www.kodanplast.eu
<b>Location:</b>	Billund, Odense and Zilina (Slovakia)
<b>Executive Board:</b>	CEO Ole Lykke Jensen (DAVINCI 3D), CEO Steen Vilsø Nielsen (Bovil) and CEOs Jens Møller and Peder Hyldegaard (Kodaň Plast)
<b>Activities:</b>	DAVINCI 3D is specialised within advanced Additive Manufacturing (3D printing) and can 3D print components in many colours and in varying hardness. Bovil is specialised in CNC processing of technical plastics. Kodaň Plast is specialised in rotation and milling of plastic materials as well as bending, gluing and welding of plastics.
<b>Description:</b>	In 3D printing, the plastic components are built layer on layer based on a 3D model, which is divided into very thin "slices". Thereby even very complicated items, which cannot be moulded in any other way can be manufactured using 3D printing. Machining of plastic components is made by processing plastic components such as poles, blocks or plates. The process does not require any moulds and is thus suited for very small batch sizes.
<b>Environment/quality/working:</b>	Reference is made to the list of certificates on page 46



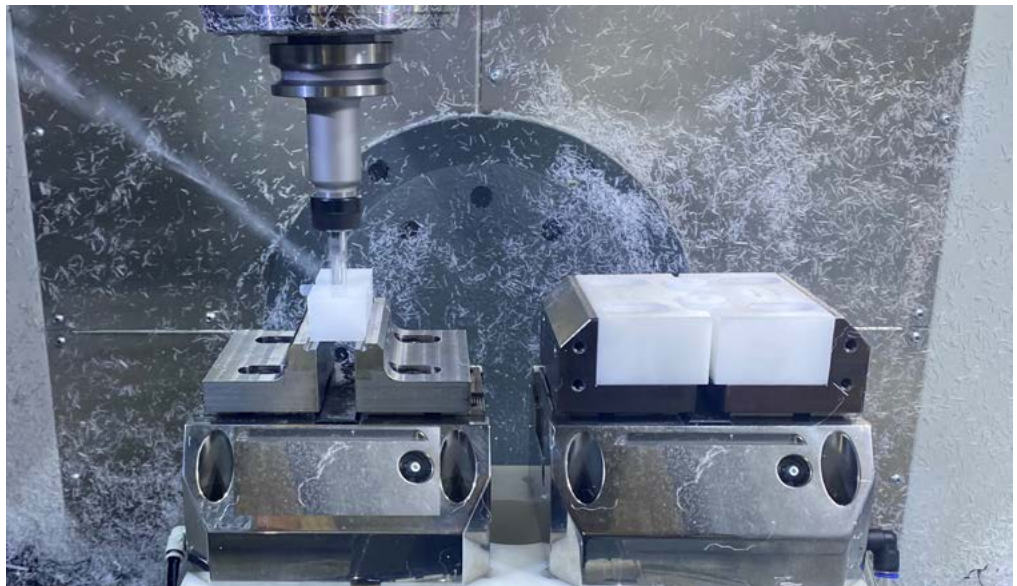


Kodaň Plast: Surface treatment of plast PEHD as well as printing with 2-component colour. GoalStation, which manufactures professional football training gear had faced a challenge, because the plastic film with print, which was mounted on the front plate, was quickly damaged by the sun and high temperature as well as constant impact from the football. The problem is solved as Kodaň Plast after machining of the front plate gives it a Plasma/Corona treatment, which makes the surface receptive to a 2-component resistant printing ink.



Bovil: 5-axe processing on our milling cutter of advanced items for the customer which measure Ø900x150mm in the material PEHD 1000.

Bovil: Installation in our automated CNC milling center and robotic solution – 2 installations are processed at a time.





# Injection moulding and Blow moulding

- Global progress
- Many new tasks

## 2022 in outline

Despite the challenges resulting from the corona pandemic, we succeeded in securing many new projects, entailing an increasing level of activity.

SP Moulding, Sander Tech, Ulstrup Plast and Coreplast saw a healthy intake of a number of new customers in Europe, the Americas and Asia, and business with existing customers increased in both Europe and Asia.

SP Medical and Meditec entered into a number of new agreements with both new and existing customers in the medical device industry.

In 2022, considerable investments were made in new advanced production equipment (including many new injection-moulding machines with state-of-the-art robotic solutions, large energy saving projects and even more IT) as well as in development and break-in of many new projects.

<b>Name:</b>	SP Moulding A/S, Sander Tech ApS, Coreplast Laitila Oy, Ulstrup Plast A/S, SP Medical A/S, Meditec A/S, MedicoPack A/S, Jollmax Coating Oy, Neptun Plast A/S and Atlantic Floats Denmark A/S
<b>Website:</b>	www.sp-moulding.dk, www.coreplast.fi, www.up.dk, www.meditec.dk, www.sp-medical.dk, www.medicopack.com og www.neptunplast.com
<b>Location:</b>	Juelsminde, Stoholm, Karise, Lyngø, Langeskov, Vordingborg, Helsingør, Sieradz (Poland), Zdunska Wola (Poland), Laitila (Finland), Pobedim and Zilina (Slovakia) and Suzhou (China)
<b>Executive Board:</b>	Søren Ulstrup, CEO of SP Moulding A/S and Ulstrup Plast A/S, Jens Birklund Andersen, CEO of Sander Tech ApS, Mikko Toivonen, CEO of Coreplast Laitila Oy, Mogens Laigaard, Managing Director of SP Medical A/S, Thomas Bo Iversen, CEO of Meditec A/S, Torben Bruhn, CEO of MedicoPack A/S, Aimo Jollman, CEO of Jollmax Coating Oy, Finland, Cecilie Ertman Lundsgaard, Managing Director of Neptun Plast A/S and Atlantic Floats Denmark A/S
<b>Activities:</b>	SP Moulding, Sander Tech, Coreplast, Meditec and Ulstrup Plast are leading manufacturers of injection-moulded precision components in plastic for a broad range of industrial enterprises. SP Moulding (Suzhou) Co., Ltd. In China, SP Moulding Poland Sp. z o.o. and Ulstrup Plast s.r.o. manufacture technical plastics and perform assembly work. In Karise, Helsingør and Zdunska Wola (Poland) the business units SP Medical and Meditec develop, manufacture and sell medical devices and components for the medical device industry. MedicoPack develops, produces and sells packaging material and pharmaceutical disposable equipment within injection and infusion therapy to the global pharmaceutical and healthcare industry.
<b>Description:</b>	In addition to moulding, which is processed using modern facilities, the business area also handles every finishing such as 3D scanning, laser engraving, laser welding, ultrasonic welding, surface treatment, EMS (Electro Magnetic Shielding), Water Print and spinning. SP Moulding, SP Medical, Meditec and Coreplast also handle partial or full assembly, packaging and shipment for a large number of customers. MedicoPack's production technology is based on blow moulding, IBM (Injection Blow Moulding) and EBM (Extrusion Blow Moulding), and the entity has a leading position in the area of production of packaging material for pharmaceutical purposes.
<b>Environment/quality:</b>	Reference is made to the list of certificates on page 46

SP Moulding, SP Medical, Meditec, Coreplast and Ulstrup Plast have entered into agreements to purchase injection-moulding machines for delivery in 2023. The machines will be used to expand activities with existing and new customers. We have expanded our production facilities in several factories, and further construction is ongoing to enable us to meet the increased demand.

MedicoPack exports approx. 90% of its products. Heavy investments are still made in MedicoPack to keep up with developments.

In July 2021, Neptun Plast and Atlantic Floats Denmark were acquired. Both companies contribute to increased growth and are specialised in equipment for the fishing industry.

In the autumn of 2022, Meditec was acquired, and throughout 2022, the company won a number of tasks and major projects for a number of large Danish and foreign medical device customers. These tasks will be fully implemented in 2023 and in the beginning of 2024. As a direct consequence, Meditec has made heavy investments in new production equipment and technologies and expanded its development capacity in the form of engineering qualifications.

## Markets and products

With approx. 535 injection-moulding machines (including more than 50 two- and three-component machines), SP Moulding, SP Medical, Meditec, Coreplast, Ulstrup Plast and Neptun Plast are, combined, the largest independent injection-moulding business in Denmark and rank among the largest two in the Nordic region. The market is still characterised by many small suppliers and excess capacity in certain areas, and a number of customers are turning to low-wage areas. However, several groups with own production of injection-moulded plastics choose to outsource activities to specialists such as SP Moulding.

Moreover, the market is increased by substituting plastics for other materials. SP Moulding, Coreplast and Ulstrup Plast enjoy obvious advantages in the Northern European market due to their size and expertise in injection moulding and design, product development, international sourcing of moulds and raw materials as well as additional services such as welding, laser engraving, print, 3D print, 3D scanning, full assembly, packaging and shipment of finished products, often in close co-operation between the factories in Poland, Slovakia, China, Finland and Denmark. As price remains an important parameter, production efficiency needs to be further enhanced. In Europe and China, we are a minor supplier of technical plastics, but there is a potential in both regions for considerable growth by virtue of the companies' overall know-how and expertise.

Neptun Plast/Atlantic Floats Denmark manufacture products for the fishing industry and for the rapidly growing fish farming industry.

SP Medical addresses a potential market of approx. DKK 15 billion with annual growth of 5-7%. SP Medical ranks among the two or three largest Nordic suppliers of injection-moulded plastics to the medical device



Neptun Plast manufactures this orange basket with moulded handles and this blue bucket. Available in various colours

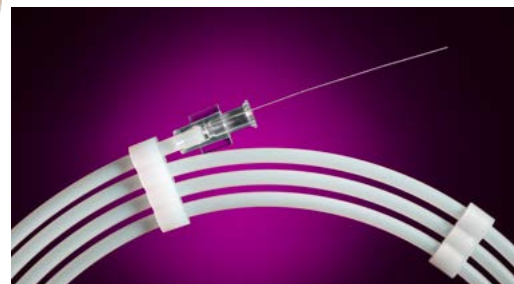


Bobbins from Atlantic Floats Denmark.

Meditec manufactures sterile swabs with flocked nylon tips and security breakpoints. The swab is used for viral and bacterial specimen collection from humans, animals and industrial QC.



SP Moulding manufactures this TAKE-series of plates, bowls, mugs and glasses for the Rosendahl brand, and this bread basket for the Kähler brand for Rosendahl Design Group. The products are made from 98% bio-based plastics.



SP Medical's Champion PTCA Guide Wire is an important tool if a patient e.g. is going to have a balloon angioplasty in the heart region.

industry, and in the niche of PTFE-coated guide wires for cardiology, radiology and urology, etc.. SP Medical is among the three largest suppliers in Europe. SP Medical also manufactures medical components and equipment and coats products with function-enhancing coatings. With its expertise and quality standards, SP Medical's opportunities to increase its market shares are good.

Meditec is an innovative partner in the development, manufacture and assembly of injection and blow-moulded plastic components. As the only company in the Nordic region, Meditec has developed and manufactures swaps for collecting clinical samples and delivers quality products for the healthcare sector from its state-of-the-art facility in Denmark. We are part of the process from idea to finished product. We are working with a very agile set-up which ensures focus on fast implementation to ensure that our customers quickly get their products on the market.

MedicoPack develops, produces and sells packaging material and pharmaceutical disposable equipment within injection and infusion therapy to the global pharmaceutical and healthcare industry. Production activities take place, e.g., in cleanrooms and under hygienic controlled conditions where quality control and documentation are key competences. The production technology is based on blow moulding, IBM (Injection Blow Moulding) and EBM (Extrusion Blow Moulding), and the company has a leading position in the area of production of packaging material for pharmaceutical purposes.

## Strategy

SP Moulding, Coreplast, Ulstrup Plast and Neptun Plast/Atlantic Floats Denmark will increase exports from the four Danish factories and the Finnish factory to the neighbouring markets. The Polish and Slovakian factories will strengthen the marketing of technical plastics and assembly activities in the growth markets in Eastern and Western Europe. We will continue to move labour-intensive tasks from Western Europe to Poland, Slovakia and China and to invest heavily in technology and people.

SP Moulding, Coreplast and Ulstrup Plast must win market shares in all markets by offering better customer service, intensifying participation in customers' product development and by targeting their efforts at growth

industries. Competencies should be strengthened continually to allow us to differentiate ourselves also in future. In all plants, the production efficiency enhancement programme will continue, e.g. by means of Lean projects, more automation and focus on energy and raw material consumption, disposals as well as switchover times. We will continue our participation in the strengthening of our position in Northern Europe where relevant and examine whether new technologies may complement our broad range of competences and our aim to be a "one-stop shop".

Neptun Plast's and Atlantic Floats Denmark's strategy is to be the preferred manufacturer of equipment for the part of the fishing industry which they serve, and to maintain their leading roles in the market by developing new products and further expand the existing product range.

SP Medical will continue to intensify its marketing efforts vis-à-vis new customers, especially benefiting from the fact that the unit with the Polish factory has become increasingly competitive in relation to labour-intensive tasks. The medical device expertise must be strengthened on an ongoing basis, and the cleanroom production in Denmark and Poland must be expanded.

SP Medical has upgraded its quality system and product certificates for the new Medical Device Regulation (MDR) to ensure continued patient safety and meet customers' increasing need for authority documentation.

Meditec's strategy is to accelerate its revenue growth by ensuring focus on obtaining a preferred supplier position at our key customers. Also, Meditec will ensure continued focus on general project implementation productivity and efficiency. Meditec wishes to support new innovative companies in completing the development of their products.

MedicoPack will continue to strengthen and expand co-operation with existing and new customers at a global level. The focus of the company's development activities is close co-operation with the customers in order to improve and optimise existing packaging solutions on an ongoing basis and develop new pioneering packaging concepts. Clear Vial™ and DivibaX® are the most recently launched product series.

# Polyurethane and Composite

- Increased activities
- New products
- Expansion in the Netherlands, Poland, the USA, China and Latvia

<b>Name:</b>	Five activities with Polyurethane (PUR) and Composite as common denominator: Ergomat A/S, Tinby A/S, TPI Polytechnik B.V., Bröderna Bourghardt AB and MM Composite A/S
<b>Website:</b>	www.ergomat.com, www.tinby.dk, www.tpi-polytechnik.com, www.bourghardt.se, www.mmcomposite.dk
<b>Location:</b>	Søndersø, Nørre Aaby, Ejby, Sieradz (Poland), 's-Hertogenbosch (the Netherlands), Helsingborg and Kungsbacka (Sweden), Cleveland and Mt. Pleasant (USA), Montreal (Canada), Suzhou (China), Liepaja (Latvia) and Bangkok (Thailand)
<b>Executive Board:</b>	Claus Lendal, Managing Director of Ergomat A/S, Michael V. Therkelsen, Managing Director of Tinby A/S and MM Composite A/S, Loic van der Heijden, Managing Director of TPI Polytechnik B.V., and David Bourghardt, Managing Director of Bröderna Bourghardt AB.
<b>Ergomat A/S</b>	develops and sells ergonomic solutions under own trademarks – Ergomat® mats and DuraStripe® striping tape – to global corporate customers. Ergomat has sales companies in Europe and North America. Its products are manufactured in Poland and USA.
<b>Tinby A/S</b>	manufactures moulded products in solid, foamed and flexible PUR as well as laminated plastics and elastomers in Sønderød for e.g. the graphics, medical device, furniture and cleantech industries as well as block foaming solutions. In Poland, Tinby Sp. z o.o. also manufactures light-foam products for TPI. The companies in the USA and China manufacture light-foam products and other plastic solutions primarily for the cleantech industry. In Latvia, components are manufactured using a pultrusion process.
<b>TPI Polytechnik B.V.</b>	develops and sells components for ventilation of industrial buildings as well as pig and poultry houses, primarily products under the TPI trademark, which are manufactured by Tinby in Poland. Global sales are handled from the Netherlands.
<b>Bröderna Bourghardt AB</b>	manufactures large plastic components in DCPD (Telene) and composite for the van, wind power and satellite communication industries. Bröderna Bourghardt delivers worldwide from its factories in Latvia, Thailand and the head office in Sweden
<b>MM Composite A/S</b>	develops and sells high-quality composite components to cleantech and other industries. The products are manufactured using different production technologies such as hand lay-up and vacuum infusion. MM Composite's head office is located in Denmark where the company also has two production facilities. In addition, MM Composite also has production facilities in the USA.
<b>Description:</b>	PUR is manufactured by first mixing two special liquids, which react, and then moulding them, forming the required component. Expertise comprises knowing the scope for variation and making the best of the materials. The process is also called Reaction Injection Moulding – or simply RIM.
<b>Environment/quality:</b>	Reference is made to the list of certificates on page 46

## 2022 in outline

In 2022, Ergomat again had a very good year with healthy growth in all markets. The main products, sale of ergonomic mats and Dura-Stripe® and marking and distancing signs etc. noted an increasing demand, primarily driven by the sale to the electric car industry and distribution centers, which support online trade. Ergomat operates actively in approx. 60 countries with the USA and the EU as its primary markets. Mid-2022, Ergomat started the erection of a new factory in Poland, which was completed at the beginning of 2023, which will increase our space by 33% and allow us to expand our production capacity.

Tinby expanded its capacity to support global growth. Tinby manufactures in Poland in a total of approx. 17,000 sqm. In China, manufacturing still takes place at the factory which has 5.300 sqm. In Latvia, pultruded profiles are manufactured at premises of 2,000 sqm, and manufacturing of PUR cabinets has started in a building of 1,300 sqm. In the USA, the servicing of customers from the 1,000 sqm facilities in Iowa continues. In Denmark, manufacturing takes place in Sønderød totalling 7,900 sqm, PUR components and PUR in the form of blocks which are made up for customer-specific solutions. In 2022, Tinby Skumplast A/S was merged with Tinby A/S.

TPI noted declining demand in Western and Eastern Europe due to increasing prices of corn and the war in Ukraine. The markets in North America and the Middle East developed positively. From Q2, activities in Asia gradually improved as the corona restrictions were lifted.

TPI participated in several international exhibitions, where new products were launched to strengthen our market position.

Bröderna Bourghardt, with sales organisation in Sweden and production in Latvia and Thailand, realised some of the large sales projects in 2022, which were initiated in 2019 and 2020, at the same time as demand for ongoing projects was sound. Bröderna Bourghardt has thus noted increasing revenue and improved performance compared with previous years. During the year, we have further increased our production capacity in Latvia and verified new RF transparent materials which are now ready for production purposes. In Thailand, a new factory was established, SEA Radomes Co. Ltd.

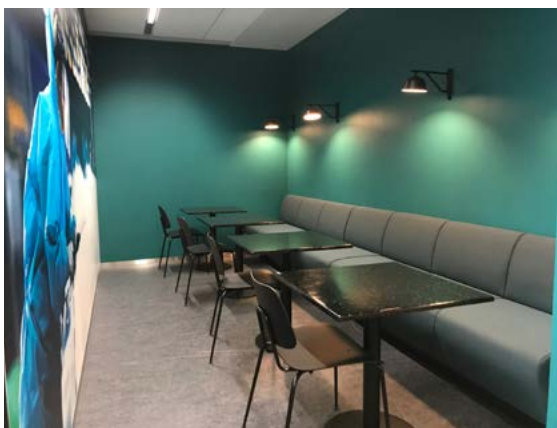
MM Composite established a new production line in its American factory. The global consolidation in the wind turbine industry meant new challenges and opportunities for MM Composite. The year saw sound development in own products and processes where MM Composite also succeeded in adding several new customers to its portfolio.

## Markets and products

To Ergomat, 2022 was an exciting year. The year started intensively and ended more quietly, but was a really good year anyway. When it comes to sales to new customers, Ergomat in Europe had one of its best years ever. Three new products were developed and launched in 2022, which means that we expect 2023 to be a very exiting year.



MM Composite manufactures this table top in recycled composite for Vestas.



The picture shows the inside of the radome.



Baltic Rim, Latvia, manufactures and coats radomes.

Tinby has manufactured 2,400 Dry chairs for Randers+Radius (Design Concept) delivered to the new conference and event center in Melbourne, Australia.



TPI Polytechnik manufactures among others the Vuela and Aeron inlets for installation in poultry farms.

MM Composite manufactures the cover on the right side of Alfa Laval's decanter. The cover is made in composite and protects the electrical engine.



Tinby manufactures insulation caps in Polyurethane for Strömsnäsplan's accumulator tanks to reach the most optimal insulation.

Two new mats were launched and an entirely new line of 5S and Lean marking. At the beginning of Q1 2023, the new factory in Poland will be up and running, which will give us more capacity for the launch already as of Q2 2023. We will still focus sharply on the manufacturers of electric cars and many of the manufacturers of other cars who will change their production lines into the manufacturing of electric cars. E-commerce is still a primary segment, and we supply a number of the world's largest online companies. Our position as the world's largest manufacturer of ergonomic mats and provider of the broadest product range for 5S and Lean globally implies that most large and international companies choose our products and services.

Tinby is Scandinavia's leading supplier of moulded and block foaming components in solid, foamed, flexible polyurethane and combinations thereof. Tinby's components are used for cleantech tasks, in medical device products, instruments, furniture, graphic machines, ventilation, coatings, window and construction profiles, insulation caps, panels, sheets, fillets and cabinets. Tinby develops special raw materials aimed at narrow and broad product solutions and masters a number of technologies for product refinement, including combination technologies, in-mould coating, varnishing and coatings. In addition to the PUR activities, Tinby has

a vast number of special productions aimed at the cleantech industry. In 2017, Tinby acquired LM Skumplast, which subsequently changed its name to Tinby Skumplast. It manufactures PUR and PIR foam, primarily for insulation purposes. In 2020, we acquired the activities in Isotec AB and we now service our Swedish customers from Denmark. In 2021, Tinby acquired selected assets and customers from Dupont Plastics ApS, which went bankrupt. Considerable resources were dedicated to the relocation of the activities to Tinby's factories in Denmark, Poland and Latvia.

With the development of raw materials and technologies, Tinby has succeeded in attracting a large number of tasks, particularly within cleantech, and the geographical focus has also resulted in growth.

TPI is the leading supplier of light-foamed chimneys, air intake ventilations and ventilation components for the agricultural and industrial sectors. PUR is especially suitable for these purposes, as the material is light, well-insulating and does not develop condensation when the temperature changes.

The European market is expected to be challenging, whereas the markets in the Middle East, Asia and North America are expected to develop positively in the coming years. The offices in the USA and China are expected to contribute positively to this development. With the launch of these new products, TPI will be able to increase its position in the global market for ventilation equipment in pig and poultry houses.

Bröderna Bourghardt delivers medium-sized series of large composite components that are manufactured in several production processes such as Prepeg, RTM light and vacuum infusion. The primary markets for composites are the vessel and satellite communication industries. Bröderna Bourghardt is Scandinavia's largest manufacturer of components made of DCPD (Telene), a material that is often used for bodywork on construction and agricultural machines. The characteristics of the material make it suitable for ventilation consoles, and the material can also be used for various purposes in wind turbines.

MM Composite is one of Scandinavia's leading suppliers of advanced composite components to the cleantech and other industries and delivers to customers in Europe, Asia, Africa and the USA. The North American market is serviced from the production facilities in the USA. Composite is a general term for a material that is composed of different materials, meaning that the product's properties are improved. Often the composite material will be both lighter and stronger than conventional materials depending on the material composition.

MM Composite will continue its focus on international presence. MM Composite will cultivate new customers within cleantech and develop customised products and production processes. MM Composite will continue to extend knowledge of the extraordinary properties of the composite material to replace metal and steel with composite.

In Denmark, MM Composite has production facilities at two locations totalling 11,000 sqm. MM Composite's factory in the USA is 5,500 sqm.

## Strategy

Ergomat noted handsome growth on its traditional product lines in 2022 and thus sealed their position once again as the world's largest and leading manufacturer of ergonomic mats. We will continue to focus on innovation and new mat solutions as well as Lean Manufacturing Tools are expected to be launched in Q1 2023. Our success builds on our strategy, which focuses on direct alliances with the world's largest manufacturers and distributors, and therefore will continue in 2023.

In Denmark, Tinby manufactures moulded components and block foaming solutions in Sønderød.

In Poland, Tinby now has production facilities totalling approx. 17,000 sqm. In Poland, the activities involving Pentan and waterblasted systems for the cleantech industry, flexible foam systems and new receptors for optimum insulation are expanded.

Tinby's facilities in China, which were established in 2010, are still developing positively and have 5,300 sqm of premises at their disposal. In 2022, additional activities were initiated, including production of light-foam products.

In North America, customers are facilitated from our 1,000 sqm service centre where we have established ourselves in MM Composite's existing factory in Iowa. In China and USA, an increasing number of tasks are performed for neighbouring markets, primarily within the cleantech industry.

In Latvia, Tinby has set up a brand new production line and 3,300 sqm production facilities in the established factory, Baltic Rim.

TPI expects to face a challenging European market in 2023. The North American and Asian markets will continue to be focus areas. In the coming years, new and innovative products will be a focal point.

In 2022, Bröderna Bourghardt set up operations in Southeast Asia to service its customers locally. Bröderna Bourghardt also increased its production of thermo plastics as an alternative to conventional thermoset plastics and composite.

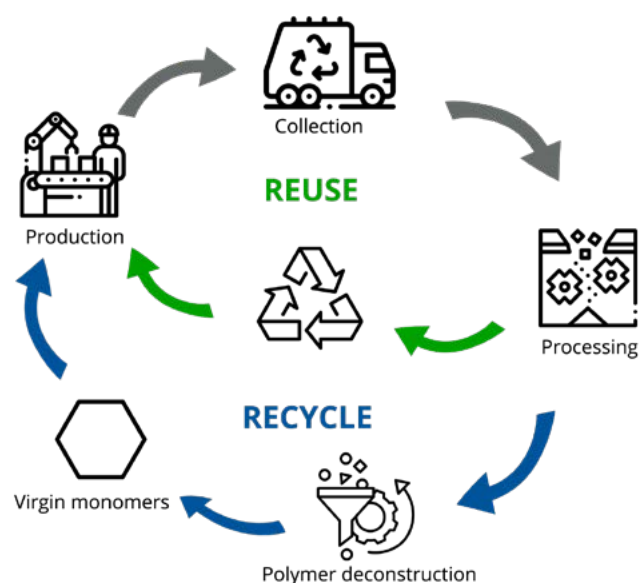
## RePURpose – a completed research project funded by Innovation Fund Denmark

As a company manufacturing plastic, it is important for SP Group to act responsibly in terms of how the plastic we use to manufacture components to our customers is used and repurposed to cause as little environmental damage as possible. In future, SP Group and the Danish plastic industry will be dependent on their ability to make a green transition, and therefore, in co-operation with researchers from Aarhus University and the Danish Technological Institute we have succeeded in identifying new technological possibilities. As the current technologies are not good enough, the majority of PUR material ends up in combustion facilities for purposes of energy recovery or in landfill sites after use. However, with new technology we target not only to use less oil when manufacturing PUR; we will also gain considerable carbon emission reductions as the plastic will no longer be incinerated to the same extent.

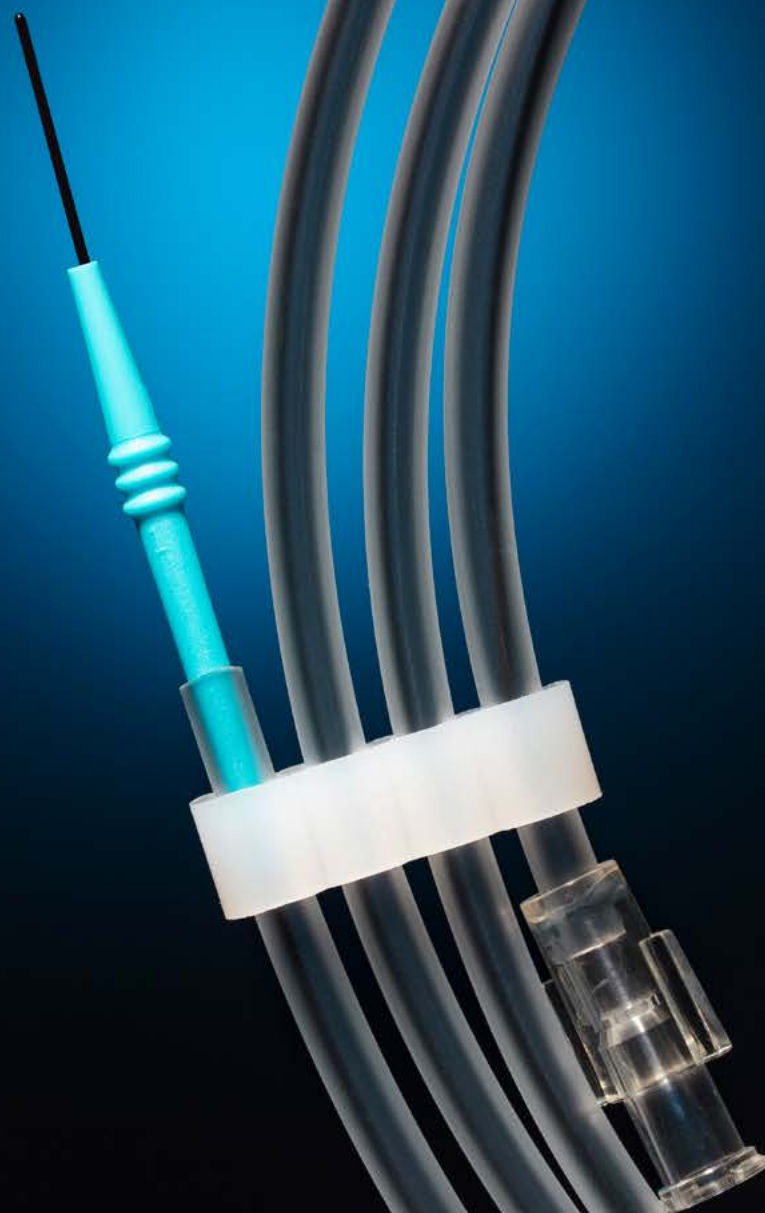
In the past three years, Tinby has taken part in the RePURpose research project which serves the purpose of ensuring a reduction in plastics that continue to be added to the world. Together with five of the leading Danish companies with relations to the Danish PUR industry, Tinby has thus taken part in the project with a total budget of DKK 19 million, subsidised by the Innovation Fund by DKK 11 million.

Through the cooperation with leading companies a new method for the re-purpose of polyurethane (PUR) has now been developed and tested through the RePURpose project. RePURpose project was successfully closed.

In future, Tinby will actively engage in cooperation with partners who work on finding solutions for sustainable production of PUR products.



SP Medical's unique Poseidon guidewire for cardiology is developed with a super elastic core and a surface coating with extremely low friction.





# Vacuum forming, Rotational moulding and Extrusion

- More new tasks for heavy vehicles
- Strong sales of own products for the maritime industry
- Expansion of production in Poland, China, Sweden and Danmark

## 2022 in outline

Activities have increased, and Gibo Plast succeeded in ensuring an improvement in revenue and activities. 2022 was an eventful year, as Gibo Plast worked intensely on implementing efficiency-enhancing measures in Denmark, Sweden, China and Poland. A lot of money and resources have been invested in increasing production capacity in Poland, China, Sweden and Denmark within vacuum forming as well as rotational moulding.

Again this year, the use of recycled plastics has increased, in particular in the form of Nycopac's unique solutions where production scrap from SP Group's factories are used for new products in the form of customised transport packaging with very little environmental impact.

Nycopac has increased the development, design and sale of packaging solutions for industrial transportation tasks. The vast part of these solutions is manufactured in recycled plastics using vacuum forming. Nycopac

does not have its own production, but uses sub-supplier, including Gibo Plast and Opido and other companies in the SP Group.

In Poland, Sweden, China and Denmark, investments were made in new and more effective production machinery.

In the USA, Gibo Inc. has increased its own production for sales to the American market.

In Poland, Gibo Sp. z o.o. has set up its own production of rotational moulding and started delivery of rotational-moulded items.

In 2020, SP Group acquired Dan-Hill-Plast A/S in Hornsyld through Gibo Plast. Dan-Hill-Plast is a state-of-the-art rotational moulding entity with production and assembly facilities in Hornsyld in Denmark.

As sub-supplier, Dan-Hill Plast manufactures products for demanding industrial enterprises. Moreover, Dan-Hill-Plast develops, sells and manufactures its own products in the form of fenders and buoys for the maritime industry under the trademark Dan-Fender, which is sold globally. The acquisition has expanded SP Group's production capabilities and strengthened the focus on own products.

The sale of Dan-Fender products increased again in 2022, and additional production capacity was established and to meet the increasing demand, production will take place in Denmark and in Poland going forward.

Gibo Plast is one of Europe's largest suppliers of large plastic items for many industries, and possess the expertise required to solve complex tasks by means of vacuum forming, rotational moulding and extrusion. In close co-operation with Tinby and Bröderna Bourghardt, Gibo has developed a number of interesting solutions for our customers, uniting the companies' expertise. In addition, Gibo further developed its competences in prototype devices and tools so that it can now develop and manufacture production tools for vacuum forming and rotational moulding itself. This is in order to increase competitiveness through a very short time-to-market for new plastic components.

## Markets and products

The market is drastically changing because a number of traditional users of vacuum formed, rotational moulded, extruded and machined plastics wish to have less suppliers, high security of supply and lower prices.

On the other hand, many components made of materials such as glass-fibre, wood and metal may very well be replaced by plastics, as plastics are lighter and easier to mould and simple to repurpose, allowing growing demand.

An example is Gibo Plast's and Nycopac's transport boxes, which are used by automotive, food and electronics businesses to transport particularly sensitive goods or semi-manufactured products both internally and over long distances. The boxes, which are often manufactured from recycled

<b>Name:</b>	Gibo Plast A/S, Dan-Hill-Plast A/S, Plexx AS, Opido AB and Nycopac AB.
<b>Website:</b>	www.giboplast.com, www.dhp.dk, www.plexx.no, www.opido.se, www.nycopac.se.
<b>Location:</b>	Skjern, Hornsyld, Ljungby (Sweden), Fredrikstad (Norway), Sieradz (Poland), Nyköping (Sweden), Mt. Pleasant (USA) and Tianjin (China)
<b>Executive Board:</b>	Managing Director Lars Ravn Bering (Gibo Plast, Dan-Hill-Plast), Managing Director Arild S. Johnsen (Plexx) and Managing Director Andreas Lagestig (Opido, Nycopac)
<b>Activities:</b>	Gibo Plast, Dan-Hill-Plast and PlexxOpido develop, design and manufacture thermo-formed, extruded and rotational-moulded plastic components. The components are i.a. used in refrigerators and freezers, buses and cars (automotive), for medical devices and lighting and in the cleantech industry. Gibo Plast and Opido are specialised in both traditional vacuum forming and the advanced forming methods High-Pressure and Twinsheet. Opido is also specialised in ORS (Opido Reinforced System) with fortified and sound-absorbing vacuum-formed components as well as laser cutting and hot bending. Dan-Hill-Plast develops, designs and manufactures rotational-moulded plastic components, often in the form of shielding, ventilation components and liquid containers. The components are used in stable components, buses and cars (automotive) and in the cleantech industry. Nycopac develops, designs and sells packaging solutions in plastic for industrial transportation tasks both in the form of a number of standard products and customised solutions for specific tasks.
<b>Description:</b>	Vacuum forming is a process where layers of plastic are heated and then formed using vacuum and/or high pressure. Rotational moulding means that a mould is filled with plastic beads and then heated. When sufficient heat is applied, the beads melt on the surface of the mould. Rotation of the mould ensure uniform coverage. The products are then processed by way of cutting, milling (CNC milling) and, eventually, assembled to the finished product.
<b>Environment/quality/working environment:</b>	Reference is made to the list of certificates on page 46





This AIS-buoy is a new Dan-fender product, which was developed together with a customer in 2022. Via the AIS system, the fishing vessels can within shortly locate their nets, which can be a challenge in rough sea, and ensure that the vessels do not hit the fishing nets.

Dan-Hill-Plast develops, manufactures and sells its own products in the form of fenders and buoys, which are sold globally.

plastics, are lighter than wooden boxes, easier to clean and designed so that the components do not touch each other and can easily be moved by industrial robots. Components for wind turbines are another example where the design qualities of plastics are pronounced. The plastic components come in all colours and with a countless number of different surfaces. Moreover, the components may be provided with technical properties, e.g. the ability to resist heat, cold temperatures, wind, weather and blows.

Within traditional vacuum forming, Gibo Plast, Plexx and Opido are market leaders in Scandinavia and rank among the largest suppliers in Europe. The factories' location give a global footprint, which ensures a short distance to the customers' factories. This reduces time, transportation and environmental impact.

The factories are able to handle components of many different sizes and master both large-scale production and minor series with customised, logo-embossed components. The offer to customers is supplemented with 3D CAD/CAM design, CNC milling, decoration, surface treatment, 3D scanning, assembly, gluing and packaging.

## Strategy

The companies in the Gibo Group focus on plastic components in thermoplastics, often large components in relatively small series. Moreover, focus is on increasing the share of recycled plastics in the components when possible. Gibo Plast, Plexx, Opido, Dan-Hill-Plast and Nycopac offer plastics products which are manufactured using extrusion, vacuum forming, rotational moulding, milling, laser cutting, bending and gluing. Often, the plastic components are combined with PUR, e.g. in the form of the ORS technology whereby the characteristics are further enhanced.

The Dan-Fender brand must be further expanded by additional products for the maritime industry, and production capacity must be expanded to meet the increasing demand.

Nycopac will also expand the product portfolio with more of its own products focusing on secure and environmentally friendly transportation of goods.

Investments in new production machinery with robots are made regularly. The production lines can manufacture plastic components of up to 4.5 x 2.5 x 0.7 metres, making Gibo Plast a market leader in Northern Europe and in China in the area of forming of large components. The components replace metal and glass fibre components in wind turbines, vehicles and trains. Plastic components in high volumes with high quality standards are manufactured on automated production lines where the production machinery is operated by robots. This ensures a high, uniform quality.

In Poland, the first activities were established in 2011 and have been expanded regularly. Today, the factory is an independently operating sales and production unit characterised by very high levels of service and quality. In 2022, the facilities were further expanded and new machinery has

been ordered for purposes of increasing capacity even further and to expand rotational moulding locally in Poland during 2023.

In the USA, production has been established to service the American market. In China, production has been established to service the Chinese market, which has been further expanded in 2022.

In Sweden, Opido has expanded its capacity in 2022 for forming and milling of plastic components, and based on the increased activity, expectations are that this will continue in 2023.

Together with a continued improvement of the productivity in Skjern, these initiatives have contributed to improving Gibo Plast's profitability in 2022, which is expected to continue in 2023.

Gibo Plast has 12,000 sqm at the plant in Skjern, 12,000 sqm at the plant in Hornsyld, 12,000 sqm at the plant in Poland, 500 sqm at the plant in the USA, 11,244 sqm at the plant in China, 7,000 sqm at the plant in Sweden and 900 sqm in Norway

Gibo Plast, Dan-Hill-Plast, PlexxOpido and Nycopac have a balanced customer portfolio and a sound exposure to a number of industries. The companies are making targeted efforts to attract new, interesting customers. At the same time, relationships with existing customers are strengthened.

Gibo Plast will increasingly contribute to the customers' development phase so that new projects and solutions can be designed and implemented in co-operation with the customers.

Gibo Plast will utilise its position to cultivate new markets in the USA, Asia and Europe.

A global production platform is going to offer production close to the customers to minimise the environmental impact by transporting plastic components over long distances. Gibo Plast will also explore the possibilities of adding production technologies that can complement Gibo Plast's and SP Group's existing product range to the customers. At the same time, focus is on increasing the use of recycled plastics (Regrind) in the components and establishing closed-loop flows where customers return components after use, which are then grinded and repurposed in new products.

Marketing on existing and new markets will be focused on increasing knowledge of plastics in sectors that have traditionally used glass fibre, metals and wood and especially on the High-Pressure and Twinsheet technologies allowing greater freedom in design and flexible production of complicated large-sized components. The ORS system contributes with reinforced and sound-absorbing vacuum-formed components.

Gibo Plast has developed new projects for customers in the automotive and cleantech industries, which are expected to contribute positively to sales and earnings in 2023.

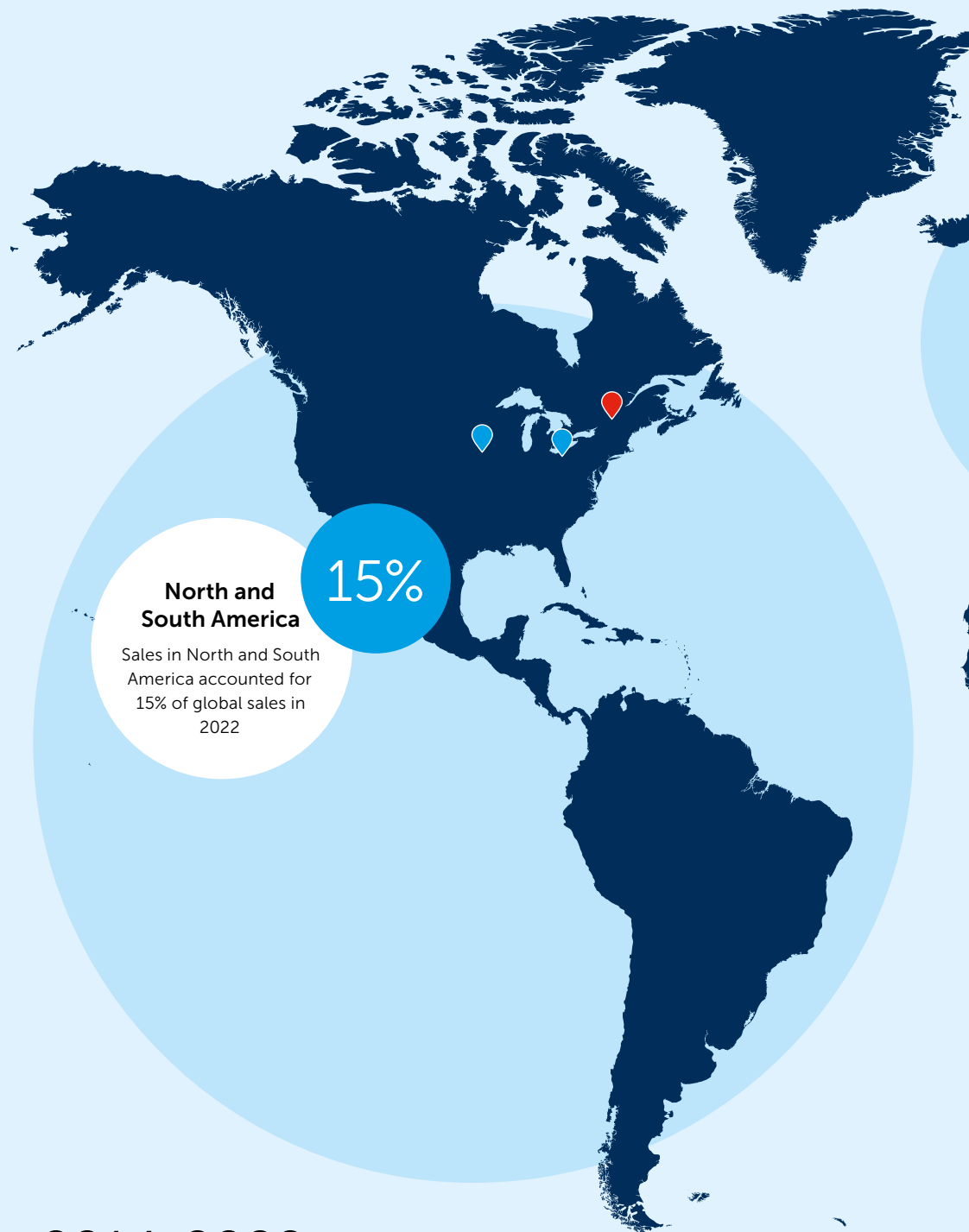
# SP Group's locations

## Sale and production

- Denmark (14)
- Poland (6)
- China (3)
- USA (2)
- Latvia (1)
- Slovakia (2)
- Sweden (1)
- Finland (2)
- Thailand (1)

## Sale and distribution

- The Netherlands (1)
- Sweden (3)
- Canada (1)
- Norway (1)



## Acquisitions in 2014-2022

2014

2015

2016

2017

**24 February 2014**

Bröderna Bourghardt AB

**1 January 2015**

Scanvakuum ApS (activities)

**13 March 2015**

Sander Tech ApS

**1 July 2015**

Ulstrup Plast A/S

**14 July 2016**

MedicoPack A/S

**15 October 2016**

Aasum Plast & Metal A/S (plastics activities)

**21 November 2016**

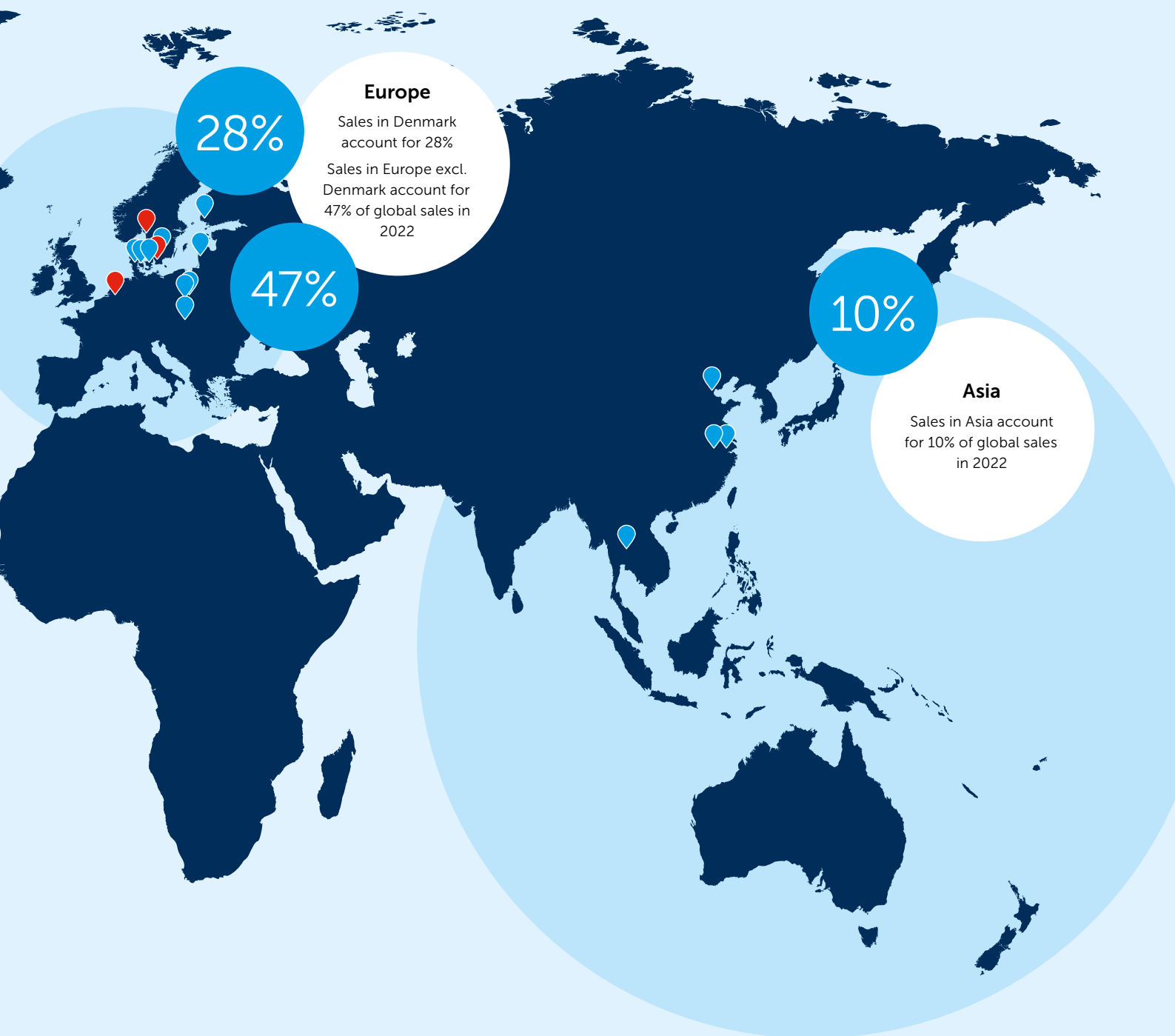
Plexx AS / Opido AB

**6 January 2017**

Tinby Skumplast A/S

**21 March 2017**

MM Composite A/S



## 2018

25 April  
2018  
Nycopac AB

## 2019

27 June  
2018  
52% af Kodaň  
Plast s.r.o.

25 June  
2019  
Coreplast  
Laitila Oy

## 2020

30 April  
2020  
Dan-Hill-Plast  
A/S

## 2021

18 February  
2021  
Jollmax Coating  
Oy

14 July  
2021  
Neptun  
Plast A/S and  
Atlantic Floats  
Denmark A/S

## 2022

4 February  
2022  
DAVINCI 3D A/S

9 March  
2022  
Bovil ApS

3 October  
2022  
Meditec  
Plaststøbning  
A/S

# Risk management

Identification and management of business risks are part of the annual strategy plan for the Group, which is approved by the Board of Directors. Further, the Board of Directors determines the framework for managing interest rate, credit and currency risks and addressing risks related to raw materials and energy prices. The framework is assessed at least once a year.

The following risks have been identified as SP Group's key risks, but the list is neither prioritised nor exhaustive:

## Commercial risks

### Market and competitor risks

SP Group's sales and earnings are very dependent on the future GDP development.

Several segments of SP Group's markets are characterised by excess capacity, numerous small competitors, price pressure and customers requiring still smaller batches and more flexible production. Furthermore, SP Group is experiencing increased competition from low-cost manufacturers in Eastern Europe and Asia. In order to reduce dependency on the Danish market, SP Group is making efforts in several areas:

First, exports are increased on an ongoing basis. The Group focuses in particular on other Northern European markets, whereas selected niche products are sold globally. The international share of revenue amounted to 72.2% in 2022 (2021: 72.3%). In 2022, SP Group billed its services directly to customers in 97 countries.

Second, SP Group regularly expands its factories in Poland, Slovakia, Latvia and China and will continue to do so. In addition, production activities have been set up in Sweden, Finland, Thailand and the USA. With these measures, the Group will still be able to service customers that outsource their production to these areas and SP Group can cultivate new customers in Europe, Asia and the Americas.

Third, SP Group's factories are undergoing regular modernisation and automation to become more efficient and flexible. This effort will continue. Finally, SP Group is consolidating parts of the Scandinavian industry, either by acquisitions or by combining own factories or in-sourcing customers' own production (customers outsource their production to SP Group). This process will also continue, and SP Group has intense focus on reducing costs and leveraging on the Group's size and expertise to improve competitiveness. As part of its strategy to differentiate itself, the Group is also strengthening its expertise and competencies in relation to processes, design and materials.

Gibo Poland celebrated the 10th anniversary of the firm in 2022



We strive to become the customers' preferred local supplier globally. We strive to have the necessary technologies and capabilities to enable us to meet all our customers' demands within plastics, composite and coating in a sustainable, value-adding and competitive manner.

## Free trade

SP Group sells its goods in 97 countries and purchases its raw materials from a number of countries. Therefore, SP Group depends on free and unrestricted access to the markets and that the authorities respect international agreements.

### Customers

SP Group has more than 1,000 active customers. The ten largest customers account for 47.5% of consolidated revenue and the share has decreased by 3.0 percentage point compared with 2021.

The 20 largest customers account for 57% of revenue (61% in 2021). The 20 largest customers are large, consolidated, internationally operating industrial groups.

All customers now account for less than 10% of revenue. At factory level, the dependence on individual customers is higher as a result of the individual factories' specialisation and focus on specific industries.

The concentration on the 20 largest customers was reduced in the year i.a. due to the acquisition of DAVINCI 3D, Bovil and Meditec, which had limited customer overlap with the business up till then and added new interesting customers to the business.

A growing global population expecting a good life and a longer lifetime increases the demand for effective health care and better foods. The healthcare industry is our largest sector accounting for 34% of revenue. The food industry is the third largest sector accounting for 14% of revenue.

28% of the Group's sales are effected to the cleantech industry, which is thus the second-largest single industry. SP Group has deliberately cultivated this industry because it is a growth sector offering a variety of opportunities for utilising SP Group's expertise across its business areas. The exposure to the cleantech industry is therefore desired, and risks are reduced by the Group supplying components to a number of different entities in different segments and on all continents. Increasing climate effects have increased the global demand for cleantech products (insulation, energy-saving products, renewable energy, clean water, clean air, green hydrogen and the environment). At group level, SP Group is not over-exposed to specific sectors.



Failing sales to single or several customers may impact on the Group's earnings capacity. To minimise this risk, the Group also seeks to enter into multi-annual customer and co-operation agreements laying down the terms and conditions for future orders. Furthermore, SP Group is engaged in production development projects in co-operation with the customers in order to stand out clearly as a strategic partner. As the typical order horizon is short (typically 4-5 weeks), political or economic instability is quickly reflected in the level of activity.

Finally, the Group works to develop more niche products and products under own trademarks, allowing it to control sales to a wider extent. In 2022, products under our own brands accounted for 26.5% of the consolidated revenue, and this includes also medical device products (guide-wires, Clear Vials™ and DivibaX®), ergonomic products from Ergomat, animal welfare products from TPI Polytechniek, fenders from Dan-Hill Plast and floats from Atlantic Floats Denmark.

#### Free movement

SP Group sells its goods in 97 countries and purchases its raw materials and production equipment from a number of countries.

Therefore, SP Group relies on free travel and well-functioning infrastructure to get people and goods safely around in the world.

#### Epidemics

Outbreaks of epidemics or illnesses that fully or partially 'close down parts of the world' are risks that we were reminded of in 2020-2022.

#### War

Outbreaks of war that fully or partially 'close down parts of the world' are risks that we were reminded of in early 2022.

#### Raw material prices and suppliers

SP Group's earnings depend on the prices of energy (including taxes), raw materials (plastics) and other materials to be used in production. SP Group enters into hedges relating to electricity, gas and raw materials on an ongoing basis and has agreed on sales price adjustments with a number of customers in case of changes in energy and raw material prices.

The Group has centralised its purchase of critical raw materials to increase the level of delivery reliability and to achieve a better bargaining position by purchasing larger bulks. At the same time, SP Group is continuously examining the possibility of sourcing critical raw materials

New factory in Poland.



globally. The exposure to oil price-driven changes in raw material prices can be reduced, but will fundamentally persist.

#### Restructuring the production system

Production systems are changed on an ongoing basis, partly by investing in new production equipment and partly by modifying the systems and distribution of tasks. This means that the Group gradually obtains improved specialisation of the production at each plant and that efficiency is enhanced. There is a risk that implementing these changes may cause delays and disruptions and thus inflict extra expenses on the Group or affect business volumes. There is also a risk that relocating production equipment and production tasks may cause delays and price increases. Through careful planning, SP Group aims to minimise expenses and the time spent restructuring the production systems. A smooth and swift implementation of these processes is necessary to increase the Group's profitability.

In a number of areas, SP Group has "duplicate factories" that can take over production from another factory if it is temporarily out of service due to pandemic, fire or natural disaster.

#### Key personnel

SP Group is dependent on a number of key personnel in the management team and among the Group's specialists. SP Group seeks to retain key personnel by offering them challenging tasks, a basic salary in conformity with applicable market conditions and incentive schemes rewarding outstanding performance.

#### Insurance

SP Group has an extensive insurance programme in place that reflects the scope of the Group's activities and their geographical location. Once a year, the insurance programme is examined together with the Group's global advisor to make continuous adjustments that support the Group's development on an ongoing basis, thereby minimising any detrimental impact on the Group's financial performance. Once a year, the insurance policy is also reviewed by the Board of Directors and adjusted as required.

#### Environment

The production plants are subject to a number of environmental requirements in all countries, and further, a number of environmental and quality assurance systems have been implemented at the plants on a voluntary basis. SP Group complies with applicable environmental requirements, but cannot guarantee – in spite of extensive safety procedures – that the

SP Moulding in Juelsminde.





external as well as the working environment will not be affected in case of accident. (Moreover, reference is made to pages 48-66 on CSR and ESG and to page 46 on environmental certification).

## Financial risks

The Group's cash flows and borrowings are managed centrally in accordance with the policies approved by the Board of Directors. The Group does not engage in speculation in financial risks.

## Interest rate risks

Interest rate risks primarily relate to net interest-bearing debt, i.e. mortgage debt, lease liabilities, 'IFRS 16 debt' and bank debt less cash and cash equivalents. At year end, the net interest-bearing debt amounted to DKK 1,034.5 million. Approx. 20.0% of the debt carries fixed-rate interest for at least one year. A one percentage point increase in the general interest level will result in an increase in the Group's annual interest expenses before tax of approx. DKK 8.3 million.

SP Group focuses on increasing cash flows from operating activities so that the net interest-bearing debt can be reduced and the Group can finance investments via operating activities. The Group also aims at reducing debt by selling non-value-creating assets and activities.

## Credit risks

SP Group systematically monitors the credit rating of customers and business partners and makes use of credit insurance and factoring to partially hedge credit risks. No individual customers or business partners pose an unusual credit risk to the Group. As the Group's customers and business partners are usually well-reputed companies operating in many different business sectors and countries, the overall credit risk is reduced. SP Group has not realised any significant credit losses in the past five years.

## Currency risks

In accordance with the policies approved by the Board of Directors, SP Group carries through currency transactions to hedge commercial agreements. Hedging takes place by means of borrowing, forward exchange contracts or options, and Management regularly assesses the need for hedging each individual transaction.

In general, there is a good balance between income and expenses as most sales are settled in DKK or EUR and the most significant parts of fixed group costs are settled in DKK or EUR. The most significant com-

mercial risks are indirect risks and relate to the customers' sale in Europe. Similarly, purchases are primarily conducted in DKK and EUR.

Exports from Europe to the USA and Asia are settled in USD and sold on a 12-month forward basis (project orders up to 36 months).

Moreover, there is a currency risk between PLN and EUR and between RMB and USD, as the Group has increasing exports from Poland and China, which are settled in EUR and USD, respectively. In order to hedge the currency risk between PLN and EUR, EUR is sold against PLN on forward contracts for up to 48 months (hedging). At year-end 2022, the Group had hedged approx. 96% of the expected net cash flows for the coming 48 months.

28% of the Group's financing has been raised in EUR, and 72% has been raised in DKK. The Company has bank deposits in USD, RMB, NOK and SEK.

## Liquidity risks

It is the Group's objective to have sufficient cash resources to be able to continually make appropriate arrangements in case of unforeseen changes in cash outflows.

It is Management's opinion that the Company still has adequate capital resources considering its operations and sufficient liquidity to meet its present and future liabilities. The Company's long-term co-operation with its financial business partners is fruitful and constructive. This is expected to continue. The Group has neither neglected nor been in breach of loan agreements in the financial year or the comparative year.

At year-end 2022, SP Group had bank deposits and unutilised drawing rights in its banks for a total of approx. DKK 407 million.

At year-end 2022, SP Group had sold non-recourse invoices in the amount of DKK 166 million (year-end 2021: DKK 161 million) to reduce credit risks.

## IT risks

The operation of SP Group's IT systems may be exposed to damage or interruption from power failure, computer and telecommunication malfunction, malware, catastrophic events and user errors.

Errors occurring due to lacking user awareness or intended abuse such as individual attempts to gain access to systems are among the risks that SP Group faces.

Insufficient management of changes to systems or services together with inefficient measures to deter, prevent, detect and react to such attempts may expose SP Group to risks.

Moreover, SP Group faces the threat of security breaches (viruses, ransom ware, etc.) such as hacking attempts on our IT systems. SP Group has chosen a decentralised IT structure where the individual companies have their own IT networks, which minimises the risk that crashes and interruptions affect the entire Group simultaneously.

The Group has implemented an IT security policy, which is complied with in the individual IT networks to prevent intentional harm to systems and limit the access to critical functions.



# Corporate governance and remuneration report

## Proper and decent management

Proper and decent management is a precondition for SP Group being able to create long-term value for its customers, shareholders, employees and other stakeholders. Management sets up clear strategic and financial goals and regularly provides information on goal achievement for all stakeholders to be able to evaluate the development and future of the Group. It is essential to Management that SP Group meets its stakeholders at eye level and that the shareholders can exercise their rights freely.

The Board of Directors and the Executive Board strive to act openly in relation to their work and their approach to management. Management follows the recommendations for corporate governance issued by the Committee on Corporate Governance in December 2020 based on the "comply or explain" principle. On <https://sp-group.dk/investor-relations/corporate-governance/> the Board of Directors systematically describes "the Company's position on the recommendations on corporate governance of March 2023" in the Corporate governance section. SP Group complies with the majority of the recommendations but has chosen a different practice in some areas that is more suitable for SP Group. The main deviation involves the following:

In a few areas, SP Group has not formalised procedures and policies to the same extent as suggested by the Committee on Corporate Governance. For instance, SP Group has neither introduced an actual stakeholder policy (but a clear attitude to and policies for communication) nor prepared any separate task description for the Chairman (instead, this is part of the rules of procedure for the Board of Directors).

The Board of Directors has considered appointing committees under the auspices of the Board of Directors, but found that, due to the size of the Group, SP Group does not need such committees, with the exception of an Audit Committee whose members are the collective Board of Directors, chaired by Hans-Henrik Eriksen.

## Duties of the Board of Directors

In 2022, the Board of Directors held 12 meetings, two of which focused on strategy and budgets, respectively. At the strategy meeting in December, the Board of Directors also discussed business risks and the management of such risks at group level. Once a year, the Board of Directors determines the framework for managing interest rate, credit and currency risks and risks related to raw materials and energy prices, and the Board of Directors follows up on the implementation of this framework on an ongoing basis. Discussion and revision of the rules of procedure are routine at the board meeting in June. All board members attend to the functions of the Audit Committee. Separate meetings in the Audit Committee are held in connection with board meetings.

The Board of Directors regularly assesses the Group's financial position, goals, dividend policy and share structure. The dividend policy is specified in the "Shareholder information" section, and the financial goals are specified in the "Going towards 2024" section. The Board of Directors assesses that the financial structure is appropriate for the present size and challenges of SP Group, and the Board of Directors targets an equity ratio of 25-45% to ensure an efficient capital structure. It is expected that the equity ratio will have increased to 25-45% by the end of 2023. If the equity ratio increases, any excess capital is expected to be paid out to the shareholders.

The Board of Directors receives a weekly report from the Executive Board that details a number of recurring areas, including cash flows and developments in the business areas. In addition, the Board of Directors receives quarterly and monthly reports, including detailed financial follow-up.

## Composition of the Board of Directors

The board members elected by the shareholders are up for election each year. 4-5 members is an appropriate number, as the Board of Directors

can thus work efficiently and gather quickly while at the same time being diverse enough to represent different experiences.

The Board of Directors consists of persons with relevant insight into the plastics industry and management experience from internationally operating production entities. Hans W. Schur is connected to a major shareholder in the Company, but cannot be considered a majority shareholder. Thus, no member of the Board of Directors has any other interest in SP Group than safeguarding the shareholders' interests, and SP Group finds that the current board members possess the qualifications and experience necessary to manage the Group and act as an efficient sounding board vis-à-vis the Executive Board. Of the board members elected by the general meeting, Hans-Henrik Eriksen and Bente Overgaard are considered independent in accordance with the criteria defined by the Committee on Corporate Governance. The other two board members have been members of the Board of Directors for more than 12 years.

Half the members of the Board of Directors are thus independent.

The Board of Directors appointed Hans W. Schur as its chair and Erik P. Holm as its deputy chair after the annual general meeting.

Hans-Henrik Eriksen continued as chair of the Audit Committee.

All four board members accept renomination at the annual general meeting in 2023.

The Board of Directors will propose another new independent member to be elected at the general meeting in 2023.

Provided that the Board of Directors is re-elected at the annual general meeting in 2023, its composition and structure will remain unchanged.

At the annual general meeting in 2020, Niels Kristian Agner retired after 25 years' committed and competent effort as board member, of which 23 years as chair.

At the annual general meeting in 2009, the two employee representatives on the Board of Directors resigned as their term of office expired. No new representatives have been elected in accordance with the rules of election of group representatives for SP Group's Board of Directors. In the coming year, the Board of Directors will therefore only consist of the members elected by the shareholders.

At the end of April 2020, CFO Jørgen Nielsen resigned after 33 years' committed and competent effort. The Board of Directors appointed Søren Ulstrup and Lars Ravn Bering as executive vice presidents and Tilde Kejlhof as Group CFO.

As from 1 May 2020, Group Management comprises Frank Gad, CEO, Søren Ulstrup, Executive Vice President, Lars Ravn Bering, Executive Vice President, and Tilde Kejlhof, Group CFO.

## Remuneration of Management

The Company's remuneration policy has been approved by the general meeting, most recently in 2020.

The Board of Directors has no incentive programmes but receives ordinary remuneration determined by the annual general meeting. As announced at the annual general meeting in 2022, the Board of Directors will propose that the remuneration for 2022 remains unchanged. DKK 600,000 to the chair, DKK 350,000 to the deputy chair and DKK 300,000 to the other board members. The chair of the Audit Committee receives

a separate fee of DKK 50,000 in addition to the directors' remuneration. The members of the Board of Directors will not receive any remuneration for ad hoc tasks, but will be reimbursed for travelling expenses in connection with meetings, etc.

For 2023, it is proposed to maintain the remuneration at DKK 600,000 for the chair, at DKK 350,000 for the deputy chair and at DKK 300,000 for other board members. The separate fee for the chair of the Audit Committee will remain DKK 50,000.

Remuneration of the Executive Board is negotiated by the chairman and adopted by the Board of Directors. Remuneration comprises a basic rate and usual services such as company-paid telephone, company car, etc. Remuneration of the Executive Board totalled DKK 12.0 million in 2022 against DKK 11.1 million the year before. Members of the Executive Board make pension contributions themselves.

The Company must give at least 24 months' notice of dismissal to CEO Frank Gad and at least 12 months' notice to Executive Vice President Søren Ulstrup and Executive Vice President Lars Ravn Bering. If the members of the Executive Board are dismissed, the Company is not obligated to pay special severance pay.

Members of the Executive Board are not eligible for any short-term incentive schemes such as bonus schemes, but the Board of Directors has decided to distribute discretionary bonuses in 2018, 2019, 2021 and 2022. No bonus was paid to the Executive Board in 2020.

In 2022, discretionary bonus for the Executive Board was paid out based on the performance obtained in 2021. The Board of Directors' assessment was based on SP Group's financial performance, ESG performance, strategic positioning for the future, development in claims and an assessment of the quality of management actions and dispositions.

The Board of Directors has not yet decided whether any bonus will be paid out for 2022 in 2023 and will complete its assessment thereof in Q2.

However, SP Group has set up long-term incentive schemes.

In 2017, the Board of Directors issued 70,000 warrants to the Executive Board and executive officers in the Group. Frank Gad received 6,000 warrants, and Jørgen Nielsen received 4,000 warrants. The remaining

60,000 warrants were distributed between 37 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2020 – 31 March 2023; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 775 based on the listed price immediately before and after the publication of the annual report on 30 March 2017. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2017 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2017 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year-end 2022, 3,640 warrants under the 2017 programme were outstanding, corresponding to 18,200 shares after the share split. All warrants are hedged by means of treasury shares.

In 2018, the Board of Directors issued 41,500 warrants to the Executive Board and executive officers in the Group. Frank Gad received 3,000 warrants, and Jørgen Nielsen received 2,000 warrants. The remaining 36,500 warrants were distributed between 41 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2021 – 31 March 2024; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 1,250 based on the listed price immediately before the publication of the annual report on 22 March 2018. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2018 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2018 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year-end 2022, 18,129 warrants under the 2018 programme were outstanding, corresponding to 90,645 shares after the share split. All warrants are hedged by means of treasury shares.

Due to the 1:5 share split in May 2018, each existing warrant issued before May 2018 will be entitled to subscription for 5 shares at 20% of the original exercise price.

In 2019, the Board of Directors issued 240,000 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank

(continued on page 42)

In 2022, TPI Polytechnik exhibited at EuroTier in Germany and VIV in the Netherlands.



## Management remuneration

DKK '000	Remuneration	Remuneration, committee members	Bonus	Company car	Pension*)	Share-based payment**)	Total
<b>2022</b>							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Frank Gad	4,200	0	1,000	191	0	226	5,617
Søren Ulstrup	2,220	0	600	138	0	226	3,184
Lars Ravn Bering	2,220	0	600	135	0	226	3,181
	<b>10,190</b>	<b>50</b>	<b>2,200</b>	<b>464</b>	<b>0</b>	<b>678</b>	<b>13,582</b>
<b>2021</b>							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Frank Gad	4,200	0	1,000	198	0	110	5,508
Søren Ulstrup	2,040	0	500	127	0	110	2,777
Lars Ravn Bering	2,040	0	500	131	0	110	2,781
	<b>9,830</b>	<b>50</b>	<b>2,000</b>	<b>456</b>	<b>0</b>	<b>330</b>	<b>12,666</b>
<b>2020</b>							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	188	0	0	0	0	0	188
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,200	0	0	197	0	0	4,397
Jørgen Hønnerup Nielsen 1/1-30/4 2020	567	0	0	22	0	0	589
Søren Ulstrup 1/5-31/12 2020	1,280	0	0	99	0	0	1,379
Lars Ravn Bering 1/5-31/12 2020	1,280	0	0	87	0	0	1,367
	<b>8,690</b>	<b>50</b>	<b>0</b>	<b>405</b>	<b>0</b>	<b>0</b>	<b>9,145</b>
<b>2019</b>							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	225	0	0	0	0	0	225
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,200	0	1,000	126	0	0	5,326
Jørgen Hønnerup Nielsen	1,700	0	200	77	0	0	1,977
	<b>7,300</b>	<b>50</b>	<b>1,200</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>8,753</b>
<b>2018</b>							
Hans Wilhelm Schur	375	0	0	0	0	0	375
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	300	0	0	0	0	0	300
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,000	0	1,000	119	0	0	5,119
Jørgen Hønnerup Nielsen	1,650	0	200	102	0	0	1,952
	<b>7,050</b>	<b>50</b>	<b>1,200</b>	<b>221</b>	<b>0</b>	<b>0</b>	<b>8,521</b>

\*) Members of the Executive Board make pension contributions themselves

\*\*) Members of the Executive Board chose to acquire their warrants against cash payment up to and including 2019

Further details on CEO pay ratio on page 66.



## Directorships in Danish and foreign companies, etc., at 1 March 2023



	<b>Hans Wilhelm Schur</b>	<b>Erik Preben Holm</b>	<b>Hans-Henrik Eriksen</b>	<b>Bente Overgaard</b>
<b>Title</b>	CEO	MSc Economics & Business Administration, CEO	MSc Economics & Business Administration, CEO	MSc Political Science
<b>Board of Directors</b>	Member of the Board of Directors since 1999 and chair since April 2018	Member of the Board of Directors since 1997, deputy chair	Member of the Board of Directors since 2013. Chair of the Audit Committee	Member of the Board of Directors since 2017
<b>Residence and year of birth</b>	Horsens, born in 1951	Hellerup, born in 1960	Risskov, born in 1960	Hellerup, born in 1964
<b>Gender and nationality</b>	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen
<b>Independency</b>	Not independent	Not independent	Independent	Independent
<b>Other directorships</b>	Danmarks Industrimuseum (BF), Konsul Axel Schur og Hustrus Fond (BF), Konsul Axel Schur og Hustrus Mindefond (BF), Schurs Støttefond (BF), Schur Finance A/S (D and BM), AXRU Invest A/S (BF), Schur International Holding A/S (BM), Schur International A/S (BF), Schur Pack Denmark A/S (BF), Schur Pack Sweden AB (BF), Schur Pack Norway AS (BF), Schur Pack Germany GmbH (BF), Schur Technology A/S (BF), Schur Star Systems GmbH (BF), Schur Star Systems Inc. (BF), Schur Star Systems Australia Pty. Ltd. (BF), Schur Conference Center (D and BM), Schur Labels A/S (BF), Sarepta A/S (BF).	ScanCom International A/S (BF), Hotel Koldingfjord A/S (BF), Norr11 International ApS (BF), Norr11 Holding ApS (BF), Arvid Nielssons Fond (NF), AO Invest A/S (BM), Brødrene A & O Johansen A/S (BM), Miluda Invest ApS (BM), Dragsholm Slot P/S (BM), Mellemholdingkomplementarselskabet af 26. april 2018 (BM), Mellemholdingselskabet af 26. april 2018 (BM), Hotellselskabet af 8. februar 2018 (BM), Erik Holm Holding ApS (D), JU-CH Holding ApS (D), Member of the Audit Committee in A&O Johansen.	Bagger-Sørensen & Co. A/S (D), Bagger-Sørensen Fonden (D) (BM), Bagger-Sørensen Invest A/S (D), Vecata Ejendomme A/S (D), BS HQ ApS (D), Ovenvande Skanderborg ApS (BF), Dandy Business Park Holding ApS (BF), Dandy Business Park Ejendomme ApS (BF), Green Tech Center A/S (BF), Food Innovation Center ApS (BF), AI Innovation Center A/S (BF), Arcedi Biotech ApS (D), Claonaig Estate Ltd. (BM), Liplasome Pharma ApS (BM og D), J-Flight ApS (D), Gumlink A/S (D), Okono A/S (D), Okono Holding ApS (D), Chew Invest ApS (D), CCC3 Holding (D), Bagger-Sørensen Equity A/S (BM), Tablet 1 ApS (BM), Tablet 2 ApS (BM), Tablet 3 ApS (BM), Tablet 4 ApS (BM), Tablet 5 ApS (BM), Tablet 6 ApS (BM), Tablet 7 ApS (BM), Idecra ApS (D), SoLoCa ApS (D), Vissing Fonden (BF), Vissing Holding A/S (BF), Vikan A/S (NF), Michael Limb Holdings Ltd. (BM), Bricks A/S (BM), Bricks Development A/S (BF), Bricks Ejendomme A/S (BM), Ejendomsselskabet SF44 A/S (NF), Nicolinehus A/S (BM), Jamabi ApS (BM)	Arbejdsmarkedets Erhvervssikring AES (BF), Holberg Fenger Holding (BF), Ennogie Solar Group A/S (BF), Den Danske Naturfond (NF), Johannes Fogs Fond (NF), Domea.dk (NF), Programdirektør CBS Bestyrelsesuddannelserne, Direktør i Bestyrelsesforeningen, Overgaard Advisory (D), Member of the Risk Committee, Nomination Committee and Digitalisation and Technology Committee in Jyske Bank A/S, Member of the Audit Committee in Ennogie Solar Group A/S, Deputy Chairman of Committee of Shareholders in Jyske Bank and Jyske Bank A/S (BM).
<b>Special skills</b>	Comprehensive management and board experience in international businesses within the plastics and packaging industry.	Comprehensive management and board experience in international businesses within various industries and from listed Danish companies. Comprehensive experience with acquisition and disposal of entities.	Considerable experience in finance and accounting practice as well as auditing and investments. State Authorised Public Accountant.	Managerial background and comprehensive experience from the finance sector in connection with financial, HR and IT matters as well as ESG.
<b>Attendance</b>	100%	100%	100%	100%
<b>No. of shares</b>	0 shares personally owned and related party 1,942,923 (+46,813).	64,160 personally owned (0) and 5,714 through his own company (0).	17,500 personally owned (0) and 4,279 through his own company (0).	6,465 personally owned (0), 1,461 through her own company (0) and 113 through related parties (0).

BF = Chair of the Board D = Director NF = Deputy Chair BM = Board member MI = Member of investment committee



## Executive Board and Group Management



	<b>Frank Gad</b>	<b>Søren Ulstrup</b>	<b>Lars Ravn Bering</b>	<b>Tilde Kejlhof</b>
<b>Title</b>	CEO	Director	Director	Group CFO
<b>Education</b>	MSc Economics & Business Administration	Plastic engineer	MSc Engineering and B.Com.in Supply Chain	Master of Economics
<b>Employed since</b>	Frank Gad took over as CEO in November 2004 and also chair of the Boards for the most significant subsidiaries in SP Group	2015 – was appointed to the Executive Board in 2020. Also CEO of SP Moulding and Ulstrup Plast, also chair of the board in Coreplast and member of other Boards of Directors in the subsidiaries	2008 – was appointed to the Executive Board in 2020. Also CEO of Gibo Plast A/S and Dan-Hill-Plast A/S and responsible for Group IT.	In SP Group since 2016 – CFO from 2020. Employed in the subsidiary MedicoPack from 2009-2019 as CFO.
<b>Residence and year of birth</b>	Frederiksberg, born in 1960	Holte, born in 1966	Silkeborg, born in 1976	Odense, born in 1978
<b>Gender and nationality</b>	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen
<b>External directorships</b>	Director in Frank Gad ApS, Gadinvest A/S, Gadplast ApS og Gadmol ApS. Investeringsselskabet Damhaven A/S (BF).	Chair of the Danish Plastics Federation, chair of Ad-Client A/S, chair of Ulstrup Invest ApS, chair of the Executive Committee of DI, member of the Central Board of DI, board member of DI's production board, board member of Roll-omatic A/S, board member of LBT Ejendomme and Lyngø Uggeløse Brugsforening – also director of Søren Ulstrup Invest ApS.	None.	None.
<b>Previous employment</b>	CEO of FLSmidth A/S (1999-2004), CEO of Mærsk Container Industri A/S (1996-1999) and employment at Odense Steel Shipyard A/S (1985-1999), Executive Vice President at the time of resignation.	CEO of Ulstrup Plast A/S from 1993.	Nilfisk: 2016-2017, Gibo Plast: 2011-2016, Vestas: 2011, Gibo Plast: 2007-2011, Dansac: 2004-2007.	Harald Halberg Holding 2006-2009. Employed with the subsidiary MedicoPack from 2009-2019 as CFO.
<b>Attendance</b>	100%	100%	100%	100%
<b>Number of warrants</b>	15,000	15,000	15,000	12,500
<b>Number of shares</b>	133,830 personally owned (0) and 279 (0) through own company. Related parties 1,324,520 (+31,020).*	Shares in SP Group: 24,831 personally owned (-5,000) and 172,094 through related parties (0).	Shares in SP Group: 16,725 personally owned (+10,000) and related parties 5,405 (-10,000).	5,500 personally owned (+2,500)

\* Frank Gad's shares (personally owned and related parties) account for 11.7% of the shares issued in SP Group. If warrants are included, the holding accounts for 11.8% of the shares issued.

## Other executive officers in SP Group

**Claus Lendal**, CEO of Ergomat A/S

**Susie-Ann Spiegelhauer**, CEO, Acccoat A/S

**Michael Vinbeck Therkelsen**, CEO, Tinby A/S.

Also CEO of MM Composite A/S

**Loïc van der Heijden**, Managing Director, TPI Polytechniek B.V., Holland

**David Bourghardt**, Managing Director, Bröderna Bourghardt AB, Sverige

**Torben Bruhn**, CEO of MedicoPack A/S

**Arild S. Johnsen**, CEO of Plexx AS, Norway

**Andreas Lagestig**, CEO of Opido AB and Nycopac AB, Sweden

**Mikko Toivonen**, CEO of Coreplast Laitila Oy, Finland

**Anders Vestermark Hansen**, Group Chief Accountant, SP Group A/S

**Mia Mørk**, Executive Assistant, SP Group A/S

**Mogens Laigaard**, Director of SP Medical A/S

**Jan R. Sørensen**, Managing Director, SP Moulding (Suzhou) Co., Ltd., China

**Jens Birklund Andersen**, Directors of SP Moulding A/S and Sander Tech ApS

**Rafal Szefer**, Managing Director, SP Medical Sp. z o.o., Poland

**Anie Simard**, Vice President, Ergomat Inc., USA

**Monika Karczewska**, Managing Director, SP Moulding Sp. z o.o., Poland

**April Zhu**, Supply Chain Manager, Tinby Co. Ltd., China

**Martin Baca**, Managing Director, Ulstrup Plast s.r.o., Slovakia

**Przemysław Tuzikiewicz**, Managing Director, Tinby Sp. z o.o., Poland

**Anna Szymczak**, CFO, SP Group's Polish companies

**Izabela Filipiak**, Plant Director, Ergomat Sp. z o.o., Poland

**Peter Fejfer**, Managing Director, MM Composite Inc., USA

**Jens Møller and Peder Hyldegaard**, Managing Directors, Kodaň Plast s.r.o., Slovakia

**Li Chao**, Plant Manager, Gibo Plast Co., Ltd., China

**Heine Andersen**, IT Security Manager, SP Group A/S

**Lotte Burmølle Andersen**, ESG Manager, SP Group A/S

**Aimo Jollman**, CEO, Jollmax Coating Oy, Finland

**Laila Ertman Lundsgaard**, Director, Neptun Plast A/S, Denmark (until 30.04.2022)

**Cecilie Ertman Lundsgaard**, Director, Neptun Plast A/S (from 01.05.2022) and

Atlantic Floats Denmark A/S, Denmark

**Ole Lykke Jensen**, CEO, DAVINCI 3D A/S, Denmark (in SP Group from 04.02.2022)

**Steen Vilsø Nielsen**, CEO, Bovil ApS, Denmark (in SP Group from 09.03.2022)

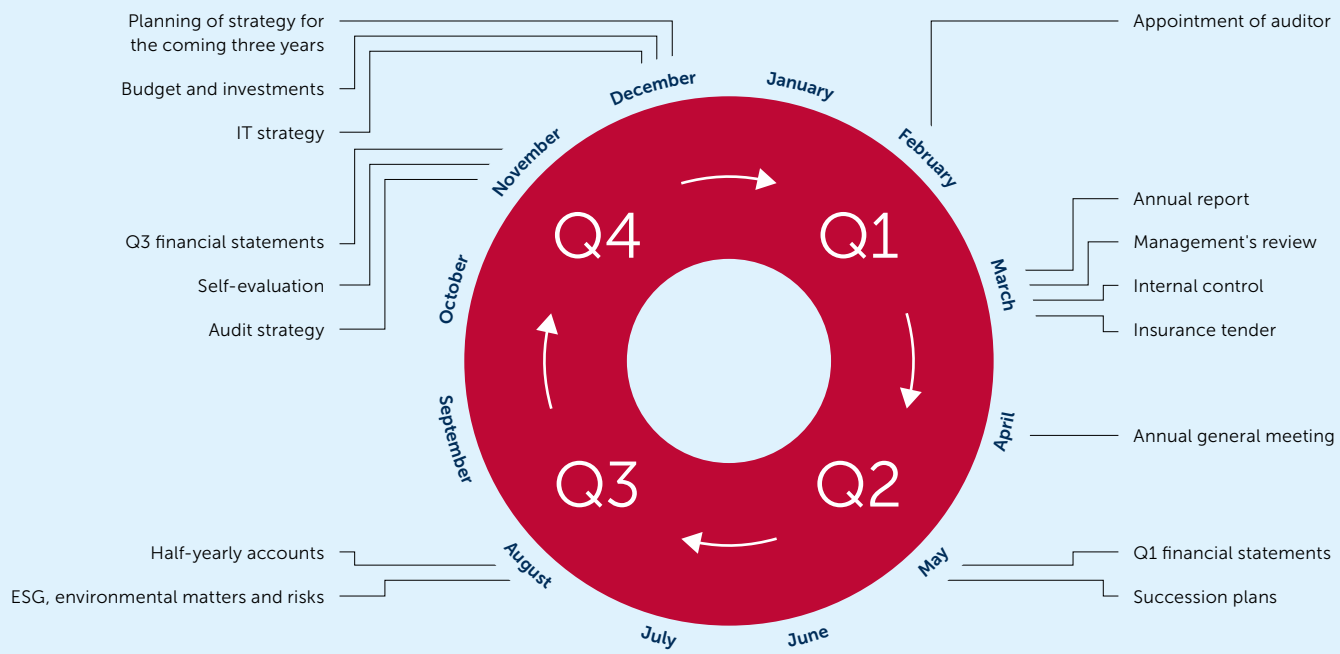
**Thomas Bo Iversen**, CEO, Meditec A/S, Denmark (in SP Group from 03.10.2022)

**Madars Slezis**, Site Manager, SEA Radomes Co. Ltd., Thailand

**Ugis Eihvalds**, Production Manager, Baltic Rim SIA, Latvia

## SP Group's annual wheel

The Board of Directors in SP Group A/S is responsible for strategic management focusing on ensuring value creation in the Group



### Ownership interests at mid-March 2023:

Board of Directors & Group Management:	Private	Own company	Related	Total	% of share capital
Hans Wilhelm Schur			1,942,923	1,942,923	15.6
Erik Preben Holm	64,160	5,714		69,874	0.6
Hans-Henrik Eriksen	17,500	4,279		21,779	0.2
Bente Overgaard	6,465	1,461	113	8,039	0.1
Frank Gad	133,830	279	1,324,520	1,458,629	11.7
Søren Ulstrup	24,831	172,094		196,925	1.6
Lars Bering	16,725		5,405	22,130	0.2
Tilde Kejlhof	5,500			5,500	0.0
<b>Total</b>	<b>269,011</b>	<b>183,827</b>	<b>3,272,961</b>	<b>3,725,799</b>	<b>29.8</b>

Gad received 15,000 warrants, and Jørgen Nielsen received 15,000. The remaining 210,000 warrants were distributed between 42 executives. The warrants issued may be exercised to purchase shares in the Company in the period from 1 April 2022 to 31 March 2025; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 210.00 based on the listed price immediately before the publication of the Annual report on 27 March 2019. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2019 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2019 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year-end 2022, 137,221 warrants under the 2019 programme were outstanding. All warrants are hedged by means of treasury shares.

The Board of Directors issued no warrants in 2020.

In 2021, the Board of Directors issued 108,750 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank Gad, Søren Ulstrup and Lars Ravn Bering received 7,500 warrants each. The remaining 86,250 warrants were distributed between 41 executives. The warrants issued may be exercised to purchase shares in the Company in the period from 1 April 2024 to 31 March 2027; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 400.00 per share of nominally DKK 2 plus 7.5% per annum, calculated from 1 April 2021 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 25 March 2021. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2021 was made based on the mandate granted to the Board of Directors by the company in general meeting on 29 April 2019.

In 2022, the Board of Directors issued 115,000 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank Gad, Søren Ulstrup and Lars Ravn Bering received 7,500 warrants each. The remaining 92,500 warrants were distributed between 39 executives. The warrants issued may be exercised to purchase shares in the Company in the period from 1 April 2025 to 31 March 2028; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 400.00 per share of nominally DKK 2 plus 7.5% per annum, calculated from 1 April 2022 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 24 March 2022. The programme will not represent a value to the executives until the shareholders have

ascertained increasing share prices. The grant in 2022 was made based on the mandate granted to the Board of Directors by the company in general meeting on 29 April 2019.

The Board of Directors believes that share-based arrangements are necessary to ensure that SP Group will be able to attract and retain qualified executive officers and other key personnel. The Board of Directors wishes to tie the executive officers closer to the Group, reward them for their contribution to the long-term value creation and establish that executive officers and shareholders have a common interest in increasing share prices, which helps support the Company's long-term earnings ambition as described in the "Going towards 2024" section on page 14.

SP Group's programmes so far have all been multi-annual programmes to promote long-term and value-adding conduct among the executive officers, and as a result of the annual interest surcharge, the exercise price has been higher than the share price at the grant date. These principles will also apply going forward. The Company's remuneration policy was presented at the annual general meeting in 2020.

## Key elements in the Group's internal control and risk management systems in connection with the financial reporting

### Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other adjustments in connection with the financial reporting. The Group's control and risk management systems can provide reasonable but not absolute assurance that fraudulent use of assets, losses and/or material errors and omissions in connection with the financial reporting are avoided.

### Control environment

At least once a year, the Board of Directors assesses the Group's organisational structure, the risk of fraud and the existence of internal rules and guidelines.

The Board of Directors and the Executive Board lay down and approve overall policies, procedures and controls in significant areas in connection with the financial reporting process, including business procedures and internal controls, budget and budget follow-up procedures, procedures for the preparation of monthly financial statements and controlling in this connection and procedures for reporting to the Board of Directors.

The Board of Directors may set up committees in relation to special tasks. For further information, see the section "Proper and decent management".

The Executive Board regularly monitors compliance with relevant legislation and other regulations and provisions in connection with the financial reporting and reports to the Board of Directors on an ongoing basis.

### Whistle-blower scheme

SP Group and all its subsidiaries strive for a business environment that promotes and upholds a high degree of integrity and responsibility.

Accordingly, the Company has established a whistle-blower scheme that allows anyone with affiliations to SP Group to safely report suspected non-compliance with SP Group's policies and guidelines, laws and regulations as well as other serious irregularities. Matters can be reported to the whistle-blower scheme by sending an e-mail to [hhe@sp-group.dk](mailto:hhe@sp-group.dk). The e-mail is sent directly to Hans-Henrik Eriksen, who is chair of SP Group's Audit Committee and independent member of SP Group's Board of Directors elected by the general meeting. Executives and employees in SP Group do not have access to this e-mail.



SEA Radomes Co. Ltd., Thailand.

Guidance on how to use SP Group's whistle-blower scheme has been communicated to all employees in local languages.

The whistle-blower scheme is also described on the Company's website.

No matters were reported by stakeholders in 2022.

### Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of the risk management, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. In this connection, Management's incentive/motive, if any, for fraudulent financial reporting or other fraud is discussed.

### Audit Committee

The duties of the Audit Committee are attended to by all members of the Board of Directors. Hans-Henrik Eriksen, who is an independent member, possesses accounting and audit qualifications. Hans-Henrik Eriksen is chairman of the Audit Committee and state authorised public accountant. Bente Overgaard is also an independent member. The Audit Committee has its own rules of procedure.

### Audit

To perform the audit, an audit firm of state authorised public accountants is appointed at the annual general meeting upon the Board of Directors' recommendation. The auditor is a representative of the general public. The auditor prepares long-form audit reports to the collective Board of Directors at least twice a year and also immediately after identifying any matters that the Board of Directors should address. The auditor participates in the meetings of the Board of Directors in connection with the presentation of long-form audit reports to the Board of Directors. Prior to the recommendation for appointment at the annual general meeting, the Board of Directors makes an assessment, in consultation with the Executive Board, of the auditor's independence, competences, etc.

All major subsidiaries are audited by the Company's auditor or by their foreign business partners.

# Shareholder information

## Overall objective

SP Group seeks to communicate openly the Group's operations, development, strategy and goals. The purpose is to ensure the liquidity of the Company's share and that the pricing reflects the realised results as well as the future earnings potential. SP Group's goal is to ensure a positive rate of return to the shareholders through increases in the share price and payment of dividends.

## Share capital

SP Group's shares are listed on NASDAQ Copenhagen under the short name SPG, the ISIN code is DK0061027356 and ID CSE3358. SP Group is included in the sector 'chemicals'. SP Group is included in the OMX Copenhagen Benchmark Index.

The share capital of DKK 24.98 million is divided into 12,490,000 shares of DKK 2 each. SP Group only has one class of shares, all shares are freely negotiable, and the voting and ownership rights are not subject to any restrictions.

On 3 June 2020, the share capital was increased by the issue of 1.1 million new shares of DKK 2 each, which were sold at market price without pre-emption rights for the Company's shareholders. The issue was over-subscribed. The subscription price was 200. The subscription provided the Company with DKK 220 million gross and DKK 215 million net.

The share capital has not been subject to any changes in 2022.

The Board of Directors is mandated to carry out a capital increase in accordance with the existing warrant programmes. At the same time, the Board of Directors is authorised to further increase the share capital by up to nom. DKK 7.8 million in the period until 1 April 2024 by subscription for new shares at market price or a lower price determined by the Board of Directors, however, not below DKK 2 per share. The Board of Directors asked the company in general meeting to renew the mandate in 2019.

The Board of Directors is authorised to let the Company acquire treasury shares of a nominal value of up to 10% of the share capital. The consideration must not deviate from the market price at the acquisition date. The Board of Directors asked the company in general meeting to renew the mandate in 2019.

## Share split

In 2018, the company in general meeting decided to carry out a share split in the ratio 1:5 to increase interest in the SPG share and to improve

liquidity and the free flow in the market. The first trading day of the new split share was on 7 May 2018.

## Change of control

The Company's lenders are entitled to renegotiate the loan terms in case of change of control. A number of customers are entitled to cancel trading agreements in case of change of control.

## Shareholders' return

At present, the Board of Directors of SP Group primarily intends to apply profits to strengthen the Company's financial position and finance initiatives that can contribute to profitable growth.

During the year, the SPG share was traded at prices between 202 and 448. The rate closed at 441 in 2021 and opened at 438 at 3 January 2022. At 30 December 2022 the rate closed at 257.

The capital loss thus totalled 41.7%. Including the dividend of DKK 3.0 per share, return from 1 January 2022 to 31 December 2022 was -41.0%, which is somewhat below the market. Market Cap at 31 December 2022 was DKK 3,210 million; a decrease of DKK 2,298 million over the year. The shareholders received dividends of DKK 37.5 million.

In the period from 1 January 2010 to 30 December 2022, the SPG share yielded a total return of 3.260%, including dividend, which is the third highest among listed Danish shares.

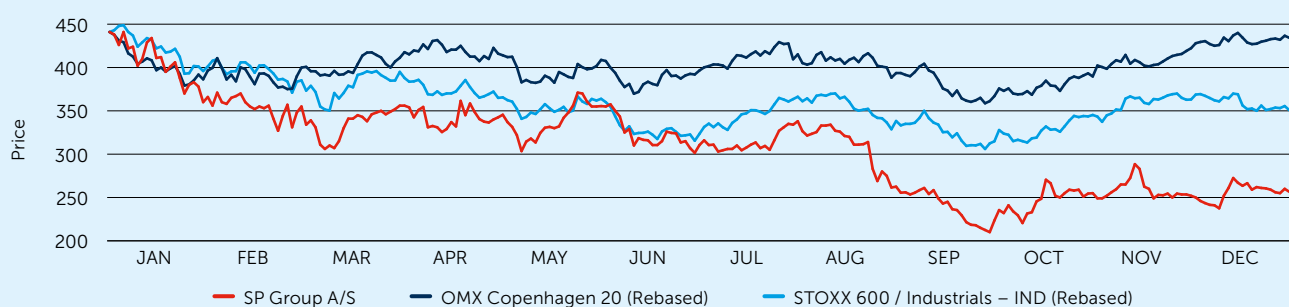
## Share buy-back programme

The Company will still try to fully or partially hedge warrant programmes by buying back treasury shares.

In 2022, a total of 103,500 SPG shares, corresponding to DKK 26.0 million were sold outside Nasdaq when the warrant programme was exercised.

On 11 April 2021, SP Group A/S launched a share buy-back programme, see company announcement 24/2021. In connection with the share buy-back programme, which runs from 11 April 2021 up to and including 10 April 2022, SP Group will purchase shares for a maximum consideration of DKK 40 million. On 27 April 2021 (company announcement no. 33/2021) the share buy-back programme was increased by DKK 10 million to DKK 50 million. On 26 August 2021 (company announcement no. 54/2021) the share buy-back programme was increased by DKK 40 million to DKK 90 million. A total of 233,971 shares were purchased at an

Development in the SPG share 1 January – 31 December 2022. Index 1 January 2022 = 441





average price of 384.66 under the programme and DKK 89,999,406 was paid (company announcement no. 24/2022).

On 11 April 2022, SP Group A/S launched a share buy-back programme, see company announcement 18/2022. In connection with the share buy-back programme, which run in the period from 11 April 2022 up to and including 10 April 2023, SP Group will purchase shares for a maximum consideration of DKK 40 million.

At the end of 2022, DKK 25.9 million has been used. The portfolio of treasury shares totalled 332,565 shares at the end of 2022, corresponding to 2.66%.

## Ownership and liquidity

In mid-March 2023, six shareholders reported a holding of more than 5% of the shares: Schur Finance a/s, Odin Fund Management, ATP, Universal Investment GmbH, Lannebo Fonder AB and Frank Gad (including his related parties) with a total of 52.5%. During the year, the number of registered shareholders increased from approx. 3,066 to approx. 3,295, and the registered shareholders' total ownership interest now amounts to 97.2% of the share capital.

The known shareholder base outside Denmark is still modest, but increasing. 109 international shareholders holding a total of 35.3% of the shares have become registered (108 at the end of March 2022 and 36.4% of the shares at the end of March 2022).

A total of 1,443,279 SPG shares were traded on the Nasdaq in the year.

## Information

Generally, SP Group seeks to maintain an ongoing, timely and balanced dialogue with existing and potential shareholders, share analysts and other stakeholders. The Company's executives participate in meetings with both professional and private investors as well as analysts on an ongoing basis. Presentations from the meetings are available on the website where other relevant information can also be found and access to news subscriptions is provided. Finally, it is important to SP Group that all requests and enquiries from shareholders and other stakeholders are handled as quickly as possible.

SP Group has a silence period of three weeks up to the publication of scheduled interim and full-year reports where the Group does not comment on financial performance or expectations. Outside these idle periods, the central point of communications to the share market is the

well-defined financial goals set out by the Group that SP Group follows up on regularly.

The person responsible for investor and analyst relations is CEO Frank Gad, tel. (+45) 70 23 23 79, e-mail: info@sp-group.dk.

Additional shareholder information is available at the website [www.sp-group.dk](http://www.sp-group.dk).

Published company announcements for the past five years: Announcements are available on SP Group's website: [www.sp-group.dk](http://www.sp-group.dk)

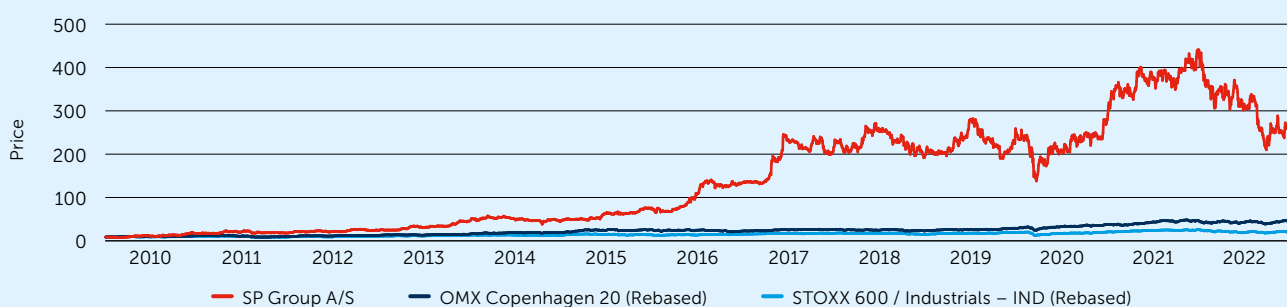
## Financial calendar for 2023

24 March	Announcement of financial statements for 2022
27 April	Annual general meeting
24 May	Interim report for Q1 2023
23 August	Interim report for H1 2023
15 November	Interim report for Q3 2023

## Share information – SP Group A/S – mid-March 2023

Name	Domicile	No.	Interest (%)
Schur Finance a/s	Horsens	1,942,923	15.6
Frank Gad, incl. related parties	Frederiksberg	1,458,629	11.7
Odin Fund Management	Oslo	1,159,307	9.3
Lannebo Fonder AB	Stockholm	720,882	5.8
Universal -Investment-Gesellschaft mbH	Frankfurt	636,231	5.1
ATP (the National Labour Market Supplementary Pension Fund)	Hillerød	630,130	5.1
		<b>6,548,102</b>	<b>52.5</b>
<b>Distribution of other shares</b>			
SP Group (treasury shares)		370,912	3.0
Registered shares below 5%		5,224,352	41.8
Non-registered shares		346,634	2.8
<b>Total</b>		<b>12,490,000</b>	<b>100.0</b>

Development in the SPG share 1 January 2010 – 31 December 2022. Index 1 January 2010 = 8.7



# Management systems

All production sites of the Group have implemented quality management systems and management systems to ensure adequate focus on quality, environment and working environment. The majority of the sites are certified by third party or have planned for a certification of the systems.

Site	ISO 9001	ISO 14001	ISO 45001	Others
<b>Gibo</b>				
Denmark	X	X	X	
Poland	X	X	X	IATF 16949 planned
China	X	X	X	
USA				ISO 9001, ISO 14001 and ISO 45001 planned
<b>Plexx Opido</b>				
Sweden	X	X		
Norway	X	X		
<b>SP Moulding</b>				
Juelsminde	X	X		
Stoholm	X	X		IATF 16949
Poland	X	X		
China	X	X	X	
<b>SP Medical</b>				
Karise		X	X	ISO 13485
Poland		X	X	ISO 13485
<b>Bröderna Bourghardt</b>				
Sweden	X	X		
Latvia	X	X		
<b>Tinby</b>				
Denmark	X	X	X	
Poland	X	X	X	
China	X	X	X	
<b>Accoat</b>				
Kvistgaard	X	X		
<b>Ulstrup Plast</b>				
Lynge	X	X		
Slovakia	X	X		
<b>MedicoPack</b>				
Denmark		X		ISO 15378
<b>MM Composite</b>				
Denmark	X	X		ISO 45001 planned
USA	X	X		ISO 45001 planned
<b>Coreplast</b>				
Finland	X	X		ISO 13485 and IATF 16949
<b>Dan-Hill-Plast</b>				
Denmark	X		X	ISO 14001 planned
<b>Kodaň Plast</b>				
Slovakia	X			ISO 14001 planned
<b>Jollmax Coating</b>				
Finland	X	X		
<b>DAVINCI 3D</b>				
Denmark	X			
<b>Meditec Plaststøbning</b>				
Denmark	X			ISO 13485

## Management systems

In SP Group, most entities today have carefully arranged their management and control with the entities. Most of them rely on quality management, environment and/or working environment management systems, which collective are named management system.

The management systems are based on mapping of the entities' stakeholders, internal and external matters and the entities' risks and possibilities in this respect.

The management systems comprise the preparation and adoption of policies and setting of target, goal and action plans and also imply that the entities implement and maintain management systems with procedures and instructions for the most important activities.

The entities' management systems are inspected and controlled on an annual basis by external auditors, who represent an independent body, accredited certification agencies, who assess the performance of the entities in relation to the procedures laid down in the management systems and the requirements from applicable ISO standards.

### Quality management ISO 9001 certified

A quality management system means that similar to the systems for controlling the entities' environment and working environment, the entities ensure via procedures and instructions that they work targeted and systematically on continuously improving the internal working processes which are to ensure continuous control of resources, suppliers, productions and products with satisfied customers as output.

Within quality assurance, there are a number of industry-specific standards such as ISO 13485 (medical devices), ISO 15378 (pharmaceutical packaging) and IATF 16949 (automotive industry).

### Environmental management ISO 14001 certified

An environmental management system means that the entities can document their environmental matters, that the environmental matters are handled reasonably and that applicable environment legislation is observed.

The companies' efforts to comply with procedures and instructions ensure that they work determinedly and systematically on regularly improving their environmental performance, which is monitored and measured on an ongoing basis.

Improved environmental performance is achieved by investing in processes, buildings and equipment thus aiming, within given financial limits, to apply cleaner technologies.

### Working environment management ISO 45001 certified

An occupational health and safety management system means that the companies can document the mapping of their working environment and the working environment can be handled responsibly.

The Company's efforts to obtain and maintain working environment certifications extend beyond compliance with national legal requirements and international conventions in the working environment area. By complying with procedures and instructions, the companies ensure that they work determinedly and systematically on regularly improving the working environment.

Through continuous focus on the employees' physical and mental working environment, job satisfaction and security are ensured at the entities which aim at reducing the number of sick leave and occupational injuries as well as personal and professional development of the individual employee.



Plastics drive innovation, improve quality of life, facilitate resource efficiency and climate protection.

Accoat, Gibo Plast, SP Moulding, Sander Tech, Brdr. Bourghardt, Tinby, Dan-Hill-Plast and MM Composite manufacture parts for the cleantech industry.

©Vattenfall – Kriegers Flak

## R & D

Development of plastics and plastic technologies continues at a high pace.

The demand for environmentally sound technical solutions in plastics increases as the properties of plastics are continuously improved. Plastics are often used due to its unique properties.

The wind turbine industry is a good example thereof; here they work with composites, which are a combination of plastics and other materials.

In SP Group we optimise production technologies for high as well as low volume production to ensure that we remain competitive globally. Our R&D department takes part in this development, but our focus is directed at composites where materials are combined. Together with our customers, universities and primary producers, we continuously strive to push the boundaries and create value for all.

## IT and personal data security

SP Group has established a central IT and personal data security function for purposes of ensuring strong efforts within the area. This relates to both SP Group's own subsidiaries and IT networks and to future acquisitions.

General policies have been drawn up describing how subsidiaries are to act in relation to the protection of personal data and IT security. All subsidiaries and IT networks in SP Group are examined at least once a year by the IT security manager based on these policies, and if any deviations are identified, action plans with agreed deadlines are drawn up.

Once a year, an overall status report is prepared for SP Group's Board of Directors.

# Corporate Social Responsibility

## Our global co-responsibility

### SUSTAINABLE DEVELOPMENT GOALS



In 2022, SP Group has focused on our shared responsibility to contribute to a more sustainable world. In cooperation with our customers, we have developed and manufactured products that promote quality of life and more efficient use of resources – for the benefit of both climate, environment, people and animals.

From an innovative perspective we have taken a look at our operations and manufacturing to optimize resource consumption and promote sustainable processes. It benefits both the world around us and the health and safety of our employees.

With our presence in 12 countries and 32 factories, we have sales of products in all parts of the world and thus the opportunity in several ways to create good conditions for the environment, animals and people in many different types of society. We support the initiative behind the UN's 17 Sustainable Development Goals, to which our efforts contribute directly or indirectly. To underline SP Group's commitment to global sustainability, the Group is a member of the UN Global Compact and builds its sustainability work over 10 years on the principles set out therein.

In order to contribute in the best possible way to the green transition, we have set these strategic goals with 2030 as our horizon:

- No negative environmental impacts from operations
- All global production runs on renewable energy
- The entire company is CO<sub>2</sub> neutral in Scope 1 and Scope 2
- Supporting the transition in a world that runs on renewable energy by producing advanced plastic and composite solutions.

This report constitutes SP Group's report on corporate social responsibility, gender distribution in management and diversity as well as data ethics in accordance with section 99 a, b and d and section 107d of the Danish Financial Statements Act. The report also provides information on our activities in relation to the EU Taxonomy Regulation. The report is also regarded as supplementary documentation for our Communication on Progress report to the UN Global Compact.

COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



### Considerations of sustainability is incorporated in our business model

It is important to SP Group that we can increase the Group's earnings and activities in a responsible way.

We are aware that our products increase the use of plastics. This is precisely why we take active responsibility for developing our business and production in a way that increasingly reduces negative environmental impact and contributes to sustainable development and the transition to circular economy.

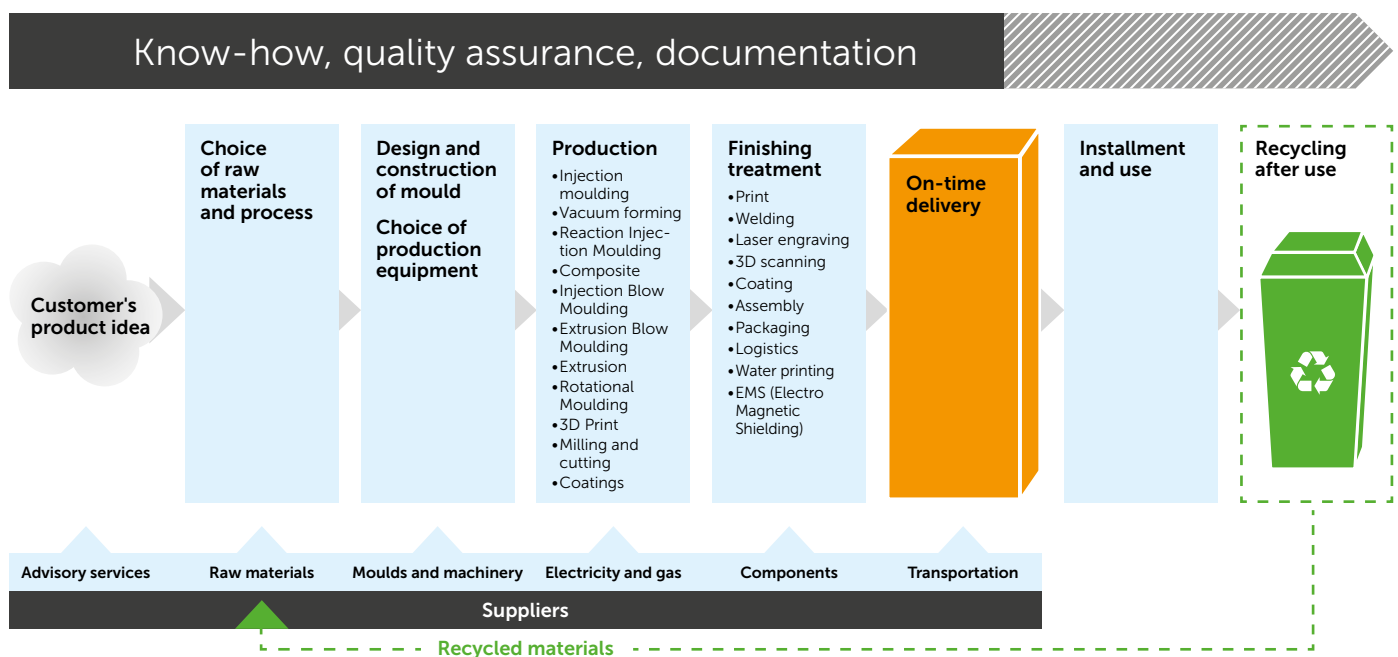
It is also a goal for us that by creating innovation and jobs, the Group contributes financially to the communities we form part of.

Over the past year, we have made further efforts to incorporate sustainability into our business model. In particular, we have focused on value creation through recycling of plastics in our production and utilisation of both our own surplus materials from production and regenerated material and raw material from external suppliers.



Figure 1 – SP Group – Business model

#### SP Group's value creation



## Our CSR organisation

To ensure that we live up to our ambition for responsibility, we have established an organisation where roles and responsibilities for CSR efforts are determined. The work with sustainability is planned and coordinated by an ESG Manager and includes the integration of all companies in the Group's CSR efforts.

The Board of Directors is the overall responsible for our CSR efforts. They both overlook the overall strategy and approve policies and reports. In addition, the chairman of the Audit Committee is responsible for our whistle-blower hotline and handling of any complaints.

In our daily work, responsibility for our sustainability efforts is delegated to the individual factories and sites. The factory management is responsible for the effort, which it carries out systematically in accordance with our management systems and in dialogue with occupational health and safety organisations.

## Internal regulation

The integration of sustainability into our production and administrative units takes place through internal regulation. We have adopted a CSR policy which reflects SP Group's fundamental value of creating the best plastic solutions for the benefit of both our customers, employees and the surrounding environment. In this way, the CSR policy forms the framework for all our activities and for our profile as a responsible partner and workplace.

The CSR policy includes our goals and our principles for working with environment and climate, social responsibility, including working conditions, diversity and human rights, as well as with anti-corruption and data ethics.

SP Group has adopted independent policies on women in management, data protection and information security, and tax.

We have also adopted a Supplier Code of Conduct, which forms the basis for a positive cooperation with our suppliers to promote responsibility and sustainability in the supply chain.

## Management systems

In SP Group, all companies today have systematised their management and management of the companies or have active plans to do so. The systematics are based on Quality, Environmental and/or Working Environment Management Systems, collectively known as the Management Systems.

The management systems are based on a mapping of the companies' interests, internal and external conditions and an assessment of the risks and opportunities associated with this.

The management systems comprise the preparation and adoption of policies and setting of target, goals and action plans and also imply that the entities implement and maintain management systems with procedures and instructions for the most important activities.

The entities' management systems are inspected and controlled on an annual basis by external auditors, who represent an independent body, accredited certification agencies, who assess the performance of the entities in relation to the procedures laid down in the management systems and the requirements in the ISO standards applied. See page 46 of the annual report for a list.

External stakeholders' verification of our management systems and sustainability efforts has in 2022 led to an Ecovadis gold medal for Tinby and an Ecovadis silver medal for SP Moulding in Poland. SP Moulding China also received an Environmental Protection Award, and Gibo China received an award for customer satisfaction.

## Due diligence processes

In 2022, SP Group continued to embed the due diligence processes to ensure that we are able to effectively and systematically identify, prevent, mitigate and remedy the most significant actual and potential adverse impacts of the Group's activities on the environment and people.

In practice, the process has been embedded in the requirements and expectations set out in our CSR Policy and Code of Conduct. It included identifying negative impacts of our activities on the environment and people, addressing them through preventive or mitigative measures, including through our security and anti-corruption training programmes. The established management systems have supported the monitoring, and we have communicated about impact and handling in our annual reports.

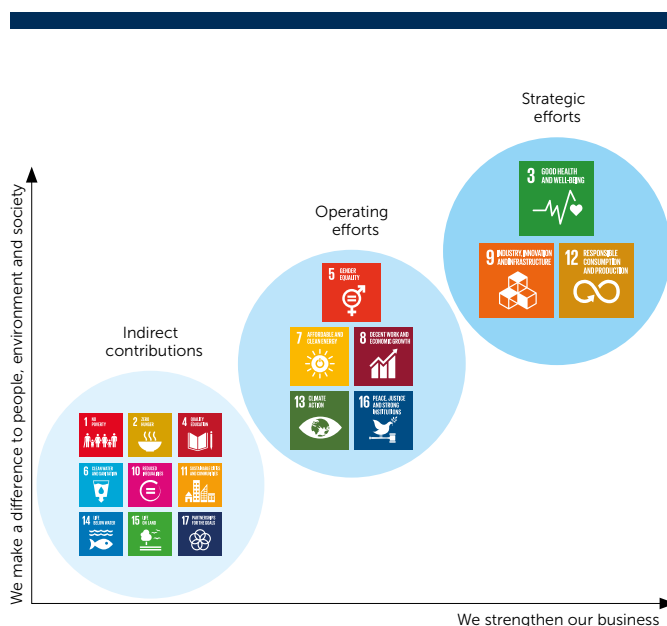
The existing whistle-blower scheme makes it possible for internal and external actors to point out negative effects of our activities on the environment and people.

## Assessment of materiality

Since 2018, SP Group has aimed to contribute to the SDGs through our products and operations, but also through concrete projects that make a difference locally or globally.

We continue to assess that the SDGs that we have an impact on through our core business and can best achieve sustainable societal impact on are world goals 3, 9 and 12. The effect is achieved in particular through the business strategy work that unfolds in cooperation with our customers and partners, but also through our many years of internal efforts to ensure healthy, fair and respectful working conditions.

Figure 2 – Materiality assessment of the Sustainable Development Goals



The materiality assessment of the Group's contribution to meeting the sustainable development goals has identified impacts that have been addressed and will be supplemented in 2023 by a study of our actual and potential negative impacts on human rights and labour rights. The survey covers all companies in the Group and will be conducted during 2023. We have also assessed in which areas our products and activities benefit and will be able to increase our positive effect on the environment and people – for the benefit of both our company and society. The work to identify and manage negative as well as positive impacts on the environment and people has been strengthened and better coordinated with the establishment of the Group-wide ESG manager function.

## Strategic efforts



### Sustainable Development Goal 3 on health and well-being

SP Group manufactures a range of products for the healthcare industry, including Ergomat mats, Accoat coatings, SP Medical medical device equipment, MedicoPack with packaging for pharmaceuticals and Meditec with swabs.

These products help prevent and cure diseases while increasing the quality of healthcare that all people have access to. The share of healthcare products represents 33.8% of SP Group's total revenue.

At SP Group, we contribute to health and well-being by securing and creating workplaces with a healthy dialogue, opportunities for personal development and a constant focus on safety, e.g. through the safe use and disposal of chemicals from our production.

At SP Group, we care that our companies are geographically located, where people have the opportunity to thrive physically and mentally, have the opportunity for education and do not live in poverty.



### Sustainable Development Goal 9 on Industry, innovation and infrastructure

Through the products SP Group manufactures for the cleantech industry, we have the opportunity to contribute to reduced energy consumption and to the production of renewable energy, efficient treatment of waste water and flue gas. This part of our revenue accounts for 28.1%.

By using better technological equipment and machines, we contribute to less waste of raw materials and thus less impact on the environment and climate. SP Group therefore requires that investments are made in equipment and machines with efficient energy utilization and less waste of raw materials.

SP Group depends on the goods produced being able to be transported across the world and on electricity, internet and continued access to raw materials. We are eager to enter into partnerships that support the development of processes that can contribute to a positive change and sustainable development of the world.



### Sustainable Development Goal 12 on responsible consumption and production

Throughout the Group, SP Group strives to reduce our waste through preventive measures, sorting into waste fractions and by recycling surplus material from our production.

Together with our customers, we therefore have a strong focus on manufacturing products from regenerated materials.

Our source sorting of waste supports the global recycling efforts and transition to a circular economy. Thermoplastic industrial scrap is thus part of a circular use flow, thereby preventing waste of natural resources.

The effort is made possible by systematic monitoring and reporting on our consumption of raw materials and by continuously trying to increase the volume of surplus material from our own production as well as industrial scrap used for manufacturing new products.

The share of regenerated material represents 15.2% of the total amount of plastic material used for production in 2022.

## Operational efforts

A number of SDGs help set the framework and goals for the operation of the companies in SP Group. We are concerned with reducing our energy and electricity consumption and securing supplies of renewable energy. This forms the basis for achieving our goal of being carbon neutral by 2030 on Scope 1 and Scope 2.

Our efforts also focus on creating safe and healthy working conditions for our employees and on promoting representation of women in executive management and diversity among our employees.

For us, running a sustainable business is also linked to running the companies in accordance with certified management systems for quality and environmental safety, and generally by complying with legislation. In our corporate governance, we work with transparency and clear structures to ensure efficiency and accountability and have established access for complaints for both internal and external stakeholders.



## Indirect contribution

SP Group contributes to a number of SDGs through the development of products and methods that promote sustainability. We do this together with customers or organizations with special knowledge in a specific area.

We also collaborate with educational institutions, researchers, authorities and other actors, both as a workplace and as a company. We are happy to share knowledge about our products and processes to contribute to a positive change and sustainable development in our society.



## ESG Environment and climate

SP Group integrates sustainability and accountability in our products and in the way in which we plan our daily operations. Our work is based on adapting our production and operation to climate change and to counteract such changes through our activities.

We are therefore systematically striving to reduce our impact on the environment and promote a higher level of environmental sustainability. We do this by working with concrete initiatives that affect the climate in a positive and sustainable direction, and by reducing and mitigating negative impacts from our production and operations. Environmentally friendly technologies and materials are therefore applied using a certified environmental management system.

Our goal is also to contribute to environmental sustainability through our customers' use of SP Group's products. Our products largely replace the use of metals and glass, and by applying more environmentally friendly technologies and materials in our production processes, SP Group aims to prove that plastic – when manufactured and used prudently – is a better choice for the environment. The development takes place in dialogue with our customers, where we have a strong focus on manufacturing products from regenerated materials.

### CSR Politik – Environment and climate

We will work systematically to reduce our impact on the environment, fight climate change and promote greater environmental responsibility through our certified environmental management systems. Generally, plastics have a number of unique properties that are essential to our society, and if plastics are manufactured, used and handled prudently, they have a positive impact on the environment. On this basis, we strive to use environmentally friendly materials in our production and development processes, limit our material consumption, waste and refuse and to recycle materials and products to the widest extent possible.



### Risk

SP Group's main environmental risks are linked to resource consumption, material waste and carbon dioxide from our production facilities as well as to waste management, including the accumulation of plastic granules in nature. Locally, there is a risk of noise and odours which are of nuisance to the surroundings.

The risk is managed through our certified efforts and management systems as well as concrete operational and investment initiatives that ensure quality and environmental protection in the manufacturing processes.

In spite of extensive safety procedures, the external as well as the working environment may be affected in case of accident. In such case, procedures and delegation of responsibilities have been established at the individual sites through our environmental management and management systems.

The risk outlook is affected by the fact that electricity and energy are purchased from suppliers whose circumstances SP Group has no control over (Scope 2). Therefore, SP Group has decided to invest in solar cells systems and purchase energy certificates, which this year compensate for the total electricity consumption in Poland, Slovakia and Denmark.

SP Group believes that the Group complies with all current environmental regulations. In 2022, there were no active enforcement orders anywhere in our production.

### Environmental management systems

It is still SP Group's strategy that all production entities must implement a certifiable environmental management system that ensures use of environmentally friendly products in the production and development processes, minimisation of waste and refuse as well as resource consumption to the widest extent possible and recycling of materials and products, see page 46 for an overview of environmental certifications.

Through SP Group's environmental management systems we can document our environmental matters, that the environmental matters are handled reasonably and that applicable environment legislation is observed. Our efforts to comply with procedures and instructions ensure that we work determinedly and systematically on improving our environmental performance, which is monitored and measured on an ongoing basis. Improved environmental performance is achieved by investing in processes, buildings and equipment thus aiming, within given financial limits, to apply cleaner technologies. In addition, the certification also forms the basis for minimising waste and refuse as well as resource consumption and, to the widest extent possible, recycling materials and products.

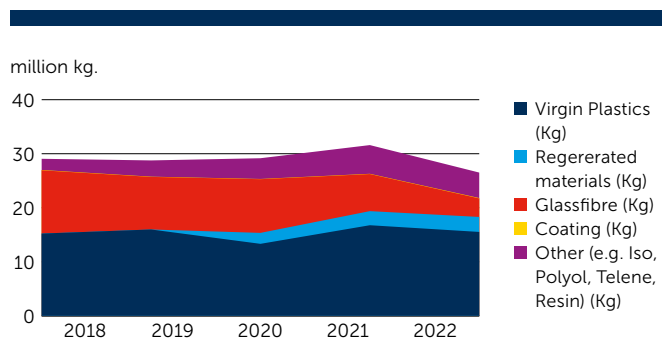
The environmental management systems also help to ensure that all factories comply with all environmental requirements in legislation and EU directives, including the REACH directive, the Candidate list of Substances of Very High Concern and the RoHS directive.

### Raw materials

The volume of raw materials purchased depend on the size and number of products that we manufacture for our customers. The decrease in the volume of raw materials purchased in 2022 is due to lower sales of composite products.

As shown in Figure 3, raw material purchases have decreased in 2022. We have had an overall reduction in raw material sourcing of 16%, including 7% on virgin plastic purchased and 50% on fibreglass. At the same time, our purchases of regenerated material have increased by 6%, which replaces previous use of virgin plastic. The decline in fibreglass purchases follows the trend in 2021 of declining demand.

Figure 3 – Purchase of raw materials 2018-2022



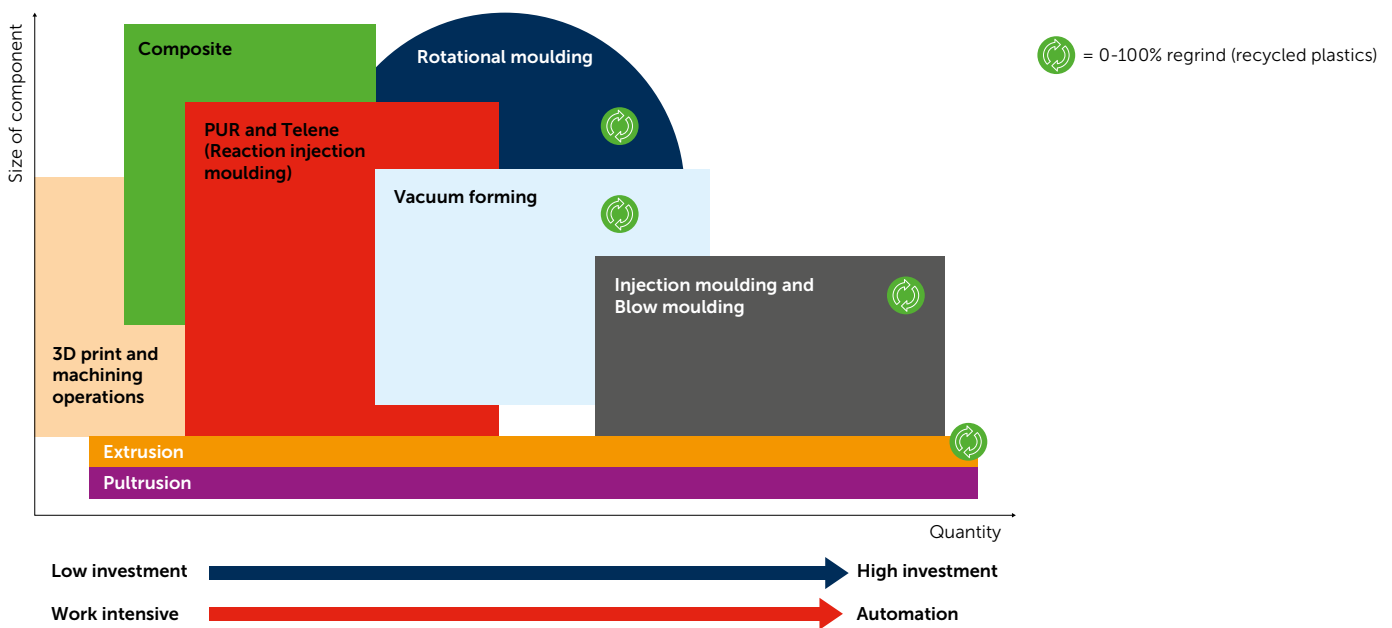


In recent years, SP Group has increased its focus on the use of recycled plastics and regenerated materials when manufacturing plastic components. We have achieved great results both in terms of component type, size, volume and complexity in investments and intensity of work. As illustrated in figure 4, we have succeeded in phasing in regenerated materials in our rotational moulding, vacuum forming, injection moulding, blow moulding and extrusion production.

Going forward, SP Group will continue, in close co-operation with our customers, to examine how bioplastic, recycled plastics and recycling of own products can be included in production at advantage. Focus is also maintained on reducing or replacing the other raw materials used today with more sustainable alternatives.

**Figure 4 – Use of recycled plastics**

The choice of production technology depends, among other things, on the size of the component and the number to be produced:



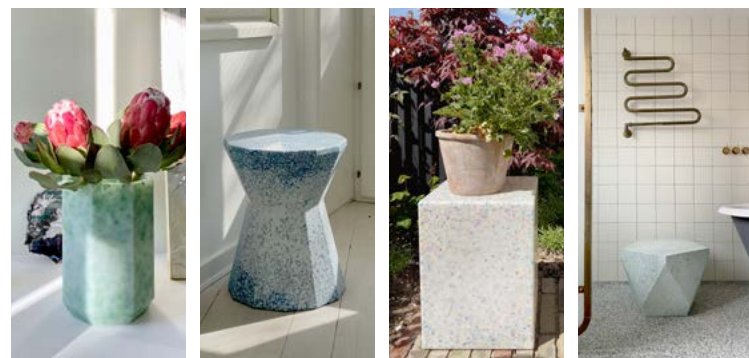
**Products made from Regenerated materials**

In 2022, we have continued to develop regenerate material products. Among our own products we still find Nycopac's pallet lids, which are made of 100% regenerated material, as well as TPI's wind hoods, which are produced from 90% regenerated material and 10% virgin material for UV protection.



**Recycling of plastics**

Products made from recycled plastic have a strong focus in SP Group, where sustainability is an integral part of our business model. SP Group's subsidiary, Dan-Hill-Plast, produces a beautiful product range in recycled plastic for SMALLrevolution. The series that i.a. includes stools, vases and wine coolers, is made from recycled plastic waste of the PE type. The plastic waste is delivered directly from the customer to Dan-Hill-Plast as granules.





### Controlled use of pesticides

SP Group's subsidiary, Ulstrup Plast, produces plastic items that are put together into an advanced field sprayer, which is used for spraying and processing of farm land. By controlling the amount of pesticides, it is possible only to spray where it is needed. This helps farmers increase their yield from the soil and thus their crop. At the same time, it helps minimise the use of pesticides and thus protect the environment and the people working and living in the area. The fact that the components of the agricultural sprayer are made of plastic makes it possible to manufacture the machine at lower costs and with more options than would be the case when using metal.

## Waste and recycling

The increase in the price of raw materials and waste disposal expenses has made SP Group increase its focus on reducing the consumption of raw materials and the waste volume. Consequently, all plants now focus on producing less waste and increasing recycling of plastic materials. Similarly, we seek to repurpose other waste or excess materials from our production, including glass fibre, cardboard and metal.

At SP Moulding's and Ulstrup Plast's factories, this is done by using decentralised grinders on all machines to ensure that excess material from the production of each component is ground immediately and led down a closed system together with the plastic material for the next component. Gibo Plast, MedicoPack, PlexxOpido and SP Medical use central grinders to ensure reuse of excess material in other product components. This practice applies to all SP Group entities. An example of this is 150 tonnes of scrap from MedicoPack's bottle production, which was used by Nyco-pac in 2022 for a high-quality customer product. Tinby and Ergomat have also enhanced process efficiency so that the extent of use has increased and the amount of waste has gone down.

The new waste directive has contributed to an increased focus on waste management and the establishment of up to 19 waste fractions at SP Medical in Poland. In most European locations, sorting into fractions is dependent on local authorities being able to purchase the sorted waste.



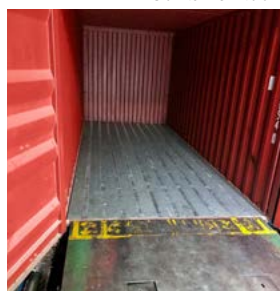
### Plastic waste replaces wood from the rain forest

Since 2013, SP Group has been working on developing a production form which replaces wood from rain forests with plastics from sorted household waste. The recycled plastics can be used for selected product types, thus contributing to a distinctive reduction of the environmental impact – both in the production phase and in connection with the customer's subsequent use and disposal of the product. Gibo tests among other things container floor in CMA CGM containers made from plastics from

Four new waste fractions at Gibo Plast due to the container directive.



Container floor.



household waste. Plastic floors can replace traditional floors, which are primarily made of plywood from tropical rain forests.

### Tableware made from bioplastic

SP Group has produced the TAKE series consisting of plates, bowls, mugs and glasses for the Rosendahl brand in 98% bio-based plastic and a breadbasket of the same material for Kähler for Rosendahl Design Group. The products have been tested and approved for food and put into production in 2022.



## Energy and electricity

The most considerable impact on the environment occurs when SP Group entities consume energy, particularly power, during production. We monitor developments in key consumption indicators at all our plants and thus ensure that we can control and reduce resource consumption and costs on an ongoing basis. By implementing resource-reducing measures, the individual plants contribute to both cost reduction and a positive external environmental impact in their local community.

Our long-term goal is to increase the share of renewable energy so that our entire electricity consumption is covered by that by 2030 at the latest. To achieve this goal, we will invest in additional energy-saving equipment, solar cells systems and certificates in combination with Power Purchase Agreements (PPAs) in the years to come.

For SP Group, it makes good sense to reduce the consumption of energy and electricity, as well as invest in the production of renewable energy. In the operation of our factories, we therefore focus on energy consumption and in 2022 we have had particular focus on reducing the consumption of natural gas for heating furnaces and premises. At the Danish companies MM Composite, Tinby and Gibo Plast, we have converted to district heating, and at other companies heat pumps have been installed. We are planning similar conversions at several locations in 2023 and are also exploring the possibilities of converting natural gas to LPG gas, primarily to secure deliveries.

The rise in energy prices has also led to changes in the use of machinery and premises. For a period of time, Neptun Plast has introduced daily decisions on the use of machines based on the daily price of electricity and has chosen to concentrate production on selected machines for the weekend, where the price of electricity is lower.

The total consumption of energy and electricity is shown in Figure 5. The volume of purchased power decreased by 2% in 2022, but due to a change in product mix, we had a higher consumption of electricity per kg of raw material than in previous years, see Figure 7.

Through conversion to other forms of energy, our consumption of natural gas decreased by 10% in 2022. Our consumption of heating oil for heating is already limited, but was further reduced by 39% in 2022. As a result of our efforts to reduce the consumption of heating oil in recent years, we have achieved a decrease of more than 80% since 2018.

The transition to more environmentally friendly operations also includes our car fleet, which we expanded to 11 electric cars in 2022. We support this development by creating access to charging stations for employees and guests at our factories.

An important part of the transition includes the use of renewable energy, which we achieve partly through the establishment of solar cells systems in our factories and partly through the purchase of certificates. With the investment in solar cells systems on the roofs of our factories in Finland and Poland, we have thus increased the share of solar energy in our total energy consumption. These plants produced almost 300,000 kWh in 2022. Overall, these efforts mean that approximately 79% of our electricity consumption in 2022 was based on green energy, see Figure 6.

We have initiated an expansion of solar energy production in Finland, where Coreplast has purchased 18,200 sqm of land in front of the factory in Finland from Laitila municipality to establish a small solar park on the site. In Slovakia, we will place solar cells on our roofs in 2023. In Denmark, SP Group and three local partners are cooperating to establish a solar park located near SP Moulding's factory in Juelsminde.

Figure 5.a – Total energy consumption 2018-2022 (MWh)

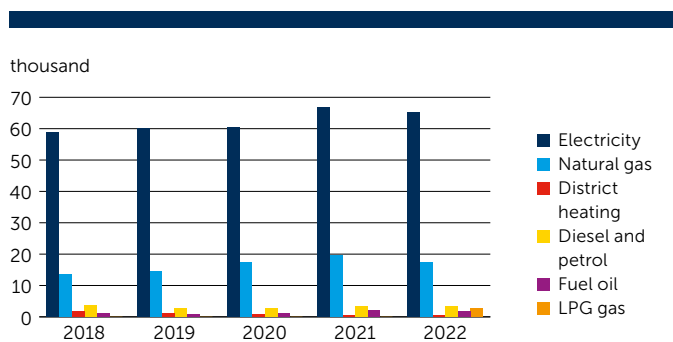


Figure 5.b – Relative distribution of energy consumption 2018-2022 (%)

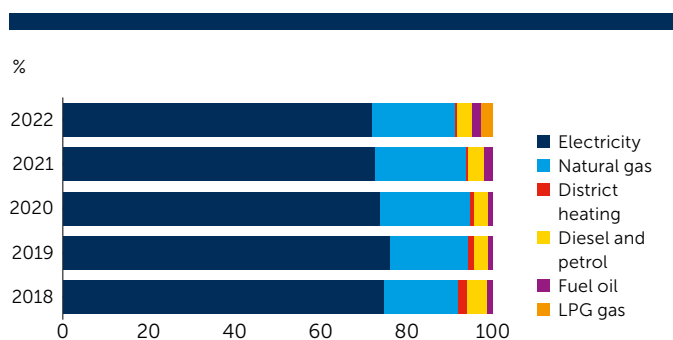


Figure 6 – Electricity consumption 2018-2022 (kWh)

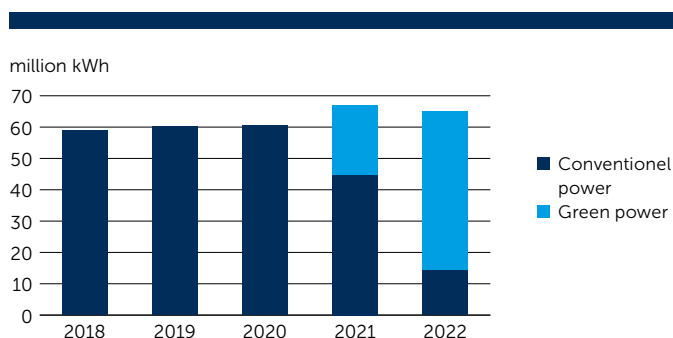
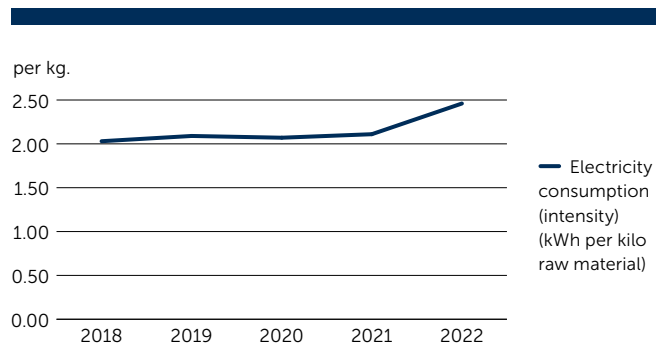


Figure 7 – Electricity consumption (intensity) 2018-2022 (kWh)



Solar park Juelsminde

In cooperation with the companies Palsgaard A/S, Jual Group A/S and Aarstiderne A/S, SP Group has founded the company Juelsmindehålvøens Solar A/S. Together we want to establish and operate a solar park on the Juelsmindehålvøen in Hedensted municipality. The plant will be able to supply 60 GWh per year, which corresponds to the power consumption of more than 15,000 households or the four companies' aggregated power consumption in Denmark.

Together, the four companies represent approx. 1,100 jobs on the Juelsmindehålvøen, and the project will thus imply that a large share of the local private jobs will become CO<sub>2</sub> neutral using locally produced green power.

The planned solar park will also create green recreational areas for residents and visitors in the immediate area. The plant will be positioned in such a way as to be a little visible as possible and planting on the brink will be established to promote biodiversity. The other areas will be used as rangeland for ecological sheep from Barritskov Landbrug. The project still awaits approval by the authorities.

Electric cars

2022 was the year we supplemented our fleet with 6 electric cars, bringing it to 11 electric cars, and expanded the possibilities of charging electric cars at our factories. At our locations in Europe, China and the USA, there are now charging stations at 15 locations that can be used by guests and employees with electric cars or plug-in hybrids. Our fleet also consists of 10 hybrid cars, 8 of which are plug-in hybrids.



**Efficient insulation**

SP Group's subsidiary, Tinby, manufactures PUR and PIR insulation material for buildings and vehicles with extremely good Lambda values. This ensures more effective insulation and, consequently, lower energy consumption.

**CO<sub>2</sub>e emissions**

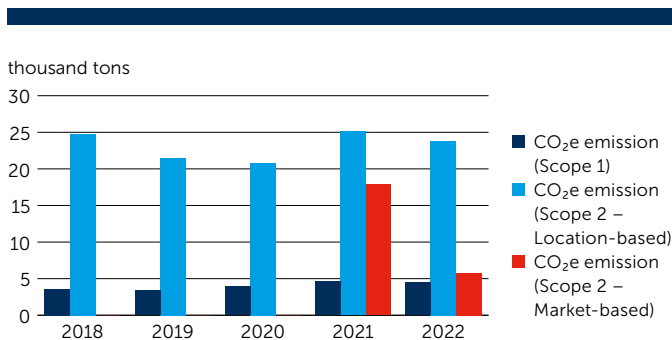
Although SP Group's direct CO<sub>2</sub>e emissions are modest, here too we seek to further influence the positive environmental effect by purchasing certificates on the electricity we use and by installing solar cells in our factories.

The achieved reduction in our total energy consumption in 2022 is reflected in lower carbon emissions in both Scope 1 and 2 (Location-based). Figure 8 also shows that our emissions according to market-based calculations have been reduced by means of energy certificates for consumption at our factories in Denmark, Poland and Slovakia.

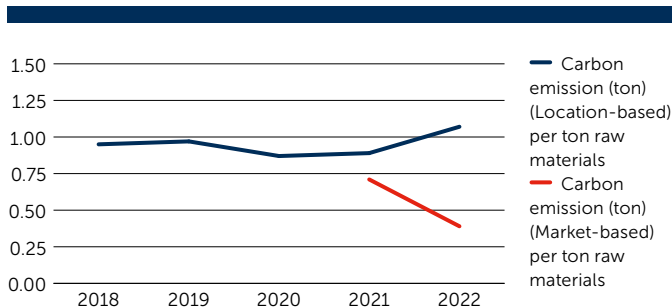
In recent years, we have managed to keep the amount of CO<sub>2</sub>e emissions (Location-based) below 1 kg CO<sub>2</sub>e per kg of raw materials, but have a slight increase in 2022. This is due to a decrease in raw material consumption in the production and process mix associated with the different manufacturing methods. The intensity of our market-based emissions, on the other hand, has been reduced by 45% and shows the effect of the energy certificates purchased in Denmark, Slovenia and Poland. See Figure 9.

SP Group has set a strategic goal of being carbon neutral by 2030 in Scope 1 and 2, which we will support by, among other things, setting up our own solar cells, establishing a solar park, investing in wind turbines and purchasing certificates for energy from renewable sources.

**Figure 8 – CO<sub>2</sub>e emission from energy consumption 2018-2022 (Scopes 1 and 2)**



**Figure 9 – CO<sub>2</sub>e emission from energy consumption (intensity) 2018-2022 (Scopes 1 and 2)**



**Purchase of green power**

To support the transition to renewable energy, our entire consumption in Poland was covered by certificates in 2021. This practice has been expanded for companies in Denmark and for Ulstrup Plast in Slovakia in 2022, where we have received a certificate documenting that the power comes from renewable energy sources. In Poland, the renewable energy certificate provider is based on Veolia Energy Contracting Poland, which guarantees the energy source, and the certificate is issued by Poland's Energy Regulatory Office. In Slovakia, the certificate is guaranteed by ÚRSO and OKTEI. In Denmark, certificates are managed by Energinet.dk.



**Fighting sulphuric acid pollution**

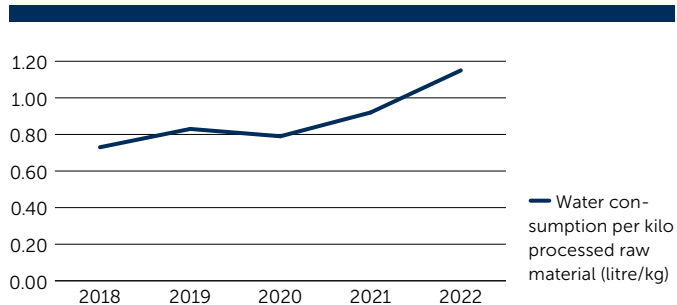
Environmentally improving industrial processes can be achieved by using fluorinated coatings as corrosion protection, e.g. in flue gas cleaning plants in coal-fired power plants. Here, the acidic rainwater can be avoided, while other surface coatings with fluoroplastics can contribute to savings on the consumption of detergents and solvents as well as water.

SP Group's subsidiary Accoat contributes to this by coating components used to control sulphuric acid pollution from the burning of coal in power plants. In addition, Accoat, Gibo Plast, Dan-Hill-Plast, SP Moulding, Bröderna Bourghardt, Tinby and MM Composite manufacture parts for the cleantech industry.

**Water consumption**

SP Group monitors the water consumption for production and continuously strives to reduce it. This year, we have noted an increase in our consumption of water. The intensity of litres of water per kg of processed raw material has increased due to the decrease in the sale of composite materials, see Figure 10.

**Figure 10 – Water consumption (intensity) 2018-2022**







### Sewage treatment

Gibo Plast manufactures bio components for biological cleaning plants so that waste water does not pollute streams and the oceans.

#### Fighting ocean plastic pollution

SP Medical, SP Moulding, MedicoPack, Gibo Plast and Ulstrup Plast have signed up for Operation Clean Sweep, which is an international initiative developed by The Society of the Plastics Industry and The American Chemistry Council. The objective of Operation Clean Sweep is to fight plastic waste in our oceans.

Fenders from Dan-Hill-Plast A/S are used to keep afloat nets in connection with the collection of plastic waste in our oceans.  
Source: The Ocean Cleanup



## ESG Social responsibility

### Working conditions

It is important for SP Group to carry on our activities in a responsible manner regardless of where in the world our business activities are located. We strive to ensure basic employee rights and safe, respectful and developing working days for the individual employee. We do this because we believe that it creates value both for the individual and for our company.

We have a special focus on ensuring healthy working conditions and access to education for all our employees. The framework for the effort is that everyone can participate. Active efforts for diversity and equal opportunities for all groups are therefore very important to us.

Our social efforts also reach out to the local areas where we have activities. Through our presence in 12 countries in 3 continents, SP Group creates workplaces and promotes local culture. This enables economic growth and a good standard of living for our employees and their families.

As an industrial company, we can best promote sustainable industrial processes and innovation through our own day-to-day practice. In general, we constantly seek to innovate and make our production processes more efficient for the benefit of both employees and customers but also to develop new products contributing to improved working conditions, e.g. ergonomic mats, marking stripes and social distancing signs.

We base our efforts on national and international rules and rights for employees and locally take the measures that are needed to put the requirements into practice.

#### CSR Policy - working conditions

In SP Group, we always provide our employees with healthy and safe workplaces, and we respect their right to equal and fair working conditions in accordance with the principles of the UN Global Compact.

We comply with both national and local legislation and thus also acknowledge our employees' right to freedom of association, collective bargaining, rest and time off, equal pay for women and men, anti-discrimination, maternity/paternity leave and equal employment and career opportunities.

We ensure our employees good employment conditions, e.g. by following current legislation and collective agreements in our areas in relation to salary and other terms of employment. In addition, we strive to ensure that our employees are offered development opportunities at work, e.g. through continuing education and training. We strive to ensure a safe and healthy working environment for our employees. That is why we provide our employees with protective equipment and training so that they are able – and will be obliged – to perform their work tasks safely.

We do not tolerate forced or child labour in any type or form. If we engage youth workers aged 15-18, they are not allowed to perform dangerous work or night work. Moreover, we protect our employees against any type of corporal punishment, psychological and/or physical coercion and harassment.



## Risk

SP Group's risk in relation to working conditions is related to the safety and health of the working environment as a result of harmful effects from machinery, equipment and chemicals. We handle the risk by only purchasing machinery and equipment that is safe.

Our annual risk assessment covers employment conditions, personal development, health & safety and language understanding due to several nationalities in the same workplace.

Because of our presence in many countries and cultures, there is also a risk that employees of different nationalities do not speak and understand the same language. This creates a risk that some employees do not feel included and instructed to be able to do the job correctly. All workplaces are therefore risk assessed and incidents are prevented by means of guidance, technical aids and the provision of personal protective equipment. ISO 45001 certifications as well as ongoing training and post-employment laws and collective agreements as well as rules on working hours, etc. and strives to be an attractive employer.

SP Group regularly investigates whether, in our production or via suppliers, we have a current or potential risk of becoming involved in child labour or forced labour or other types of disregard of basic employee rights. To minimise such risk, we do not employ minors in the Group. All kinds of discrimination whether in working or employment relations are forbidden.

As part of our co-operation with suppliers, we communicate with them on a current basis, while at the same time monitoring that they assume responsibility for respecting employment rights. If a supplier does not meet the requirements of our Supplier Code of Conduct, we can terminate our agreement with the supplier with immediate effect.

SP Group did not receive any information or notifications regarding employment rights violations from external players in 2022. Communications with suppliers and sub-suppliers did not uncover any involvement in employment rights violations either.

## Occupational health and safety management systems

SP Group has established an occupational health and safety management system which documents our efforts in respect of working environment by mapping the working environment and that the environment is handled responsibly. Our efforts to obtain and maintain working environment certifications extend beyond compliance with national legal requirements and international conventions in the working environment area. We thus meet the requirements of ISO certification regarding occupational health and safety management systems and local legislation regarding liability, training, risk assessment, incident investigations, maintenance and inspections. This also includes emergency management, including plan, crisis communication, emergency drills and cooperation with the surrounding community.

By complying with procedures and instructions, we ensure that we work determinedly and systematically on regularly improving the working environment. There is a constant focus on the employees' physical and mental working environment as well as their well-being and safety at work. With our efforts, we aim to reduce sick leave and occupational injuries as well as ensure personal and professional development of the individual employee.

## Wage and working conditions

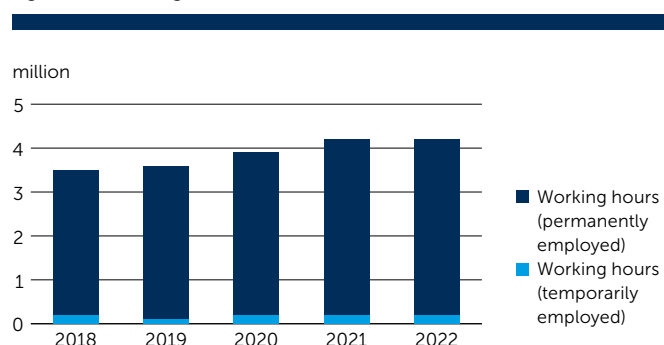
In Denmark, wage and working conditions in our companies are determined in collective agreements resulting from local negotiations. In foreign jurisdictions, employee conditions and rights are primarily laid down

in legislation, codes and regulations. As an employer SP Group observes as a minimum national legislation and collective agreements as well as rules on working hours, etc. and strives to be an attractive employer.

In connection with comprehensive rounds of job cuts, SP Group not only complies with the rules of notice and negotiations with employees, but also seeks to ease the consequences for the employees affected.

The total number of working hours in the Group amounted to 4.2 million hours in 2022 and is thus at the same level as in 2021. The proportion of hours for temporary workers has also been maintained. See Figure 11.

Figure 11 – Working hours 2018-2022



## Freedom of unionisation

All employees in SP Group have the right to freely unionise, express their opinions and participate in or elect people to participate in collective bodies. Employees of the Danish entities appoint representatives for joint consultation committees and working environment committees where they meet with local management.

If independent trade unions are either banned or recommended against in a country, we will facilitate systems where employees can appoint spokespersons for negotiations with Management. We focus in particular on high-risk countries where we ensure that these rights are communicated to all employees in local languages.

## Access to work

An essential element in our work with social responsibility is to create access to work in the countries where we have companies. In Poland, Slovakia, Sweden, Latvia, the USA, Finland and Denmark, our workplaces in peripheral areas bring life to local communities that are otherwise experiencing depopulation. We thus contribute to preserving local communities and reducing urbanisation.

As part of our efforts to create access to jobs, the SP Group companies have made great efforts in 2022 to give refugees from Ukraine access to work. Meditec, SP Moulding and Ulstrup Plast in Denmark and Slovakia as well as our companies in Poland have employed several Ukrainian employees in production. As part of the recruitment process, we have contributed to obtaining work and residence permits for all new workers.



Jobs to employees  
with special needs

SP Group takes social responsibility in the local areas where our factories are located. We do this by collaborating with municipalities, organisations and the job centre on job offers for people with special protection needs.

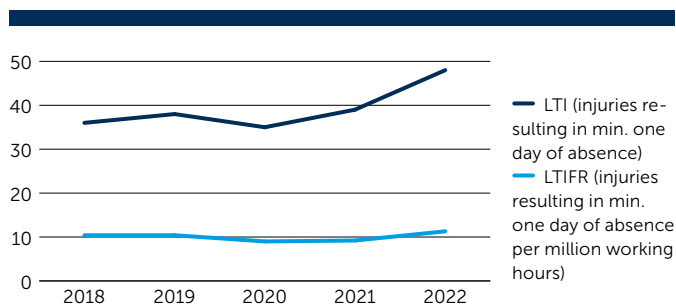
The jobs we offer are on ordinary terms, but with different adaptations, e.g. reduced time, and are located both in production and administration. In 2022, SP Group secured jobs for 40 employees with special needs.

### A safe and healthy working environment

SP Group creates a safe and healthy working environment for our employees. This is done partly through the working environment organisation, partly through policies and concrete initiatives for safety and health at work and partly through occupational health and safety management systems. All work processes are risk assessed to ensure that the work is carried out safely and health-wise. This means, among other things, that where technical solutions do not exist, personal protective equipment is provided to employees, e.g. when using chemicals. Transportation of hazardous substances to and from our factories has been outsourced to professional partners.

The development in accidents at work is shown in Figure 12 and shows an increase from 39 to 48 accidents in 2022. We have not had fatal accidents at work. There has also been a slight increase in the number of injuries, with at least one day's absence per million working hours. Means of preventing accidents going forward are occupational health and safety certifications as well as implementing safety improvements and conducting targeted micro-campaigns to increase employee awareness of safety.

Figure 12 – Work-related accidents 2018-2022



#### Physical health

Ergomat offers a wide range of ground-breaking products that improve people's working day and increase quality of life. Ergomat's ergonomic mats protect joints, muscles and bones and thus prevent shock and vibra-

Employee at Gibo Plast on a mat from Ergomat.



tion injuries. The combination of protecting and stimulating joints, muscles and bones makes the mats a physical high-performance platform for employees with standing work.

### COVID-19 in China

Throughout 2022, our locations in China have been subject to COVID-19 restrictions as the only country. Consequently, our factories have temporarily been shot down and employees have been quarantined at home in accordance with the authorities' instructions.

### Gender equality

At SP Group, we want to play a part in promoting gender equality and reducing inequality. We therefore ensure equal pay for equal work and pay a fair salary to all our employees regardless of where they are employed at our companies.

In order to maintain focus on increasing the proportion of women in management, SP Group has a policy to increase the proportion of the underrepresented gender in management. According to the policy, at least one male and one female candidate must be among the top three candidates for new leadership positions.

#### Policy on women in management

The Board of Directors of SP Group A/S has adopted a policy with the purpose of increasing the ratio of the underrepresented gender at all levels of management and promoting diversity in general. The goal is still to fill managerial positions based on the qualifications needed, while at the same time increasing the ratio of women where possible.

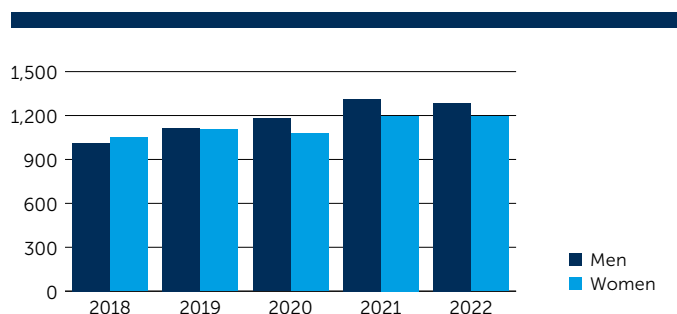


In 2022, we have employed approximately equal numbers of women and men, with a slight overrepresentation of men, which corresponds to the distribution in 2021, see Figure 13.

With 1 woman and 3 men in Group Management, the representation of women was 25%. In the other management levels, there were 26 men and 9 women, corresponding to 26% women. See the distribution for the other management layers on page 41. The proportion of women on the board is 1 in four people and thus 25%. The targets set in our policy on women in management have thus been met in 2022.

SP Group still aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

Figure 13 – Staff composition (end of) 2018-2022



## Diversity

SP Group's long-term goal is that the company and its employees reflect the surrounding society in terms of gender distribution, age, nationality and ethnicity. This makes us an attractive choice for both customers and employees and helps give everyone, regardless of background, the possibility to enter the labour market. In order for the Group to be able to fulfil its business goals in the long term, we see diversity as an important contribution.

In order to best promote diversity in the Board of Directors, the Executive Board and the rest of the management team, we strive to ensure that the members each have the competencies and profiles required for them to contribute optimally to SP Group's development. The Board of Directors wants everyone, regardless of gender, age and nationality, to have equal opportunities.


In order to strengthen future recruitment to the management layers, SP Group offers regular training and skill development of our employees.

SP Group makes an active effort to counteract discrimination. This applies both internally in relation to our employees and externally in our supply chain. In this connection, we also focus on non-discrimination and equal opportunities for everyone.

We did not receive any complaints about discrimination from employees or external players in 2022.

**Policy on diversity**

As an international company we respect differences in culture and tradition, and our relationships are characterised by mutual trust and respect. Therefore, we do not discriminate based on age, gender, race, colour, disability, religion or faith, language, national extraction or social origin, union membership, political opinion or any other discriminatory basis acknowledged by international conventions. We make decisions on employment, employment terms, promotions and remuneration solely based on relevant and objective criteria.



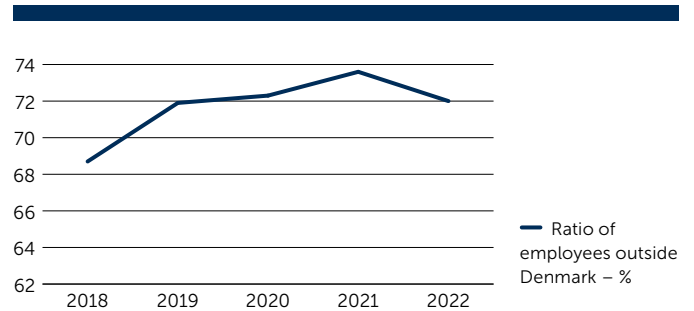
### Different nationalities

Globally, SP Group's workforce increased from 2,380 to 2,485 from 2021-2022, representing an increase of 4.4%. The composition of employees at our companies reflects local demographics, for example at MedicoPack we employ employees with 10 different nationalities. See the table in Figures 15 and 16.

As can be seen from Figure 14, the proportion of employees employed in Denmark during the reporting period has risen to 692, while the number

of workers employed abroad have risen to 1,793 and now make up 72% of the total labour force. The increase in the number of Danish employees is primarily due to the acquisition of Meditec, Bovil and DAVINCI 3D.

**Figure 14 – Employees working abroad (avg.) 2018-2022**



## Access to education

All employees in SP Group have the opportunity to improve their qualifications through continuing and further education. At SP Group, access to continuing education is very important to our employees' job satisfaction and continued development. We therefore offer our employees the opportunity to upskill themselves – also during work hours.

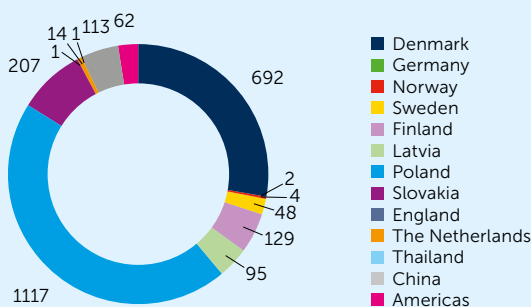
SP Group also applies systematic roll-out of Lean processes to the Group's plants to enable the employees to influence their own working situation as well as processes and workflows.

All employees participate in annual performance and development reviews (MUS) to discuss opportunities and set individual employee goals for training and education and to evaluate the past period.

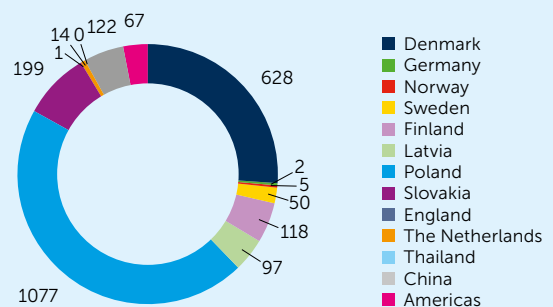
As of 31 December 2022, SP Group had a total of 40 trainees divided into plastics makers, sales and industrial technicians, logistics as well as school and student internships.

In 2023, we will continue the skills development of employees, allowing them to attend to several different tasks. It both increases the flexibility of production and enables employees to develop and make everyday life more varied for the individual. In addition, we will continue to offer apprenticeship, study and internships.

**Figure 15 – Staff breakdown by geography in 2022 (average)**



**Figure 16 – Staff breakdown by geography in 2021 (average)**







April Zhu and Vicky Dong after completing the MBA exam.



Visit at Gibo Plast from HHX upper secondary school in Skjern.



Robert Jaworski from Gibo in Poland training at Dan-Hill-Plast in Denmark.



#### Access to education

Two of our concrete efforts in 2022 included process and plastics technology training at Gibo Plast for our customers' engineers as well as training of employees from Poland at Dan-Hill Plast in order to start up the rotational moulding process in Poland. In China, two of our internal employees have obtained master's degrees in business administration alongside their daily jobs.

#### Access for pupils and students

In 2022, DAVINCI 3D participated in a networking day in collaboration with Billund Erhvervsfremme, where 120 engineering students participated in a study day. Our presence on the study day gave us an opportunity to show them our production process and inspire them to apply for internships or work in the development departments of SP Group and our customers.

We have also had visits from school pupils and students at our factories, where we tell them about educational and work opportunities, thus bridging the gap between theory and practice.

## Human rights

SP Group's products are part of the solution to promote the right of access to health care by ensuring access to high-quality health care anywhere in the world. We contribute i.a. to the goal through our disposable products for medical purposes in developing countries. The price for and availability of the products bring new possibilities to persons exposed due to poverty.

In addition, we are proud that together with our customers we may contribute to better food safety in all parts of the world where products manufactured by the SP Group companies are used.

#### CSR Policy – human rights

SP Group wishes to contribute to the protection of human rights in the countries in which we operate.

Therefore, we strive to promote initiatives that positively affect human rights. In countries where there is a risk of human rights abuse, we will strive to prevent any human rights abuse and take remedial action should we encounter such abuse.

With our products, we are able to contribute to improving the protection of human rights locally and globally.

The impact is mainly achieved through health products that contribute to the quality of health care and products that improve food safety.



## Risk

With increased internationalisation in SP Group, the risk of being involved in activities in countries that do not live up to international human rights conventions or with partners who do not behave responsibly increases. SP Group is thus aware of the current and potential risks that our production, activities and business partners in more than 100 countries around the world may pose in relation to respect for human rights.

Our efforts to prevent and mitigate these risks are dependent on the cooperation with customers regarding development of products and with our suppliers regarding use and handling of raw materials. All suppliers are therefore obligated to comply with a Supplier Code requiring them to respect human rights.

To ensure that the requirements are met, we co-operate and communicate with our suppliers on a current basis, while at the same time monitoring that they assume responsibility in this area. If a supplier does not meet the requirements of our Supplier Code of Conduct, we can terminate our agreement with the supplier with immediate effect. This process has been strengthened by the establishment of the ESG function, which can follow up on all entities in the Group and their cooperative partners.

SP Group did not receive any information or notifications regarding human rights violations from external players in 2022. Communications with suppliers and sub-suppliers did not uncover any involvement in human rights violations either.

At the end of 2022, we initiated a renewed risk assessment of the Group's activities linked to suppliers. The assessment will be carried out in 2023 on the basis of questionnaires and visits to our factories.

## Health promotion

The right to access good quality health care is a goal in all societies. SP Group's products contribute to this by improving the tools used in health care. SP Group's products are thus used in hospitals in connection with operations and as aids in everyday life for people with disabilities or other illnesses. These products are thus part of the solution in ensuring quality in health care treatment all over the world.

A range of ergonomic solutions with mats from Ergomat prevent physical employee attrition in working environments. The mats absorb shocks and protect the body from vibration. At the same time, the mats stimulate muscle activity and improve blood circulation and thus help reduce tiredness.

Health care products accounted for 33.8% of the Group's product portfolio in 2022, and we expect an increase in 2023.



### Fighting diseases

Accoat and SP Medical coat instruments used for operations in hospitals. We thus contribute to ensuring quality of treatment and better survival prospects. SP Medical also manufactures medical devices that contribute to disease control.

#### Access to disposable product for medical use

As a company, we contribute to the global efforts to promote health through equality and equal opportunities by popularising our disposable products for medical use.

#### Secure use of pharmaceuticals

MedicoPack develops and manufactures pharmaceutical packaging and single-use equipment in the area of injection and infusion therapy for the pharmaceutical industry and hospitals. Through constant optimisation and focus on innovation, we help support safe use of medicine for the purpose of preventing and curing diseases and thus improving health globally. The products are disposable, which reduces the risk of infection or contamination as opposed to multiple-use products.

#### Swabs increase patient safety

At Meditec, swabs are manufactured that contribute to great patient safety during testing. The swab was developed within seven months after the first corona lockdown in March 2020. Now that the need for swabs for corona testing is decreasing, the product is being upgraded to a generic sampling kit that can be used for respiratory and venereal diseases, for example.

### Food-related products

Food safety is one of the most significant factors in the efforts to end hunger and to promote health and well-being. SP Group seeks to contribute to this through several of our products. These are products which help to promote efficient food production systems through coatings and components for refrigerating and freezing food.

Several of SP Group's subsidiaries manufacture components included in finished cooling products for storing food and pharmaceuticals in the entire value chain in an energy-efficient manner, thus improving food shelf-life and reducing food waste.

Products for improved food production and cooling are expected to account for an increasing part of revenue in 2023.



### Improvement of food safety

Through our products, SP Group contributes to promoting food security and sustainable agricultural production. Accoat makes non-stick, low-friction coatings on machinery for food production and pharmaceuticals and thus ensures more efficient production and reduction of refuse.

## ESG Corporate Governance

For SP Group, the operation of a healthy business requires good corporate governance. For us, this is closely linked to requirements for accountability, ethics and decency. As part of our work with sustainability and corporate social responsibility, we focus on integrating standards for anti-corruption, data accountability and tax payment throughout the Group. We have also established a whistle-blower scheme that creates access to point out irregularities in our activities for both internal and external stakeholders.

It is crucial for the trust in SP Group among our customers, partners, employees and other stakeholders that our efforts are anchored in everyday life and are embedded in our interaction with them. We have therefore adopted policies that set goals and frameworks for the initiatives, and place roles and responsibilities for putting the principles into practice.

### Risk

SP Group carries on activities in parts of the world where corruption and bribery attempts are an everyday occurrence. For instance, parts of the Group are now and then met with requests for secret commission or the like.

Based on maturity analysis of corporate governance conducted among 28 respondents in 2022, we will focus in 2023 on fully implementing our whistle-blower scheme, CSR policy and Code of Conduct and implementing anti-corruption training programme. We are also strengthening our corporate due diligence process to make ESG maturity sustainable.

The risk picture in relation to data responsibility is particularly affected by the current threat from cybercriminals of placing ransom ware on our IT systems. We manage the risk by systematically monitoring the IT systems we use and by training employees in IT security and personal data protection.

Production of swabs at Meditec.



## Anti-corruption

SP Group operates responsibly and with high integrity. This means that we have zero tolerance for all forms of corruption and bribery, both at home and at our suppliers.

Our precautionary measures are therefore targeted at our employees, who we guide and support in handling corruption through regulation and training. In terms of our external relations who act as representatives of SP Group or are included in our business activities as suppliers, customers or other business partners, we emphasise our approach to corruption through our Code of Conduct, contracts and dialogue.

### CSR Policy – Anti-corruption

In all our external relations, we wish to maintain a high level of integrity and accountability, and we do not engage in any form of corruption, including extortion, bribery, embezzlement, fraud, lubrication, nepotism, cartelization or conflict of interests. We refrain from offering, promising or giving any kind of bribes in order to wrongfully influence public-sector employees, judges or business relations. We also refrain from taking, accepting or engaging in any kind of bribes. Thus, we ensure compliance with relevant international standards and conventions.

Moreover, we always observe applicable international trade embargoes. We do not condone anti-competitive behaviour and all relevant financial information is disclosed and validated in accordance with Danish legislation. Our agents, intermediaries, consultants or other persons acting on our behalf are also subject to the obligation not to engage in any type of corruption or bribery.

The obligation to abstain from engaging in corruption or bribery also applies to our suppliers and other parties acting on behalf of SP Group.



## Obligations for suppliers and employees

To reduce the occurrence of corruption and bribery, all suppliers commit to comply with the Group's anti-corruption requirements when entering into contracts.

Employees in all parts of the Group are obligated to comply with our anti-corruption policy, which instructs all employees in countering corruption and guides them on how to handle situations involving corruption.

To ensure that our employees and other persons representing SP Group do not engage in corruption, we have developed a learning programme. The programme contributes to ensuring a high knowledge level in respect of bribery, receipt of gifts, events, etc., and provides our employees with insight into the rules on anti-corruption. It further helps them understand when they are at risk of becoming engaged in corruption and what their scope for action is.

SP Group did not receive any reporting on corruption and bribery incidents in 2022.

## Data responsibility

To SP Group it is very important that our application of IT systems and personal data is made in a responsible way. Protection of personal data regarding employees and customers builds confidence in us as a workplace and supplier. We therefore ensure that all companies in SP Group process personal data regarding employees and customers in accordance with applicable legislation on the protection of personal data and IT security requirements. Our requirements for business practice means that we include principles of data ethics, when we initiate new data processing.

The IT and personal data security function in SP Group aims at strengthening and validating the efforts in the area. This relates to both SP Group's own companies and IT networks and to future acquisitions. General policies have been drawn up describing how subsidiaries are to act in relation to the protection of personal data and IT security. Once a year, an overall status report is prepared for SP Group's Board of Directors.

### Policy on data ethics

SP Group ensures responsible use of IT systems and personal data through effective personal data protection, robust IT systems and data ethical considerations regarding data use.

The work with data ethics is based on five data ethical principles, which are based on the approach that people must be put at the centre and experience that they have control over their data, that the use of personal data must be transparent, and that data processing must be carried out responsibly and contribute to respect for dignity and equality.



All subsidiaries and IT networks in SP Group have been reviewed by the IT Security Manager to ensure compliance with the IT Security Policy, and action plans have been prepared in case any deviations are identified. The protection of personal data and data ethics policy is implemented locally, possibly in collaboration with local advisers.

In 2022, no business-critical IT security breaches or data breaches have been registered that have been reported to the Danish Data Protection Agency.

## Tax authorities

As a company and a workplace, SP Group considers itself a significant player in society being able to affect the communities that we are a part of and contribute to their development. We do this through efforts that benefit both our business and society.

SP Group pays income tax in all the countries in which we operate and thus contributes to the preservation and further development of the communities and markets that we are a part of. Our tax policy reflects the Group's general code of ethics and demonstrates that we, as a listed company, are obligated to contribute to the community in which we are included within the legal framework.

The Group's tax payment for 2022 is specified by country and is included in note 13 to the consolidated financial statements. In 2022, SP Group paid a total of DKK 49.6 million in corporation tax. Payment of corporation tax in the individual countries is disclosed in Figure 17.

The total tax charge for the employees in SP Group amounted to approx. DKK 171.9 million in 2022.

**Policy on tax**

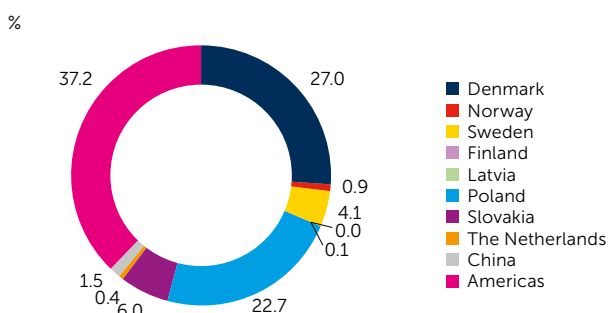
The Group's approach is to manage the Group's global tax matters in a way that is in accordance with the Group's long-standing values and code of ethics. Management should be planned in accordance with the below principles:



- A) Questions relating to tax and VAT are handled proactively by having a clear structure for internal, robust business models, controls and processes and an open dialogue with the tax authorities
- B) The Group's tax and duties statements are reported correctly to the tax authorities in accordance with legislation and are paid on time
- C) All tax planning is based on commercial activities
- D) Statements from professional reputed and independent external advisers are obtained in case the treatment of taxes and VAT is subject to uncertainty or the tax amount is significant.

The Group's intra-group cross-border revenue is significant. Intra-group transactions are made on an arm's length basis so that income is recognised where earnings are made. Consequently, the Group has prepared a Transfer Pricing Defence File.

**Figure 17 – Corporation tax 2022 (%)**



**Whistle-blower scheme**

SP Group and all subsidiaries and group entities strive for a business environment that promotes and upholds a high degree of integrity and responsibility.

In accordance with legislation, the Company has established a whistle-blower scheme that allows anyone with affiliations to SP Group to safely report suspected non-compliance with SP Group's policies and guidelines, laws and regulations as well as other serious irregularities.

Reporting of matters to the whistle-blower scheme is made directly to the chair of SP Group's Audit Committee, who is an independent member of SP Group's Board of Directors elected by the general meeting. Executives and employees of SP Group do not have access to the incident reporting.

Guidance on how to use SP Group's whistle-blower scheme has been communicated to all employees in local languages and is available on the Group's website.

SP Group did not receive any incident reports under the whistle-blower scheme from either internal or external players in 2022.

**Reporting principles**

SP Group's overall efforts for social responsibility and sustainability are based on the UN's Sustainable Development Goals and the UN Global Compact principles on human rights, labour rights, climate and environment as well as anti-corruption.

Given SP Group's accession to the UN Global Compact in 2020, the entire Group was covered by reporting and thus builds on the work with the Global Compact principles initiated by the subsidiaries SP Moulding and Acccoat in 2012 and 2017, respectively.

We use the indicators from Global Reporting Initiative Standards to measure and state the results obtained for the year and progress made. The overview on page 65 shows the coherence between the applied GRI indicators and NASDAQ's ESG criteria.

The consumption of green power is based on the share of the total consumption of power, which covers wind and solar energy produced from our own power plants as well as certificates in Denmark, Poland and Slovakia.

Consumption figures for diesel and petrol have been estimated for 2018. Waste volumes, handling and disposal have been omitted due to inaccurate data material. The volume of cooling agents used is very limited and therefore not included in the reporting.

For our Scope 2 CO<sub>2</sub>e calculations, both market and location-based calculation methods have been used. Both methods are used within GRI Standards and Greenhouse Gas Protocol. This approach is used to report the most accurate figures for SP Group's CO<sub>2</sub>e emissions, both when it comes to the energy mix that we receive from the providers and when we purchase certificates for renewable energy.

The calculation of carbon emissions is based on emission factors published by relevant governmental organisations and the EU as well as internationally recognised energy reports. The emission factors used to translate electricity consumption by the location-based method have been published for European countries by the European Environment Agency (EEA), for Norway by the Association of Issuing Bodies (AIB), for the United States by the United States Environmental Protection Agency (EPA), for China by Climate Transparency, and for Thailand and Brazil by OurWorldinData. In the market-based method, the emission factors are taken from AIB and Climate Transparency. The majority of location-based and market-based factors is thus based on data from 2021 as this is the most recent date.

The emission factors for fuel oil, natural gas, district heating and LPG diesel/petrol are based on the Danish standard emission factors for 2022 published annually by the Danish Energy Agency. Carbon emissions from diesel and petrol are calculated based on the total consumption figures as the majority of the vehicles are powered by diesel.

The number of employees is calculated in two different ways: for gender equality, the number of employees at the end of the financial year is used and for the geographical distribution of employees, an average consideration is used.

Payroll tax was initially computed for 2020.

The whistle-blower scheme was established in 2019.



## EU Taxonomy Regulation

The majority of SP Group's production is based on purchased raw materials that include plastics, coatings, fibreglass and other products. The use of regenerated material and own plastic residual waste for new production is increasing, but still does not constitute a significant part of total production.

It is therefore SP Group's assessment that the Group's activities are not covered by the EU Taxonomy Regulation, as they are not covered by the activities described in the delegated act of December 2021, in particular point 3.17.

We assesses that the business activities and related capital expenditures associated with our ongoing process to increase the share of recycled plastics are not yet on a scale that contributes significantly to obtaining environmental goals 1 and 2 on climate change mitigation and adaptation in the financial year 2022.

Figure 18 – EU Taxonomy Reporting 2022

	Revenue	OpEx	CapEx
Percentage of activities that are eligible under the Taxonomy	0%	0%	0%
Percentage of activities that are not eligible under the Taxonomy	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Furthermore, it is our assessment that SP Group's other assets and processes associated with significant capital expenditures and operating expenses are not covered by the Taxonomy's reporting requirements.

We have therefore refrained from using the schematic structure specified in the additional rules to the Taxonomy Regulation (Delegated Act 2021/2178).

## Theme overview and international standards

Category	Theme	UNGC Principle	UN SDGS	GRI standard	ESG NASDAQ	Page
<b>Company</b>	Business model	-	-	102	-	49
	Management systems	-	-	102	E7+E8+E9	50, 52, 58
	Internal regulation (Supplier Code of Conduct)	-	-	102	G5	50
	Materiality assessment	-	-	102	-	50
	Risk assessments	-	-	102	-	52, 58, 61, 62
<b>Environment and climate</b>	Raw materials	7+8	12	301	-	52
	Waste and recycling	7+8	12	306	-	54
	Energy and electricity	7+8	7	302	E3+E4+E5	54
	CO <sub>2</sub> e emissions	7+8	13	305	E1+E2	56
	Water	7+8	6	303	E6	56
<b>Social responsibility – working conditions</b>	Wages/salaries and terms and conditions for employment	4+5+6	8	401	S5+S9	58
	Freedom of unionisation	3	8	407	G4	58
	Health and security	1-2	8	403	S7+S8	59
	COVID-19	-	3	403	-	59
	Gender equality	6	5	405	S4	59
	Diversity	6	10	405	-	60
	Access to education	1+2	4	404	-	60
<b>Social responsibility – human rights</b>	Health promotion	1+2	3	403	S8	61
	Food safety	1+2	2	403	-	62
<b>Corporate Governance</b>	Anti-corruption	10	16	205	G6	63
	Data responsibility	1+2	16	-	G7	63
	Reporting principles	-	12	102	G9	64
	Tax	-	16	206	G6	63
	Whistle-blower scheme	-	16	102	G6	64

## ESG data

ESG	Category	Indicator	Unit	2018	2019	2020	2021	2022	
E	Raw materials	Virgin plastic	Kg	15,220,931	15,978,078	15,347,852	16,764,678	15,522,512	
		Regenerated materials	Kg	373,913	412,941	1,465,875	2,609,507	2,774,306	
		Glassfibre	Kg	11,711,282	9,730,540	9,937,401	6,860,301	3,428,861	
		Coating	Kg	61,419	47,375	43,751	50,675	75,872	
		Other (e.g. Iso, Polyol, Telene, Resin) Kilo	Kg	2,068,629	3,003,466	3,837,398	5,314,525	4,710,722	
	Energy	Fuel oil	Litre	178,109	101,865	65,673	57,444	35,188	
		Natural gas	m <sup>3</sup>	1,235,688	1,309,242	1,574,322	1,773,101	1,591,138	
		District heating 10,190	MWh	3,575	2,692	2,616	3,404	3,194	
		Coal	Kg	0	0	0	0	0	
		Diesel/Petrol	Litre	112,876	88,235	108,379	196,085	195,274	
		LPG gas	Kg	0	0	0	0	118,097	
		Electricity	kWh	58,893,152	60,395,863	60,372,241	66,753,410	65,201,596	
		Electricity intensity (processed raw material)	kWh/kg	2.03	2.09	2.07	2.11	2.46	
	CO <sub>2</sub> e	CO <sub>2</sub> e emission (Scope 1)	Tonne	3,560	3,437	3,921	4,567	4,517	
		CO <sub>2</sub> e emission (Scope 2) Location-based	Tonne	24,247	24,467	21,490	23,438	23,777	
		CO <sub>2</sub> e emission (Scope 2) Market-based	Tonne	-	-	-	17,897	5,814	
		CO <sub>2</sub> e intensity (Location-based) (Processed raw material)	Kg/kg	0.95	0.97	0.87	0.89	1.07	
		CO <sub>2</sub> e intensity (Market-based) (Processed raw material)	Kg/kg	-	-	-	0.71	0.39	
	Water	Water consumption	m <sup>3</sup>	21,109	23,800	22,960	28,982	30,534	
		Water consumption intensity (Raw material)	L/kg	0.73	0.83	0.79	0.92	1.15	
	S	Working hours	Working hours (permanently employed)	Hours	3,277,211	3,528,715	3,700,898	3,991,107	3,996,388
			Working hours (temporarily employed)	Hours	92,734	118,235	196,892	226,044	234,042
Working hours incurred (total)			Hours	3,369,945	3,646,950	3,897,790	4,217,151	4,230,431	
Occupational accidents		Fatal accidents	Number	0	0	0	0	0	
		LTI (accidents with at least on day of absence)	Number	36	38	35	39	48	
		LTI-FR (accidents per million working hours)	Number	10.7	10.4	9	9.2	11.3	
Gender distribution		Women	Number	1,048	1,105	1,078	1,196	1,195	
		Men	Number	1,012	1,116	1,181	1,313	1,285	
		Women/Men	%	50.9/49.1	49.8/50.2	47.8/52.2	47.7/52.3	48.2/51.8	
		Women in management	%	17	24	25	32	26	
G	Diversity in the Board of Directors	Women/Men	W/M	1/4	1/4	1/3	1/3	1/3	
	Independency of Board of Directors	Independent members	%	40	40	50	50	50	
	Diversity in Group Management	Number of managers	W/M	0/2	0/2	1/3	1/3	1/3	
	CEO pay ratio	CEO pay/average pay of the Group	Ratio	19.9	20.7	16.9	19.7	19.7	
	Tax	Employees	Mio. DKK	-	-	147.3	168.5	171.9	
		Corporation tax	Mio. DKK	35.5	30.0	40.5	50.0	49.1	
	Whistle-blower	Reportings	Number	-	0	0	0	0	

# Statement by Management

The Board of Directors, the Executive Board and Group Management have today discussed and approved the annual report of SP Group A/S for 2022.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

It is our view that the annual report of SP Group A/S for 2022, file no. SP-Group-31-12-2022.zip in all material respects has been prepared in compliance with the ESEF Regulation.

We recommend that the annual report be approved at the annual general meeting.

Søndersø, 24 March 2023

## Executive Board and Group Management

Frank Gad  
CEO

Søren Ulstrup  
Executive Vice President

Lars Ravn Bering  
Executive Vice President

Tilde Kejlhof  
/Tilde Kejlhof  
Group CFO

## Board of Directors

Hans Wilhelm Schur  
Chair

Erik Preben Holm  
Deputy Chair

Hans-Henrik Eriksen

Bente Overgaard

# Independent auditor's report

## To the shareholders of SP Group A/S

Independent auditor's report on the consolidated financial statements and the parent company financial statements

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of SP Group A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### Appointment of auditor

We were initially appointed as auditor of SP Group A/S on 26 April 2011 for the financial year 2011. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 12 years up until the financial year 2022.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements as a whole.

### Valuation of goodwill

The Group has recognised goodwill totalling DKK 332.1 million in the balance sheet at 31 December 2022. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. No impairment of goodwill was identified in the financial year.

The annual impairment test is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings.

Additional information on goodwill recognised in the year is disclosed in note 15 to the consolidated financial statements.

In connection with our audit, we verified the impairment test prepared by Management, which was performed in accordance with the discounted cash flow model, and assessed whether the assumptions made by Management are substantiated. We assessed whether the calculation model is relevant and assessed the discount factor level and growth rate applied for extrapolation. The expected net cash flows are based on budgets for the years 2023-2025 and a terminal value. We examined budget preparation procedures and compared budgets with the Group's strategic efforts in the individual areas. Further, we examined whether the information on goodwill disclosed in note 15 is adequate relative to applicable accounting standards.

### Statement on the Management's review

Management is responsible for the Management' review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.



## Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards applied or actions taken to eliminate those threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on compliance with the ESEF Regulation

As part of the audit of the consolidated financial statements and the parent company financial statements of SP Group A/S, we have taken actions to express a conclusion on whether the annual report for the financial year 1 January – 31 December 2022, with the file name SP-Group-31-12-2022.zip has been prepared in accordance with the European Commission's Delegated Regulation 2019/815 on the Common Electronic Reporting Format (ESEF Regulation), which contains requirements for the preparation of an annual report in XHTML format as well as iXBRL mark-up of the consolidated financial statements, incl. notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- Preparing the annual report in XHTML format
- Selection and use of appropriate iXBRL tags, including extensions to the ESEF Taxonomy and their anchoring to elements of the Taxonomy, for all financial information required to be tagged based on estimates where necessary
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format
- For the internal control which Management deems necessary to prepare an annual report that complies with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance as to whether the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to express an opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

### Testing whether the annual report has been prepared in XHTML format

- Obtaining an understanding of the Company's procedures for the iXBRL tagging and of the internal control in connection with the mapping process
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements, including notes.
- Assessing whether the use of iXBRL elements from the ESEF Taxonomy and the Company's conception of extensions to the Taxonomy are suitable when relevant elements in ESEF Taxonomy have not been identified
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy, and
- Reconciling the iXBRL tagged data to the audited consolidated financial statements.

It is our view that the annual report for the financial year 1 January – 31 December 2022 with the file no. SP Group-31-12-2022.zip in all material respects has been prepared in compliance with the ESEF Regulation.

Copenhagen, 24 March 2023



Søren Skov Larsen  
State Authorised Public Accountant  
mne26797

EY  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Kenneth Skov Hansen  
State Authorised Public Accountant  
mne32748

# Consolidated financial statements and parent company financial statements

# Income statement

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
6,012	5,978	3	Revenue	2,656,342	2,480,869
0	0	4,7	Production costs	-1,779,289	-1,677,947
<b>6,012</b>	<b>5,978</b>		<b>Contribution margin</b>	<b>877,053</b>	<b>802,922</b>
6,063	10,065	5	Other operating income	3,118	4,901
-6,618	-8,467	6	External expenses	-107,960	-100,178
-21,599	-21,273	6,7,8	Staff costs	-293,766	-284,733
<b>-16,142</b>	<b>-13,697</b>		<b>Profit/loss before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>478,445</b>	<b>422,912</b>
-4,075	-4,184	9	Depreciation, amortisation and impairment losses	-182,315	-153,848
<b>-20,217</b>	<b>-17,881</b>		<b>Profit/loss before net financials (EBIT)</b>	<b>296,130</b>	<b>269,064</b>
63,181	72,439	10	Dividends from subsidiaries	-	-
5,830	7,162	11	Financial income	2,696	10,195
-6,562	-14,769	12	Financial expenses	-30,295	-21,485
<b>42,232</b>	<b>46,951</b>		<b>Profit/loss before tax</b>	<b>268,531</b>	<b>257,774</b>
4,980	4,998	13	Tax for the year	-55,088	-54,557
<b>47,212</b>	<b>51,949</b>		<b>Profit/loss for the year</b>	<b>213,443</b>	<b>203,217</b>
			<b>Attributable to:</b>		
			The Parent Company's shareholders	212,842	202,743
			Non-controlling interests	601	474
				<b>213,443</b>	<b>203,217</b>
			<b>Earnings per share (EPS)</b>		
		14	Earnings per share (DKK)	17.49	16.63
		14	Earnings per share, diluted (DKK)	17.49	16.44
			<b>Proposed distribution of profit/loss</b>		
37,470	37,470		Dividend		
9,742	14,479		Retained earnings		
<b>47,212</b>	<b>51,949</b>				



# Statement of comprehensive income

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
47,212	51,949		<b>Profit/loss for the year</b>	<b>213,443</b>	<b>203,217</b>
			Other comprehensive income:		
			<i>Items that may be reclassified to the income statement:</i>		
0	0		Exchange rate adjustments relating to foreign subsidiaries	-989	20,249
			Value adjustments of hedging instruments:		
0	0		Value adjustments for the year	22,287	-54,021
0	0		Value adjustments transferred to revenue	-2,555	95
0	0	13	Tax on other comprehensive income	-3,749	10,246
<b>0</b>	<b>0</b>		<b>Other comprehensive income</b>	<b>14,994</b>	<b>-23,431</b>
<b>47,212</b>	<b>51,949</b>		<b>Total comprehensive income</b>	<b>228,437</b>	<b>179,786</b>
			<b>Attributable to:</b>		
			The Parent Company's shareholders	227,913	179,330
			Non-controlling interests	524	456
				<b>228,437</b>	<b>179,786</b>

# Balance sheet at 31 December

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
2,060	1,939		Trademarks	1,939	2,060
249	199		Software	7,595	7,078
0	0		Customer files	74,582	50,471
0	0		Goodwill	332,079	242,800
0	0		Completed development projects	35,009	8,363
0	0		Development projects in progress	7,348	27,074
<b>2,309</b>	<b>2,138</b>	15	<b>Intangible assets</b>	<b>458,552</b>	<b>337,846</b>
80,786	80,905	16	Land and buildings	415,363	315,531
640	160	16	Plant and machinery	512,105	435,694
561	595	16	Fixtures and fittings, tools and equipment	44,479	45,202
0	0	16	Leasehold improvements	34,675	30,772
0	0	16	Property, plant and equipment under construction	51,860	61,844
1,129	570	17	Leased assets	234,688	231,365
<b>83,116</b>	<b>82,230</b>		<b>Property, plant and equipment</b>	<b>1,293,170</b>	<b>1,120,408</b>
666,410	739,985	18	Equity investments in subsidiaries	-	-
400	400	19	Equity investments in associates	363	400
0	0		Deposits	1,398	1,221
0	0	28	Deferred tax assets	9,445	10,997
<b>666,810</b>	<b>740,385</b>		<b>Other non-current assets</b>	<b>11,206</b>	<b>12,618</b>
<b>752,235</b>	<b>824,753</b>		<b>Non-current assets</b>	<b>1,762,928</b>	<b>1,470,872</b>
<b>0</b>	<b>0</b>	20	<b>Inventories</b>	<b>739,236</b>	<b>605,097</b>
0	0	21, 22	Trade receivables	314,297	296,024
201,666	357,148		Receivables from subsidiaries	-	-
0	0	22	Contract assets	0	0
17,237	25,255		Corporation tax receivable	6,716	8,535
42	339	23	Other receivables	30,758	48,325
2,156	2,964		Prepayments	14,543	19,001
<b>221,101</b>	<b>385,706</b>		<b>Receivables</b>	<b>366,314</b>	<b>371,885</b>
<b>6,496</b>	<b>0</b>	24	<b>Cash</b>	<b>93,424</b>	<b>82,163</b>
<b>227,597</b>	<b>385,706</b>		<b>Current assets</b>	<b>1,198,974</b>	<b>1,059,145</b>
<b>979,832</b>	<b>1,210,459</b>		<b>Assets</b>	<b>2,961,902</b>	<b>2,530,017</b>

# Balance sheet at 31 December

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
24,980	24,980	25	Share capital	24,980	24,980
5,811	7,854	26	Other reserves	-32,532	-49,646
-113,943	-118,734		Reserve for treasury shares	-118,734	-113,943
413,858	422,198		Retained earnings	1,351,464	1,182,231
37,470	37,470		Dividend proposed for the year	37,470	37,470
<b>368,176</b>	<b>373,768</b>		<b>Equity attributable to the Parent Company's shareholders</b>	<b>1,262,648</b>	<b>1,081,092</b>
-	-		<b>Equity attributable to non-controlling interests</b>	<b>3,454</b>	<b>2,930</b>
<b>368,176</b>	<b>373,768</b>		<b>Equity</b>	<b>1,266,102</b>	<b>1,084,022</b>
232,200	337,039	27	Bank debt	376,451	249,583
46,147	49,288	27	Financial institutions	136,214	81,211
559	70	17,27	Lease liabilities	151,535	126,473
0	21,733	27	Other non-current liabilities other than provisions	54,497	31,520
2,903	3,849	28	Deferred tax liabilities	87,322	70,253
<b>281,809</b>	<b>411,979</b>		<b>Non-current liabilities</b>	<b>806,019</b>	<b>559,040</b>
79,708	126,578	17,27	Current portion of non-current liabilities	217,872	182,309
61,417	33,739		Bank debt	259,950	262,821
0	0	22	Contractual obligations	56,407	58,574
1,071	828	29	Trade payables	192,838	185,432
177,855	246,867		Payables to subsidiaries	-	-
0	0		Corporation tax	9,445	19,302
0	0	30	Provisions	1,376	1,657
9,796	16,700	31	Other payables	151,893	176,860
<b>329,847</b>	<b>424,712</b>		<b>Current liabilities</b>	<b>889,781</b>	<b>886,955</b>
<b>611,656</b>	<b>836,691</b>		<b>Liabilities</b>	<b>1,695,800</b>	<b>1,445,995</b>
<b>979,832</b>	<b>1,210,459</b>		<b>Equity and liabilities</b>	<b>2,961,902</b>	<b>2,530,017</b>

32-33 Collateral and contingent liabilities, etc.

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# Statement of changes in equity

DKK'000	GROUP							
	Share capital	Other reserves	Reserve for treasury shares	Retained earnings	Proposed dividend	Equity attributable to the Parent company's shareholders	Equity attributable to non-controlling interests	Total equity
<b>Equity at 1 January 2021</b>	<b>24,980</b>	<b>-27,546</b>	<b>-62,869</b>	<b>1,007,890</b>	<b>62,450</b>	<b>1,004,905</b>	<b>2,474</b>	<b>1,007,379</b>
Profit/loss for the year	0	0	0	165,273	37,470	202,743	474	203,217
Exchange rate adjustments relating to foreign subsidiaries	0	20,267	0	0	0	20,267	-18	20,249
Value adjustments of financial instruments held to hedge future cash flows	0	-54,021	0	0	0	-54,021	0	-54,021
Value adjustments transferred to revenue	0	95	0	0	0	95	0	95
Tax on other comprehensive income	0	10,246	0	0	0	10,246	0	10,246
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>-23,413</b>	<b>0</b>	<b>165,273</b>	<b>37,470</b>	<b>179,330</b>	<b>456</b>	<b>179,786</b>
Share-based payment	0	1,921	0	0	0	1,921	0	1,921
Share-based payment, exercised arrangements	0	-608	0	608	0	0	0	0
Acquisition of treasury shares	0	0	-111,619	0	0	-111,619	0	-111,619
Sale of treasury shares, warrant programme	0	0	60,545	6,323	0	66,868	0	66,868
Tax on acquisition/sale of treasury shares	0	0	0	998	0	998	0	998
Distribution of dividend	0	0	0	0	-61,311	-61,311	0	-61,311
Distribution of dividend, treasury shares	0	0	0	1,139	-1,139	0	0	0
<b>Other changes in equity</b>	<b>0</b>	<b>1,313</b>	<b>-51,074</b>	<b>9,068</b>	<b>-62,450</b>	<b>-103,143</b>	<b>0</b>	<b>-103,143</b>
<b>Equity at 31 December 2021</b>	<b>24,980</b>	<b>-49,646</b>	<b>-113,943</b>	<b>1,182,231</b>	<b>37,470</b>	<b>1,081,092</b>	<b>2,930</b>	<b>1,084,022</b>
Profit/loss for the year	0	0	0	175,372	37,470	212,842	601	213,443
Exchange rate adjustments relating to foreign subsidiaries	0	-912	0	0	0	-912	-77	-989
Value adjustments of financial instruments held to hedge future cash flows	0	22,287	0	0	0	22,287	0	22,287
Value adjustments transferred to revenue	0	-2,555	0	0	0	-2,555	0	-2,555
Tax on other comprehensive income	0	-3,749	0	0	0	-3,749	0	-3,749
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>15,071</b>	<b>0</b>	<b>175,372</b>	<b>37,470</b>	<b>227,913</b>	<b>524</b>	<b>228,437</b>
Share-based payment	0	3,388	0	0	0	3,388	0	3,388
Share-based payment, exercised arrangements	0	-1,345	0	1,345	0	0	0	0
Acquisition of treasury shares	0	0	-39,247	0	0	-39,247	0	-39,247
Sale of treasury shares, warrant programme	0	0	34,456	-8,487	0	25,969	0	25,969
Tax on acquisition/sale of treasury shares	0	0	0	216	0	216	0	216
Distribution of dividend	0	0	0	0	-36,683	-36,683	0	-36,683
Distribution of dividend, treasury shares	0	0	0	787	-787	0	0	0
<b>Other changes in equity</b>	<b>0</b>	<b>2,043</b>	<b>-4,791</b>	<b>-6,139</b>	<b>-37,470</b>	<b>-46,357</b>	<b>0</b>	<b>-46,357</b>
<b>Equity at 31 December 2022</b>	<b>24,980</b>	<b>-32,532</b>	<b>-118,734</b>	<b>1,351,464</b>	<b>37,470</b>	<b>1,262,648</b>	<b>3,454</b>	<b>1,266,102</b>



# Statement of changes in equity

	PARENT					
DKK'000	Share capital	Other reserves	Reserve for treasury shares	Retained earnings	Proposed dividend	Total equity
<b>Equity at 1 January 2021</b>	<b>24,980</b>	<b>4,498</b>	<b>-62,869</b>	<b>395,048</b>	<b>62,450</b>	<b>424,107</b>
Profit/loss for the year	0	0	0	9,742	37,470	47,212
Value adjustments of financial instruments held to hedge future cash flows	0	0	0	0	0	0
Tax on other comprehensive income	0	0	0	0	0	0
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,742</b>	<b>37,470</b>	<b>47,212</b>
Share-based payment	0	1,921	0	0	0	1,921
Share-based payment, exercised arrangements	0	-608	0	608	0	0
Acquisition of treasury shares	0	0	-111,619	0	0	-111,619
Sale of treasury shares, warrant programme	0	0	60,545	6,323	0	66,868
Tax on acquisition/sale of treasury shares	0	0	0	998	0	998
Distribution of dividend	0	0	0	0	-61,311	-61,311
Distribution of dividend, treasury shares	0	0	0	1,139	-1,139	0
<b>Other changes in equity</b>	<b>0</b>	<b>1,313</b>	<b>-51,074</b>	<b>9,068</b>	<b>-62,450</b>	<b>-103,143</b>
<b>Equity at 31 December 2021</b>	<b>24,980</b>	<b>5,811</b>	<b>-113,943</b>	<b>413,858</b>	<b>37,470</b>	<b>368,176</b>
Profit/loss for the year	0	0	0	14,479	37,470	51,949
Value adjustments of financial instruments held to hedge future cash flows	0	0	0	0	0	0
Tax on other comprehensive income	0	0	0	0	0	0
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,479</b>	<b>37,470</b>	<b>51,949</b>
Share-based payment	0	3,388	0	0	0	3,388
Share-based payment, exercised arrangements	0	-1,345	0	1,345	0	0
Acquisition of treasury shares	0	0	-39,247	0	0	-39,247
Sale of treasury shares, warrant programme	0	0	34,456	-8,487	0	25,969
Tax on acquisition/sale of treasury shares	0	0	0	216	0	216
Distribution of dividend	0	0	0	0	-36,683	-36,683
Distribution of dividend, treasury shares	0	0	0	787	-787	0
<b>Other changes in equity</b>	<b>0</b>	<b>2,043</b>	<b>-4,791</b>	<b>-6,139</b>	<b>-37,470</b>	<b>-46,357</b>
<b>Equity at 31 December 2022</b>	<b>24,980</b>	<b>7,854</b>	<b>-118,734</b>	<b>422,198</b>	<b>37,470</b>	<b>373,768</b>

# Cash flow statement

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
-20,217	-17,881		Profit/loss before net financials (EBIT)	296,130	269,064
4,075	4,184		Depreciation, amortisation and impairment losses	182,315	153,848
1,921	3,388		Share-based payment	3,388	1,921
72	-305		Value adjustments, etc.	-936	3,137
-20,593	-80,915	34	Changes in net working capital	-128,159	-131,892
<b>-34,742</b>	<b>-91,529</b>		<b>Cash generated from operations</b>	<b>352,738</b>	<b>296,078</b>
1,705	5,431		Interest income, etc., received	896	313
-6,551	-13,570		Interest expenses, etc., paid	-30,295	-21,485
8,521	-1,859		Corporation tax received/paid	-58,848	-37,205
<b>-31,067</b>	<b>-101,527</b>		<b>Cash flows from operating activities</b>	<b>264,491</b>	<b>237,701</b>
63,181	72,439		Dividends from subsidiaries	-	-
-525	-35,406		Acquisition of entity	-92,258	-17,237
-686	-123		Acquisition of intangible assets	-15,217	-17,930
-330	-2,993		Acquisition of property, plant and equipment	-213,943	-187,974
0	0		Disposal of property, plant and equipment	491	1,211
<b>61,640</b>	<b>33,917</b>		<b>Cash flows from investing activities</b>	<b>-320,927</b>	<b>-221,930</b>
-61,311	-36,683		Dividend distributed	-36,683	-61,311
0	0		Deposits, adjustment	-177	-154
-111,619	-39,247		Acquisition of treasury shares	-39,247	-111,619
66,868	25,969		Sale of treasury shares	25,969	66,868
100,000	229,610		Raising of long-term loans	312,205	103,745
-88,417	-90,298		Repayment of non-current liabilities, ex lease liabilities	-158,364	-135,016
-548	-559		Repayment of lease liabilities	-33,135	-28,436
-952	-27,678		Change in short-term bank debt	-2,871	109,623
<b>-95,979</b>	<b>61,114</b>		<b>Cash flows from financing activities</b>	<b>67,697</b>	<b>-56,300</b>
<b>-65,406</b>	<b>-6,496</b>		<b>Cash flows for the year</b>	<b>11,261</b>	<b>-40,529</b>
71,902	6,496		Cash and cash equivalents at 1 January	82,163	122,692
<b>6,496</b>	<b>0</b>	35	<b>Cash and cash equivalents 31 December</b>	<b>93,424</b>	<b>82,163</b>

The cash flow statement cannot be directly derived from the other components of the financial statements.

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# Notes

## 1. Accounting policies

SP Group A/S is a public limited company with its registered office in Denmark. The annual report for the period 1 January – 31 December 2022 comprises both the consolidated financial statements of SP Group A/S and its subsidiaries (the Group) and separate parent company financial statements.

The consolidated financial statements and parent company financial statement of SP Group A/S for 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the presentation currency for the Group's activities and the Parent Company's functional currency.

The accounting policies described below have been applied consistently to the financial year and the comparative figures. For standards implemented prospectively, comparative figures are not restated.

### Going concern statement

In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board assessed whether presentation of the annual report under the going concern assumption is well-founded. The Board of Directors, the Audit Committee and the Executive Board have concluded that no such factors exist at the statement of financial position date that could raise doubt about the Group's and the Parent Company's ability to continue as a going concern at least until the next statement of financial position date. The conclusion drawn is based on knowledge of the Group and the Parent Company, the estimated outlook and the uncertainties and risks identified in this respect as well as an examination of budgets, including the expected developments in liquidity, capital base, etc., existing credit facilities, including contractual and expected maturity periods, as well as other terms. Thus, it is considered appropriate, reasonable and well-founded to base the financial reporting on the going concern assumption.

### Implementation of new or amended standards and interpretations

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

- Amendments to IAS 37 regarding the statement of costs relating to the performance of a contract when assessing whether it is a loss-making contract.
- Amendments to IFRS 3 regarding references to the financial reporting framework (Conceptual Framework)

None of the above amendments have affected recognition and measurement in 2022 or are expected to affect the Group.

### New accounting regulation

The IASB has issued the following new financial reporting standards and interpretations that are not compulsory for SP Group A/S in preparing the annual report for 2022:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current – Amendment to IAS 1

None of the above standards and interpretations are approved by the EU. The adopted standards and interpretations that have not yet come into effect will be implemented as they become compulsory for SP Group A/S. It has been assessed that none of the above standards and interpretations will have a material effect on recognition and measurement in SP Group A/S.

### Consolidated financial statements

The consolidated financial statements comprise the parent company SP Group A/S (the Company) and subsidiaries controlled by SP Group A/S.

The Group controls another entity if the Group is exposed to or is entitled to variable returns due to its interest in the entity and can impact these returns through its controlling interest in the entity.

When assessing whether the Group exercises control, allowance is made for de facto control and potential voting rights that are real and of substance at the reporting date.

#### Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of SP Group A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

Upon consolidation, intra-group income and expenses, intra-group balances and dividends as well as gains and losses on intra-group transactions are eliminated.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements.

#### Non-controlling interests

On initial recognition, non-controlling interest are either measured at fair value or at their proportionate share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Choice of method is made for each individual transaction. Non-controlling interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. Comprehensive income is allocated to the non-controlling interests, irrespective of whether the non-controlling interest will thus become negative.

Acquisitions and disposals of non-controlling interests in a subsidiary that do not result in loss of control are accounted for in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the Company's share of equity.

#### Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date at which control of the entity is in fact acquired. Divested or wound-up entities are recognised in the consolidated income statement up to the date of the divestment or winding-up.



The divestment date is the date at which control of the entity does in fact pass to a third party.

The purchase method is applied to acquisition of new entities over which the Group obtains control, implying that identifiable assets, liabilities and contingent liabilities of the acquirees are measured at fair value at the acquisition date. However, non-currents assets acquired for the purpose of resale are measured at fair value less anticipated selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute a liability for the acquiree. Allowance is made for the tax effect of revaluations made.

The cost of an entity consists in the fair value of the consideration paid for the acquiree. If the final determination of the consideration is conditional upon one or several future events, these are recognised at fair value at the acquisition date. Expenses which are attributable to the acquisition of the entity are recognised directly in profit/loss when incurred.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as an asset under intangible assets and are tested for impairment at least once a year. The asset is written down to the lower of the carrying amount and the recoverable amount.

For negative differences (negative goodwill), the calculated fair values, the calculated consideration for the entity, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments are reassessed. If the difference is still negative, the difference is recognised as income in the income statement.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. The provisional values may be adjusted, or additional assets or liabilities may be recognised, up to 12 months after the acquisition if any such new information is provided on matters existing at the acquisition date as would have affected the calculation of the values at the acquisition date had the information been known.

Changes in estimates of contingent considerations are generally recognised directly in profit/loss.

#### **Gains or losses from divestment or winding-up of subsidiaries and associates**

Gains or losses from divestment or winding-up of subsidiaries which result in loss of control or significant influence, respectively, are calculated as the difference between, on the one hand, the fair value of the sales proceeds or the settlement price and the fair value of any remaining equity investments and, on the other hand, the carrying amount of net assets at the time of divestment or winding-up, including goodwill, less any non-controlling interests. The calculated gain or loss from such divestment or winding-up is recognised in profit/loss together with accumulated exchange rate adjustments, which were previously recognised in other comprehensive income.

## **Foreign currency translation**

On initial recognition, transactions denominated in other currencies than the individual entity's functional currency are translated at the exchange rates at the transaction date. Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the exchange rates at the transaction date. Non-monetary items that are restated at fair value are translated at the exchange rates at the date of restatement.

When entities that present their financial statements in a functional currency different from DKK are recognised in the consolidated financial statements, such entities' income statement items are translated at average exchange rates on a monthly basis unless such rates vary significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at closing rates. Goodwill is considered to belong to the acquiree in question and is translated at closing rates.

Foreign exchange differences arising on translation of foreign entities' balance sheet items at the beginning of the year at closing rates and on translation of income statement items from average rates to closing rates are recognised in other comprehensive income. Similarly, foreign exchange differences arising from changes made directly in the foreign entity's equity are also recognised in other comprehensive income.

Where foreign subsidiaries are recognised in the consolidated financial statements and where Danish kroner (DKK) is used as the functional currency, but where the financial statements are presented in a functional currency other than DKK, monetary assets and liabilities are translated at the exchange rates at the balance sheet date. Non-monetary assets and liabilities measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items measured at fair value are translated at the exchange rates at the date of the latest fair value adjustment. Income statement items are translated at the average exchange rates of the months unless these differ significantly from the actual exchange rates at the transaction date, except for items deriving from non-monetary assets and liabilities translated at historical rates applicable to the relevant non-monetary assets and liabilities.

## **Derivative financial instruments**

On initial recognition, derivative financial instruments are measured at the fair value at the date of settlement.

Subsequently, derivative financial instruments are measured at the fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised in other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as hedges of the fair value of a recognised asset or a recognised liability are recognised in the income statement

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together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as effective hedges of future transactions are recognised in other comprehensive income. The ineffective part is recognised immediately in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of the cost of the relevant transactions.

Derivative financial instruments not qualifying for designation as hedging instruments are considered trading portfolios and are measured at fair value with recognition of fair value adjustments on an ongoing basis in the income statement under financial income or financial expenses.

## Share-based payment

Share-based incentive schemes under which executive officers may only opt to purchase shares in the Company (equity-settled share-based payment arrangements) are measured at the fair value of the equity instruments at the grant date and are recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity.

On initial recognition of the incentive plan, an estimate is made of the number of shares which the employees are expected to acquire. That estimate is subsequently revised so that the total recognition is based on the actual number of shares acquired.

The fair value of the equity instruments is measured by using the Black-Scholes model with the parameters indicated in note 8.

## Tax authorities

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and directly in equity or other comprehensive income by the portion attributable to entries directly in equity or in other comprehensive income, respectively. Exchange rate adjustments in respect of deferred tax are recognised as part of the deferred tax adjustments for the year.

Current tax payables or receivables are recognised in the balance sheet stated as the estimated tax charge for the year, adjusted for tax paid on account.

When calculating the current tax for the year, the tax rates and tax rules effective at the balance sheet date are used.

Deferred tax is recognised in accordance with the balance-sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, except for deferred tax on all temporary differences arising on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination and where the temporary difference identified at the time of initial recognition neither affects the profit/loss for the year nor the taxable income.

Deferred tax is recognised on all temporary differences related to equity investments in subsidiaries unless the Company is able to control when

the deferred tax is realised and it is probable that the deferred tax will not crystallise as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured on the basis of the tax rates and tax laws applicable in the relevant countries, which – based on tax laws enacted or substantially enacted at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in the income statement unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at the expected value of their realisation, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the balance sheet date, it is assessed whether taxable income sufficient for the deferred tax asset to be utilised is likely to be generated in the future.

The Parent Company is jointly taxed with all of its Danish subsidiaries. The current Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income.

## Discontinued operations and assets classified as held for sale

Discontinued operations comprise material business or geographical segments already sold or planned to be held for sale.

Results from discontinued operations are presented in the income statement as a separate item consisting of the profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets and groups of assets held for sale are presented separately in the balance sheet as current assets. Liabilities directly related to the relevant assets are presented as current liabilities in the balance sheet.

Assets held for sale are not depreciated, but are written down to the lower of fair value less estimated selling costs and the carrying amount.

## Income statement

### Revenue

The Group's revenue comprises sale of moulded plastic and composite components and coatings on plastic and metal components. To a minor extent, the Group also performs customised moulds and validation tasks.

The Group's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales agreement comprises several performance obligations, the total selling price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognised when control over the individual identifiable performance obligation is transferred to the customer.

The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

The part of the total remuneration that is variable, for example in the form of discounts, bonus payments, penalty payments, etc., is only recognised in revenue when it is reasonably certain that no subsequent reimbursement thereof will occur, for example due to lack of fulfilment.

#### **Sale of goods**

Sale of goods for resale and finished goods comprises sale of moulded plastic and composite components as well as coatings on plastic and metal components and is recognised in revenue when control over the individual identifiable performance obligation in the sales agreement is transferred to the customer, which takes place at the time of delivery according to the sales conditions. Even though a sales agreement regarding sale of finished goods and goods for resale often contains several performance obligations, they are treated as one performance obligation as delivery typically takes place at the same time.

#### **Construction contracts**

Construction contracts comprise moulds and validations with a high degree of customisation. The construction contracts typically comprise one performance obligation, which is recognised in revenue on an ongoing basis as production is carried out. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

The ongoing transfer of control over the work performed takes place because the nature of the moulds and validations is so special that they cannot be used for other purposes without disproportionate expenses and the customer is obligated to pay for the work performed on an ongoing basis, including a reasonable profit on the work performed.

Recognition is made using input-based accounting methods based on actual costs incurred compared with the total expected costs, as this method is deemed to best reflect the ongoing transfer of control.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised solely at an amount corresponding to the costs incurred if it is probable that they will be recovered.

#### **Payment terms in the Group's sales agreements**

The payment terms in the Group's sales agreements with customers are partly dependent on the underlying performance obligation and partly dependent on the underlying customer relationship.

For sale of goods where control is transferred at a specific point in time, the payment terms will typically be invoice month + 1-3 months.

For sale of construction contracts where control is transferred on an ongoing basis, the payment pattern will typically entail that requests for on-account payments will be made regularly – typically monthly or quarterly – in accordance with an agreed payment profile. The agreed invoicing on account does not necessarily reflect the work performed, which is reflected in the balance sheet as construction contracts under liabilities.

The Group does not enter into sales agreements with a credit period of more than 12 months. Accordingly, the Group does not adjust the agreed contract price with a finance charge. For large projects, security is usually requested in the form of prepayments. For these projects, customers will typically be entitled to withhold part of the total payment until satisfactory functionality in the products sold has been confirmed and accepted by the customer.

#### **Production costs**

Production costs comprise expenses incurred in generating revenue for the year. Commercial entities include cost of sales in production costs, and manufacturing entities include costs of raw materials, consumables and production staff as well as maintenance of the property, plant and equipment and intangible assets applied in the manufacturing process.

#### **Other operating income**

Other operating income comprises income of a secondary nature to the Group's principal activities, including in particular external leases and compensations.

#### **External expenses**

External expenses comprise expenses for sale, advertising, administration, premises, bad debts, etc.

External expenses also include expenses relating to development projects which do not satisfy the criteria for recognition in the balance sheet.

#### **Staff costs**

Staff costs comprise salaries and wages, social security costs, pension contributions, etc., relating to the Company's staff.

#### **Government grants**

Government grants are recognised when it is considered probable that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised proportionally in the income statement over the periods in which the related expenses are recognised. The grants are set off against expenses incurred.

#### **Net financials**

Financial income and expenses comprise interest income and interest expenses, the interest element of finance lease payments, realised and unrealised capital gains and losses on securities, liabilities and transactions denominated in foreign currencies, mortgage amortisation premium or allowance on mortgage debt, etc., as well as surcharges and refunds under the on-account tax scheme.

Interest income and expenses are accrued based on the principal amount and the effective interest rate. The effective interest rate is the discount rate used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount.

Dividends from equity investments are recognised once final title to the dividends has been obtained. This is typically the date at which the general meeting adopts distribution of dividend from the relevant entity.

# Notes

## Balance sheet

### Goodwill

On initial recognition, goodwill is recognised and measured as the difference between, on the one hand, the cost of the acquiree, the value of non-controlling interests in the acquiree and the fair value of previously acquired equity investments and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities; see the description under the section on consolidated financial statements.

When goodwill is recognised, it is allocated to those of the Group's activities that generate separate payments (cash-generating units). The determination of cash-generating units follows the Group's managerial structure, internal financial management and reporting.

Goodwill is not amortised, but is tested for impairment at least annually, see below.

### Other intangible assets

Development projects regarding clearly defined and identifiable products and processes are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and if the development costs of each asset can be reliably measured. Other development costs are expensed in the income statement as incurred.

On initial recognition, development projects are measured at cost. The cost of development projects comprises expenses, including salaries and amortisation, which are directly attributable to the development projects and which are required to complete the project, calculated from the date at which the development project qualifies for recognition as an asset for the first time.

Interest expenses on loans raised to finance the manufacturing of intangible assets are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

Completed development projects are amortised on a straight-line basis over the estimated useful lives of the assets. The period of amortisation is 5-10 years depending on the nature of the development projects.

Development projects are written down to any lower recoverable amount, see below. Development projects in progress are tested for impairment at least annually.

Acquired intellectual property rights in the form of software and customer files are measured at cost less accumulated amortisation and impairment losses.

Depreciation is provided on a straight-line basis over the following expected useful lives:

Trademarks	10 years
Software	3-5 years
Customer files	10 years

Acquired intellectual property rights are written down to any lower recoverable amount, see below.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Cost comprises the acquisition price, expenses directly attributable to the acquisition and expenses to prepare the asset until such time as it is ready to be put into operation. For self-constructed assets, cost comprises expenses directly attributable to the construction of the asset, including materials, components, sub-suppliers and wages. For assets held under finance leases, cost is the lower of the fair value of the asset and the present value of future lease payments. Interest expenses on loans raised to finance the manufacturing of property, plant and equipment are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

The basis of depreciation is cost less the residual value. The residual value is the expected amount that could be obtained if the asset was sold today, net of selling costs, if the asset already had the age and condition which it is expected to have at the end of the useful life. Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately.

Depreciation is provided on a straight-line basis over the following expected useful lives:

Buildings	40 years
Building installations	10 years
Plant and machinery	5-25 years
Fixtures and fittings, tools and equipment	5-10 years
IT equipment	3-5 years

Leasehold improvements are depreciated over the rental period, however not exceeding 10 years.

Solar cell systems are included in production assets and machinery and are depreciated over a period of up to 25 years.

Depreciation methods, useful lives and residual amounts are reassessed annually.

Property, plant and equipment are written down to the lower of the recoverable amount and the carrying amount, see below.

### Leases

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group in this connection obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments.
- Variable payments that change concurrently with changes to an index or an interest rate based on said index or interest rate.
- Payments due subject to a residual value guarantee.

- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Group will exercise.
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.
- The Group recognises all leased assets and service obligations.

The lease liability is measured at amortised cost according to the effective interest method. The lease liability is recalculated when the underlying contractual cash flows change due to changes in an index or interest rate, if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liabilities adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like less discounts or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Leased assets are depreciated over the expected lease term/useful life, which is:

Operating equipment	1-15 years
Primary production properties	5-20 years
Other properties	1-5 years

The Group presents the leased asset and the lease liability separately in the statement of financial position.

#### **Equity investments in subsidiaries in the parent company financial statements**

Equity investments in subsidiaries are measured at cost in the parent company financial statements.

If cost exceeds the recoverable amount of the investments, the equity investments are written down to this lower value, see the section on impairment above. Distribution of dividend in excess of the entity's aggregate earnings since the Company acquired the equity investments is regarded as indication of impairment, see the below paragraph on impairment losses.

In connection with sale of equity investments in subsidiaries, profits or losses are calculated as the difference between the carrying amount of the equity investments sold and the fair value of the sales proceeds.

#### **Equity investments in associates**

Equity investments in associates are measured at cost in the parent company financial statements. Cost includes the consideration measured at fair value plus direct acquisition costs. Where cost exceeds the recoverable amount, write-down is made to this lower value. An impairment test is prepared if the dividends received exceed the proportionate share of the profit/loss for the year or if the carrying amount of the equity investments exceeds the proportionate share of the net assets in the underlying entity.

Equity investments in associates are measured according to the equity method in the consolidated financial statements, whereby equity investments in the balance sheet, based on the Group's accounting policies, are measured at the proportionate share of the companies' net asset value minus or plus the proportionate share of unrealised intra-group gains and losses with the addition of excess capital upon acquisition, including goodwill.

Equity investments in associates are tested for impairment when there is indication of impairment.

Associates with a negative net asset value are measured at zero. If the Group has a legal or constructive obligation to cover a deficit in the associate, the amount is recognised under provisions.

The proportionate share of profits/losses of associates is recognised in the consolidated income statement after elimination of the proportionate share of intra-group gains/losses.

#### **Other non-current assets**

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

#### **Impairment of property, plant and equipment, intangible assets as well as equity investments in subsidiaries**

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as equity investments in subsidiaries are tested at the balance sheet date for indication of impairment. If there is indication of impairment, the recoverable amount of the asset is made up to determine if an impairment loss need be recognised – and at what amount.

The recoverable amount of development projects and goodwill is estimated annually irrespective of whether there is indication of impairment.

If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit in which the assets is included is estimated.

The recoverable amount is calculated as the highest of the fair value of the asset or the cash-generating unit less selling costs and the value in use. When the value in use is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the time value of money, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment has been made in the estimated future cash flows.



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If the recoverable amount of the asset or the cash-generating unit, respectively, is lower than the carrying amount, the carrying amount is written down to the recoverable amount. Impairment losses for a cash-generating unit are allocated so that the carrying amount of any goodwill allocated to the cash-generating unit is reduced first and then any remaining impairment losses are allocated to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit, though the carrying amount of an individual asset is not reduced to an amount lower than its fair value less estimated costs of disposal.

Impairment losses are recognised in the income statement. In case of any subsequent reversals of impairment losses resulting from changes in the assumptions of the estimated recoverable amount, the carrying amount of the asset and the cash-generating unit, respectively, is increased to the adjusted estimate of the recoverable amount, however, not exceeding the carrying amount which the asset or the cash-generating unit would have had if the write-down had not been performed. Impairment losses relating to goodwill are not reversed.

## Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as allocated fixed and variable indirect production costs.

Variable indirect production costs include indirect materials and payroll and are allocated based on precalculations of the goods actually produced. Fixed indirect production costs comprise costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as general costs relating to factory administration and management. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less costs of completion and expenses incurred to effect the sale.

## Receivables

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the statement of financial position based on the expected loss in the useful life of the receivable.

## Impairment of financial assets measured at amortised cost

The simplified expected credit loss model is used for financial assets relating to trade receivables and construction contracts according to which the expected loss over the useful life of the financial asset is recognised immediately in the income statement. The financial asset is monitored continuously according to the Group's risk management until realisation. The impairment loss is estimated based on the expected loss ratio, which is estimated for financial assets by geographic location. The loss ratio is

estimated based on historical data adjusted for estimates over the effect of expected changes in relevant parameters such as financial development, political risks, etc., in the relevant market.

## Contract assets

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess amount is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised under contractual obligations.

Prepayments from customers are recognised under contractual obligations.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

## Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years. Prepayments are measured at cost.

## Dividend

Dividends are recognised as a liability at the date when they are adopted at the general meeting.

## Reserve for treasury shares

Reserve for treasury shares comprises the cost of acquisition of the Company's treasury shares. Dividend from treasury shares and gains and losses on the disposal of treasury shares are taken directly to retained earnings under equity.

## Pension obligations, etc.

Under defined contribution plans, the Group pays fixed contributions to independent pension providers, etc., on an ongoing basis. The contribu-

tions are recognised in the income statement in the period in which the employees have performed the work making them eligible for pension contributions. Due amounts are recognised in the balance sheet as a liability.

#### Financial liabilities

Financial liabilities comprise bank debt, mortgage debt and trade payables, etc.

On initial recognition, financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost using the effective interest method to the effect that the difference between the proceeds and the nominal amount is recognised in the income statement as a financial expense over the term of the loan.

Non-financial liabilities are measured at net realisable value.

#### Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

#### Other payables

Other payables comprise payables to public authorities, holiday pay obligations, etc., and are measured at amortised cost, which usually corresponds to the nominal value.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of entities are shown separately under cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from divestment of entities are recognised up until the date of divestment.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of entities and financial assets as well as acquisition, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the Company's share capital and any related expenses as well as the raising and settle-

ment of loans, instalments on interest-bearing debt, purchase of treasury shares, distribution of dividend and changes to operating credits.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates for the months unless they differ significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates of each day are applied.

Cash and cash equivalents comprise cash at bank and in hand.

# Notes

## Financial highlights

Financial highlight are defined and calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios" and IAS 33 Earnings per share.

### Key figures

The calculation of *earnings per share and diluted earnings per share* is specified in note 14.

*Net working capital (NWC)* is defined as the value of inventories, receivables and other operating current assets less trade payables and other short-term operating liabilities. Cash is not included in net working capital.

*Net interest-bearing debt* is defined as interest-bearing liabilities less interest-bearing assets, including cash.

Ratios	Calculation formula	Ratios reflect
<b>Operating profit/loss, EBITDA margin (%)</b>	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities
<b>Profit margin EBIT margin (%)</b>	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Revenue}}$	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities before net financials
<b>Return on invested capital incl. goodwill (%)</b>	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Average invested capital, incl. goodwill}}$	The return generated by the Company on investors' funds through operating activities
<b>Return on invested capital ex goodwill (%)</b>	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Average invested capital, ex goodwill}}$	The return generated by the Company on investors' funds through operating activities
<b>Return on equity</b>	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Company's ability to generate return to the Company's shareholders when considering the Company's capital base
<b>Financial gearing</b>	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Company's financial gearing expressed as the Company's sensitivity to fluctuations in the interest rate level, etc.
<b>Equity ratio, ex non-controlling interests</b>	$\frac{\text{Equity ratio, ex non-controlling interests} \times 100}{\text{Total assets}}$	The Company's solvency ratio
<b>Equity ratio, incl. non-controlling interests</b>	$\frac{\text{Equity ratio, incl. non-controlling interests} \times 100}{\text{Total assets}}$	The Company's solvency ratio
<b>Equity value per share</b>	$\frac{\text{Equity ratio, ex non-controlling interests}}{\text{Number of shares at year end}}$	The value of equity per share according to the Company's annual report
<b>Cash flow per share</b>	$\frac{\text{Cash flows from operating activities}}{\text{Average number of diluted shares}}$	Cash flows from operating activities generated per share by the Company

## 2. Significant accounting estimates, assumptions and judgements

Several financial statement items cannot be reliably measured, only estimated. Such estimates comprise assessments based on the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the conditions on which the estimate was based or due to additional information, further experience or subsequent events.

### Significant accounting estimates

When applying the accounting policies described in note 1, Management has made accounting estimates of, for example, valuation of goodwill, valuation of development costs, measurement of inventories and measurement of receivables, purchase price allocations in connection with acquisitions, expectations of earn-out payments after acquisitions as well as measurement of equity investments in subsidiaries in the parent company financial statements.

Assumptions and uncertainties relating to significant estimates are described below. Management is not otherwise considered having made accounting estimates that materially affect the annual report, nor are the accounting estimates made considered to be associated with significant uncertainty.

#### Changes in accounting estimates

No significant changes have been made in accounting estimates in the financial year.

#### Significant assumptions and uncertainties

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In this connection, it is necessary to assume a course of events, etc., reflecting Management's assessment of the most likely course of events. When determining the fair value of assets and liabilities the Group has taken into account the potential effect of macro-economic and climate-related issues, if they are significant.

In the annual report for 2022 as well as in annual reports for previous years, the following assumptions and uncertainties should be noted as they have significantly affected the assets and liabilities recognised in the annual report and may require corrections in subsequent financial years if the courses of events assumed are not realised as expected.

#### Recoverable amount of goodwill

An assessment of indication of impairment of recognised goodwill amounts requires a calculation of the values in use of the cash-generating units (CGUs) to which the goodwill amounts are allocated. The

determination of the value in use requires an estimate of the expected future cash flows in each CGU as well as a determination of a reasonable discount rate. The carrying amount of goodwill amounted to DKK 332.1 million at 31 December 2022. For a further description of the applied discount rates, etc., see note 15. The impairment tests performed show that the value in use of the CGUs is significantly higher than the carrying amount of the assets related to the CGUs.

#### Capitalised development projects

An assessment has been made of indications of impairment of development projects based on expectations of future utilisation and earnings potential, including on projects which commercially are at an early stage. The carrying amount of development projects amounts to DKK 42.4 million.

#### Inventories

Individual write-downs of inventories have been made based on turnover rate, defective goods, etc. Estimates in the year have not been subject to major changes.

#### Acquisition of entity

In connection with corporate acquisitions, the acquiree's identifiable assets, liabilities and contingent liabilities must be recognised at fair value in accordance with the acquisition method. The acquiree's core assets are usually goodwill, property, plant and equipment, intangible assets, receivables and inventories. There are no active markets that can be used to determine the fair value of a large part of the acquired assets and liabilities. This is particularly true for acquired intangible assets. The methods typically used are based on the net present value of expected future net cash flows related to the asset, or the cost method, which is based on, e.g., the replacement cost. Therefore, Management makes estimates when determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, determining the fair value can be associated with uncertainty and, potentially, be subject to subsequent adjustment.

The fair value of the identifiable assets, liabilities and contingent liabilities is described in note 42 Acquisition of subsidiaries in 2022, which also shows the methods applied to determine the fair values of the acquisitions made in 2022.

#### Assessment of liabilities in relation to contingent considerations

When acquiring entities, the expected payment of contingent considerations to the seller is recognised as a liability. If expectations change so that the contingent consideration is expected to be paid at another amount than the recognised liability, the adjustment amount must be

# Notes

## 2. Significant accounting estimates, assumptions and judgements (continued)

recognised as revenue/expensed under net financials. In 2022, allocated contingent considerations/purchase price allocations of DKK 1.7 million were recognised as income in relation to acquisition of entities where payment of the final consideration was lower than expected. Remaining contingent considerations amount to DKK 31.0 million. Final calculation of contingent considerations is dependent on the financial performance of the entities acquired in 2023-2025 and is subject to estimates.

### Provisions

Provisions are made based on realised complaints costs and an assessment of the complaints in question.

### Equity investments in subsidiaries in the parent company financial statements

The assessment of the need for impairment write-down of equity investments in subsidiaries requires the determination of values in use of the individual subsidiaries. The determination of the value in use requires an estimate of the expected future cash flows in each subsidiary as well as a determination of a reasonable discount rate. In connection with the valuation, the same discount rate was used as in connection with the impairment test for goodwill. Please see note 15. The tests performed show values exceeding the carrying amount of the individual equity investments.

### Determination of the lease term in leases

The lease term covers the non-cancellable lease term of the lease plus periods covered by an extension option that the Group is reasonably likely to exercise and plus periods covered by a termination option that the Group is reasonably unlikely to exercise.

Some of the Group's leases on properties include options that grant the Group a right to extend the lease for an additional lease term. On initial recognition of the leased asset, the Group assesses whether the extension option is reasonably likely to be exercised. The Group reassesses this estimate in case of significant events or significant changes to circumstances that the Group can control.

### Determination of discount rate in leases

When measuring future lease payments at present value, the Group uses its incremental borrowing rate. When assessing the incremental borrowing rate, the Group has classified its portfolio of leased assets based on the nature of the assets and in particular where the assets are located. The Company's leased assets primarily comprise properties in Eastern Europe and China where interest levels are higher. The average incremental borrowing rate is determined at 5-10% per year.



PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		<b>3. Revenue</b>		
6,012	5,978	Sale of goods	2,653,787	2,480,964
0	0	Sale of the year's production output relating to construction contracts	0	0
0	0	Gains/losses on hedging instruments reclassified from equity via other comprehensive income	2,555	-95
<b>6,012</b>	<b>5,978</b>		<b>2,656,342</b>	<b>2,480,869</b>
		<b>Breakdown of revenue by customer groups</b>		
0	0	Healthcare	897,700	773,300
2,661	1,839	Cleantech	745,900	789,800
0	0	Food-related	366,500	310,600
0	0	Automotive	149,500	141,000
3,351	4,139	Other demanding industries	496,742	466,169
<b>6,012</b>	<b>5,978</b>		<b>2,656,342</b>	<b>2,480,869</b>
		Moreover, reference is made to note 22 and note 40.		
		<b>4. Production costs</b>		
0	0	Cost of sales	1,362,615	1,292,393
0	0	Inventory write-down	1,435	4,243
0	0	Reversed inventory write-downs	-48	-307
0	0	Staff costs	415,287	381,618
<b>0</b>	<b>0</b>		<b>1,779,289</b>	<b>1,677,947</b>
		Reversal of inventory write-downs relates to the disposal of inventories written down.		
		<b>5. Other operating income</b>		
6,063	6,165	Rent	1,143	1,955
0	0	Gain on sale of non-current assets	807	811
0	3,900	Group management fee	0	0
0	0	Government grants, etc.	1,168	2,135
<b>6,063</b>	<b>10,065</b>		<b>3,118</b>	<b>4,901</b>
		<b>6. Development costs</b>		
0	0	Research and development costs incurred	11,836	13,869
0	0	Amount capitalised for accounting purposes	-11,816	-13,384
<b>0</b>	<b>0</b>	<b>Expensed in the financial year</b>	<b>20</b>	<b>485</b>

Development costs substantially relate to payroll costs.

# Notes

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
<b>7. Staff costs</b>				
17,787	16,046	Wages and salaries	596,867	564,715
469	524	Pension contributions, defined contribution plan	45,832	41,695
86	131	Other social security costs	42,655	38,919
1,345	1,184	Other staff costs	29,855	26,558
1,921	3,388	Share-based payment	3,388	1,921
-9	0	Refunds from public authorities	-9,545	-7,457
<b>21,599</b>	<b>21,273</b>		<b>709,052</b>	<b>666,351</b>
Breakdown of staff costs:				
0	0	Production costs	415,287	381,618
21,599	21,273	Staff costs	293,766	284,733
<b>21,599</b>	<b>21,273</b>		<b>709,052</b>	<b>666,351</b>
<b>9</b>	<b>10</b>	<b>Average number of employees</b>	<b>2,485</b>	<b>2,380</b>

## Remuneration of Management

Breakdown of remuneration of the members of the Parent Company's Board of Directors and Executive Board:

DKK'000	GROUP			
	Board of Directors		Executive Board	
	2022	2021	2022	2021
Remuneration of the Board of Directors	1,550	1,550	-	-
Remuneration, committee members	50	50	-	-
Wages and salaries	0	0	11,304	10,736
Share-based payment	0	0	678	330
	<b>1,600</b>	<b>1,600</b>	<b>11,982</b>	<b>11,066</b>

DKK'000	PARENT			
	Board of Directors		Executive Board	
	2022	2021	2022	2021
Remuneration of the Board of Directors	1,550	1,550	-	-
Remuneration, committee members	50	50	-	-
Wages and salaries	0	0	9,384	8,827
Share-based payment	0	0	678	330
	<b>1,600</b>	<b>1,600</b>	<b>10,062</b>	<b>9,157</b>

The Company has entered into defined contribution plans for the majority of its employees in Denmark.

The Executive Board does not receive any separate pension contributions.

According to the agreements entered into, the Company pays a monthly contribution to independent pension providers.

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
469	524	Expensed contributions to defined pension plans	45,832	41,695

## 8. Share-based payment

### Equity-settled share option plans, Parent Company and Group

To tie the Executive Board and other executive officers more closely to the Group, SP Group A/S has set up the following share-based payment arrangements:

#### Warrant programme 2022

In 2022, the Group set up an incentive programme for the Company's Executive Board and 39 executive officers. The programme is based on warrants. A total of 115,000 warrants were issued in the year, of which 22,500 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 400.00 per share of nominally DKK 2 plus 7.5% p.a., calculated from 1 April 2022 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 24 March 2022. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2025 to 31 March 2028.

The estimated fair value of the warrants issued is calculated at approx. DKK 4,926 thousand on the assumption that the warrants granted will be exercised in April 2025. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	35.3%
Risk-free interest rate	0.33%
Share price (closing price on 24 March 2022)	346

Volatility is calculated based on the Company's share prices in the past twelve months.

#### Warrant programme 2021

In 2021, the Group set up an incentive programme for the Company's Executive Board and 41 executive officers. The programme is based on warrants. A total of 108,750 warrants were issued in the year, of which 22,500 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 400.00 per share of nominally DKK 2 plus 7.5% p.a., calculated from 1 April 2021 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 25 March 2021. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2024 to 31 March 2027.

The estimated fair value of the warrants issued is calculated at approx. DKK 6,355 thousand on the assumption that the warrants granted will be exercised in April 2024. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	39.6%
Risk-free interest rate	0.00%
Share price (closing price on 25 March 2021)	361

Volatility is calculated based on the Company's share prices in the past 36 months.

#### Warrant programme 2020

No warrants were issued in 2020.

#### Warrant programme 2019

In 2019, the Group set up an incentive programme for the Company's Executive Board and 42 executive officers. The programme is based on warrants. A total of 240,000 warrants were issued in the year, of which 30,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 210.00 per share of nominally DKK 2 plus 7.5% p.a., calculated from 1 April 2019 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 27 March 2019. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2022 to 31 March 2025. Alternatively, the Executive Board and the 42 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised on 27 March 2019. The Executive Board and 17 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 1,805 thousand on the assumption that the warrants granted will be exercised in April 2022. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	20.5%
Risk-free interest rate	0.00%
Share price (closing price on 26 March 2019)	196

Volatility is calculated based on the Company's share price in the past 3 months.

#### Warrant programme 2018 (one warrant comprises 5 shares of nom. DKK 2)

In 2018, the Group set up an incentive programme for the Company's Executive Board and 41 executive officers. The programme is based on warrants. A total of 41,500 warrants were issued in the year, of which 5,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 1,250 per share of nominally DKK 10 plus 7.5% p.a., calculated from 1 April 2018 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions immediately before and after the publication of the annual report on 22 March 2018. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2021 to 31 March 2024. Alternatively, the Executive Board and the 41 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised until 30 June 2018. The Executive Board and 16 executive officers decided to exercise this option.

# Notes

The estimated fair value of the warrants issued is calculated at approx. DKK 2,678 thousand on the assumption that the warrants granted will be exercised in April 2021. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	27%
Risk-free interest rate	0.00%
Share price	1,075

Volatility is calculated based on the Company's share prices in the past 3 months.

#### Warrant programme 2017 (one warrant comprises 5 shares of nom. DKK 2)

In 2017, the Group set up an incentive programme for the Company's Executive Board and 37 executive officers. The programme is based on warrants. A total of 70,000 warrants were issued in the year, of which 10,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 775 per share of nominally DKK 10 plus 7.5% p.a., calculated from 1 April 2017 and until the warrants are in fact exercised. The exercise price is fixed based on the listed price immediately before and after the publication of the annual report on 30 March 2017.

The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2020 to 31 March 2023. Alternatively, the Executive Board and the 37 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised until 30 June 2017. The Executive Board and 19 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 730 thousand on the assumption that the warrants granted will be exercised in April 2020. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	16%
Risk-free interest rate	0.48%
Share price	700

Volatility is calculated based on the Company's share prices in the past 3 months.

Due to the 1:5 share split in May 2018, each existing warrant will be entitled to subscription for 5 shares at 20% of the original exercise price. This applies to the grants from 2017 and 2018.

#### Development in the year

The development in outstanding warrants can be specified as follows:

	Number of warrants	Number of warrants	Average exercise price, warrants	Average exercise price, warrants
	2022	2021	2022	2021
Number of shares				
Outstanding warrants at 1 January	463,601	641,237	320	255
Granted in the financial year	115,000	108,750	497	497
Exercised in the financial year	-103,500	-277,075	251	241
Expired/cancelled in the financial year	-9,557	-9,311	-	-
	<b>465,544</b>	<b>463,601</b>	<b>379</b>	<b>320</b>
Exercisable at 31 December	246,066	121,380		

Of the outstanding warrants, 45,000 (2021: 67,500) have been granted to the Executive Board and 420,544 (2021: 396,101) to executive officers. In 2022, 22,500 warrants were issued to the Executive Board, who exercised a total of 45,000 warrants.

The fair values of the warrants issued calculated at the grant date are recognised proportionally in the income statement as staff costs over the period up to the exercise date.

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		<b>Equity-settled share option plans</b>		
		Share-based payment recognised in income statement, equity-settled share option plan		
1,921	3,388		3,388	1,921

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
<b>9. Depreciation, amortisation and impairment losses</b>				
215	294	Amortisation of intangible assets	18,527	13,018
3,860	3,890	Depreciation on property, plant and equipment	163,788	140,830
<b>4,075</b>	<b>4,184</b>		<b>182,315</b>	<b>153,848</b>
<b>10. Dividends from subsidiaries</b>				
63,181	72,439	Dividends from subsidiaries	-	-
<b>63,181</b>	<b>72,439</b>		<b>-</b>	<b>-</b>
<b>11. Financial income</b>				
0	0	Interest, etc.	896	313
1,705	5,431	Interest from group entities	-	-
<b>1,705</b>	<b>5,431</b>	<b>Interest income from financial assets not measured at fair value through profit/loss</b>	<b>896</b>	<b>313</b>
0	0	Exchange rate adjustments	69	5,757
4,125	1,731	Adjustment, contingent purchase consideration/purchase price	1,731	4,125
<b>5,830</b>	<b>7,162</b>		<b>2,696</b>	<b>10,195</b>
<b>12. Financial expenses</b>				
4,768	10,740	Interest, etc.	30,295	21,485
1,794	4,029	Interest to group entities	-	-
<b>6,562</b>	<b>14,769</b>	<b>Interest expenses on financial liabilities not measured at fair value through profit/loss</b>	<b>30,295</b>	<b>21,485</b>
0	0	Value adjustment of hedging transactions	0	0
<b>6,562</b>	<b>14,769</b>		<b>30,295</b>	<b>21,485</b>



## Notes

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		<b>13. Tax for the year</b>		
-4,995	-5,944	Current tax	49,605	50,004
15	946	Changes in deferred tax	5,483	4,553
<b>-4,980</b>	<b>-4,998</b>		<b>55,088</b>	<b>54,557</b>
		The current corporation tax charge for the financial year is calculated based on a tax rate of 22.0% (2021: 22.0%) for Danish entities. For foreign entities, the current tax rate in the country in question is applied.		
		<b>Tax on other changes in equity</b>		
-998	-216	Tax on acquisition/sale of treasury shares	-216	-998
<b>-998</b>	<b>-216</b>		<b>-216</b>	<b>-998</b>
		<b>Tax on other comprehensive income</b>		
0	0	Fair value adjustment of financial instruments held to hedge future cash flows	3,749	-10,246
<b>0</b>	<b>0</b>		<b>3,749</b>	<b>-10,246</b>
		Tax on items recognised in other comprehensive income can be specified as follows:		
0	0	Current tax	786	168
0	0	Changes in deferred tax	2,963	-10,414
<b>0</b>	<b>0</b>		<b>3,749</b>	<b>-10,246</b>
		<b>Reconciliation of tax rate</b>		
22.0	22.0	Danish tax rate	22.0	22.0
0.0	0.0	Effect of differences in tax rates for foreign entities	-0.4	-0.4
0.0	0.1	Effect of adjustments made to previous years	-0.9	0.0
-2.1	-0.8	Effect of contingent consideration recognised as income	-0.1	-0.3
-31.7	-31.9	Effect of permanent differences	-0.1	-0.1
<b>-11.8</b>	<b>10.6</b>	<b>Effective tax rate for the year</b>	<b>20.5</b>	<b>21.2</b>
		The Parent Company's tax rate was materially affected by tax-exempt dividends from subsidiaries in both 2021 and 2022.		
		<b>Breakdown of the computed current tax charge for the year:</b>	<b>2022</b>	<b>2021</b>
		Denmark	13,413	15,069
		Poland	11,268	12,167
		The US	18,460	12,056
		China	755	947
		Latvia	34	55
		Slovakia	2,963	2,791
		Norway	442	401
		Sweden	2,052	3,441
		Finland	4	1,721
		The Netherlands	214	1,356
		Thailand	0	-
			<b>49,605</b>	<b>50,004</b>

DKK'000	GROUP	
	2022	2021
<b>14. Earnings per share</b>		
The calculation of earnings per share is based on the following:		
<b>Profit to the Parent Company's shareholders</b>	<b>212,842</b>	<b>202,743</b>
Number of shares	<b>2022</b>	<b>2021</b>
Average number of shares issued	12,490,000	12,490,000
Average number of treasury shares	-321,663	-298,596
<b>Number of shares used to calculate earnings per share</b>	<b>12,168,337</b>	<b>12,191,404</b>
<b>Average dilution effect of outstanding warrants</b>	<b>2,459</b>	<b>141,657</b>
<b>Number of shares used to calculate diluted earnings per share</b>	<b>12,170,796</b>	<b>12,333,061</b>

447,344 share options (2021: 107,500 options), which are out-of-the-money, but which potentially could dilute earnings per share in future, were excluded from the calculation of diluted earnings per share.

DKK'000	GROUP					
	Trade-marks	Software	Customer files	Goodwill	Completed development projects	Ongoing development projects
<b>15. Intangible assets</b>						
Cost at 1 January 2022	2,396	36,389	85,859	244,661	48,468	27,074
Value adjustment	0	-114	1	859	-14	-70
Reclassification	0	534	0	0	0	0
Additions relating to acquisition of entity	0	0	34,400	88,420	0	0
Additions	123	3,278	0	0	31,472	6,836
Disposals	0	-128	0	0	0	-26,492
<b>Cost at 31 December 2022</b>	<b>2,519</b>	<b>39,959</b>	<b>120,260</b>	<b>333,940</b>	<b>79,926</b>	<b>7,348</b>
Amortisation and impairment losses at 1 January 2022	336	29,311	35,388	1,861	40,105	0
Value adjustment	0	-80	0	0	-17	0
Reclassification	0	66	0	0	0	0
Amortisation for the year	244	3,164	10,290	0	4,829	0
Reversal on disposal	0	-97	0	0	0	0
<b>Amortisation and impairment losses at 31 December 2022</b>	<b>580</b>	<b>32,364</b>	<b>45,678</b>	<b>1,861</b>	<b>44,917</b>	<b>0</b>
<b>Carrying amount at 31 December 2022</b>	<b>1,939</b>	<b>7,595</b>	<b>74,582</b>	<b>332,079</b>	<b>35,009</b>	<b>7,348</b>
Cost at 1 January 2021	1,876	33,391	73,910	220,050	49,001	13,690
Value adjustment	0	-2	0	1,228	77	0
Additions relating to acquisition of entity	0	0	11,032	23,383	0	0
Additions	520	3,113	917	0	0	13,384
Disposals	0	-113	0	0	-610	0
<b>Cost at 31 December 2021</b>	<b>2,396</b>	<b>36,389</b>	<b>85,859</b>	<b>244,661</b>	<b>48,468</b>	<b>27,074</b>
Amortisation and impairment losses at 1 January 2021	121	26,949	27,693	1,861	37,986	0
Value adjustment	0	-7	0	0	77	0
Amortisation for the year	215	2,456	7,695	0	2,652	0
Reversal on disposal	0	-87	0	0	-610	0
<b>Amortisation and impairment losses at 31 December 2021</b>	<b>336</b>	<b>29,311</b>	<b>35,388</b>	<b>1,861</b>	<b>40,105</b>	<b>0</b>
<b>Carrying amount at 31 December 2021</b>	<b>2,060</b>	<b>7,078</b>	<b>50,471</b>	<b>242,800</b>	<b>8,363</b>	<b>27,074</b>

# Notes

DKK'000	PARENT			
	Trademarks		Software	
	2022	2021	2022	2021
<b>15. Intangible assets (continued)</b>				
Cost at 1 January	2,396	1,876	1,301	1,135
Additions	123	520	0	166
Disposals	0	0	0	0
<b>Cost at 31 December</b>	<b>2,519</b>	<b>2,396</b>	<b>1,301</b>	<b>1,301</b>
Amortisation and impairment losses at 1 January	336	121	1,052	1,052
Amortisation for the year	244	215	50	0
Reversal on disposal	0	0	0	0
<b>Amortisation and impairment losses at 31 December</b>	<b>580</b>	<b>336</b>	<b>1,102</b>	<b>1,052</b>
<b>Carrying amount at 31 December</b>	<b>1,939</b>	<b>2,060</b>	<b>199</b>	<b>249</b>

## Goodwill

Goodwill arising from business acquisitions, etc., is distributed at the acquisition date to the cash-generating units that are expected to obtain financial benefits from the business combination.

The carrying amount of goodwill is distributed as follows by cash-generating units:

DKK'000	GROUP	
	2022	2021
Neptun Plast A/S	15,684	15,684
DAVINCI 3D A/S	17,112	0
SP Group (exclusive of Neptun Plast A/S and DAVINCI 3D A/S)	299,283	227,116
	<b>332,079</b>	<b>242,800</b>

Compared to 2021, goodwill regarding Coreplast Laitila Oy (DKK 4,449 thousand) and Jollmax Oy (DKK 7,880 thousand) is aggregated with the cash-generating unit, SP Group (exclusive of Neptun Plast A/S and DAVINCI 3D A/S).

The Group manages and monitors goodwill collectively for SP Group (excluding Neptun Plast A/S and DAVINCI 3D A/S). Neptun Plast A/S and DAVINCI 3D A/S are monitored separately.

## 15. Intangible assets (continued)

### Goodwill

Goodwill is tested for impairment at least annually and if there is indication of impairment. The annual impairment test is usually performed at 31 December.

No impairment losses were recognised in respect of goodwill in 2021 or 2022.

The recoverable amount of the cash-generating units to which the goodwill amounts relate is calculated on the basis of a calculation of value in use. In this relation, the most significant uncertainties are attributable to the determination of discount rates and growth rates as well as sales expectations.

The discount rates determined reflect the market assessments of the time value of money expressed as a risk-free interest rate and the specific risks related to the cash-generating unit.

The fixed sales prices, production costs and growth rates are based on historical experience as well as expectations of future market changes. Revenue from the individual cash-generating units stems from multiple industries and is therefore not particularly dependent on sectors or individual customers.

The calculation of the value in use is based on the cash flows stated in the most recent budget for 2023 approved by Management and forecasts for 2024 and 2025. For financial years after the forecast period, cash flows have been extrapolated for the most recent forecast periods, adjusted for an expected growth rate.

The most significant parameters applied in calculating recoverable amounts are as follows:

DKK'000	2022	2021
Discount rate after tax	8.3%	7.5%
Discount rate before tax	9.9%	9.1%
Growth rate in the terminal period	2.0%	2.0%

The above parameters have been used for all cash-generating units, as it is assessed that there are no material differences in the parameters affecting the value in use in the individual cash-generating units.

### Other intangible assets

Apart from goodwill, all intangible assets are considered to have definite useful lives over which the assets are amortised; see the description of accounting policies.

# Notes

DKK'000	GROUP				
	Land and buildings	Plant and machinery	Other plant, etc.	Leasehold improvements	Property, plant and equipm. under construction
<b>16. Property, plant and equipment</b>					
Cost at 1 January 2022	466,629	1,188,799	161,763	64,809	61,844
Value adjustment	735	-6,407	-490	-948	-312
Reclassification	0	-12	-534	13	0
Transferred from note 17	29,875	27,360	0	0	0
Additions relating to acquisition of entity	22,263	15,577	636	0	0
Additions	62,818	137,807	13,281	9,709	91,670
Disposals	-1,811	-7,009	-1,630	0	-101,342
<b>Cost at 31 December 2022</b>	<b>580,509</b>	<b>1,356,115</b>	<b>173,026</b>	<b>73,583</b>	<b>51,860</b>
Depreciation and impairment losses at 1 January 2022	151,098	753,105	116,561	34,037	0
Value adjustment	-74	-2,775	-308	-587	0
Reclassification	0	-48	26	12	0
Transferred from note 17	1,207	10,684	0	0	0
Depreciation for the year	13,280	89,067	13,493	5,446	0
Reversal on disposal	-365	-6,023	-1,225	0	0
<b>Depreciation and impairment losses at 31 December 2022</b>	<b>165,146</b>	<b>844,010</b>	<b>128,547</b>	<b>38,908</b>	<b>0</b>
<b>Carrying amount at 31 December 2022</b>	<b>415,363</b>	<b>512,105</b>	<b>44,479</b>	<b>34,675</b>	<b>51,860</b>
Cost at 1 January 2021	429,063	1,016,543	141,390	60,526	48,748
Value adjustment	2,035	4,033	545	2,804	1,874
Reclassification	0	12,293	4,392	0	0
Transferred from asset held under a lease	0	32,189	0	0	0
Additions relating to acquisition of entity	4,030	4,654	432	0	0
Additions	31,501	124,917	17,195	3,139	81,325
Disposals	0	-5,830	-2,191	-1,660	-70,103
<b>Cost at 31 December 2021</b>	<b>466,629</b>	<b>1,188,799</b>	<b>161,763</b>	<b>64,809</b>	<b>61,844</b>
Depreciation and impairment losses at 1 January 2021	139,587	653,394	101,723	29,902	0
Value adjustment	95	3,201	397	806	0
Reclassification	0	12,340	4,344	0	0
Transferred from asset held under a lease	0	16,696	0	0	0
Depreciation for the year	11,416	72,900	12,027	4,834	0
Reversal on disposal	0	-5,426	-1,930	-1,505	0
<b>Depreciation and impairment losses at 31 December 2021</b>	<b>151,098</b>	<b>753,105</b>	<b>116,561</b>	<b>34,037</b>	<b>0</b>
<b>Carrying amount at 31 December 2021</b>	<b>315,531</b>	<b>435,694</b>	<b>45,202</b>	<b>30,772</b>	<b>61,844</b>

Agreements regarding the acquisition of machinery for future delivery, approx. DKK 20 million (2021: approx. DKK 30 million).



DKK'000	PARENT			
	Land and buildings	Plant and machinery	Other plant, etc.	Plant under construction
<b>16. Property, plant and equipment (continued)</b>				
Cost at 1 January 2022	112,423	1,680	2,445	0
Additions	2,702	0	291	0
Disposals	0	0	0	0
<b>Cost at 31 December 2022</b>	<b>115,125</b>	<b>1,680</b>	<b>2,736</b>	<b>0</b>
Depreciation and impairment losses at 1 January 2022	31,637	1,040	1,884	0
Depreciation for the year	2,583	480	257	0
Reversal on disposal	0	0	0	0
<b>Depreciation and impairment losses at 31 December 2022</b>	<b>34,220</b>	<b>1,520</b>	<b>2,141</b>	<b>0</b>
<b>Carrying amount at 31 December 2022</b>	<b>80,905</b>	<b>160</b>	<b>595</b>	<b>0</b>
Cost at 1 January 2021	112,179	1,680	2,380	0
Additions	244	0	86	0
Disposals	0	0	-21	0
<b>Cost at 31 December 2021</b>	<b>112,423</b>	<b>1,680</b>	<b>2,445</b>	<b>0</b>
Depreciation and impairment losses at 1 January 2021	29,074	560	1,658	0
Depreciation for the year	2,563	480	247	0
Reversal on disposal	0	0	-21	0
<b>Depreciation and impairment losses at 31 December 2021</b>	<b>31,637</b>	<b>1,040</b>	<b>1,884</b>	<b>0</b>
<b>Carrying amount at 31 December 2021</b>	<b>80,786</b>	<b>640</b>	<b>561</b>	<b>0</b>

# Notes

DKK'000	GROUP			
	Land and buildings	Plant and machinery	Other plant, etc.	Total
<b>17. Leases</b>				
<b>Leased assets</b>				
<b>Balance sheet at 1 January 2022</b>	<b>152,127</b>	<b>70,377</b>	<b>8,861</b>	<b>231,365</b>
Value adjustment	-1,564	0	0	-1,564
Additions	30,904	31,303	2,664	64,871
Additions relating to acquisition of entity	0	16,477	667	17,144
Transferred to note 16	-28,668	-16,676	0	-45,344
Disposals	0	0	0	0
Remeasurement of lease liability	10,718	0	0	10,718
Depreciation for the year	-31,628	-6,663	-4,211	-42,502
<b>Carrying amount at 31 December 2022</b>	<b>131,889</b>	<b>94,818</b>	<b>7,981</b>	<b>234,688</b>
<b>Balance sheet at 1 January 2021</b>	<b>165,536</b>	<b>83,274</b>	<b>9,851</b>	<b>258,661</b>
Value adjustment	2,984	5	0	2,989
Additions	1,913	10,133	3,312	15,358
Additions relating to acquisition of entity	3,752	0	0	3,752
Transferred to note 16	0	-15,493	0	-15,493
Disposals	(477)	0	0	-477
Remeasurement of lease liability	6,229	0	0	6,229
Depreciation for the year	-27,810	-7,542	-4,302	-39,654
<b>Carrying amount at 31 December 2021</b>	<b>152,127</b>	<b>70,377</b>	<b>8,861</b>	<b>231,365</b>

Agreements regarding the acquisition of machinery for future delivery, approx. DKK 20 million (2021: approx. DKK 20 million).

DKK'000	GROUP	
	2022	2021
<b>Lease liabilities – maturity analysis</b>		
Less than 1 year	62,894	77,469
Between 1 and 3 years	89,771	78,241
Between 3 and 5 years	47,887	35,112
Exceeding 5 years	48,334	39,725
<b>Total non-discounted lease liabilities at 31 December</b>	<b>248,886</b>	<b>230,547</b>
<b>Lease liabilities recognised in the balance sheet</b>		
Short-term	60,297	75,709
Long-term	151,535	126,474
	<b>211,832</b>	<b>202,183</b>
<b>Lease liabilities recognised in the income statement</b>		
Interest expenses relating to lease liabilities	7,742	7,226
	<b>7,742</b>	<b>7,226</b>

In 2022, the Group paid DKK 75.2 million (2021: DKK 54.2 million) regarding leases of which interest payments related to recognised lease liabilities totalled DKK 7.7 million (2021: DKK 7.2 million) and repayment of recognised lease liabilities totalled DKK 67.5 million (2021: DKK 47.0 million).

Reference is made to note 2 for a description of the determination of the lease term and discount rate in leases.

	PARENT
DKK'000	Other plant, etc.
<b>17. Leases (continued)</b>	
<b>Leased assets</b>	
<b>Balance sheet at 1 January 2022</b>	<b>1,129</b>
Additions	0
Disposals	0
Remeasurement of lease liability	11
Depreciation for the year	-570
<b>Carrying amount at 31 December 2022</b>	<b>570</b>
<b>Balance sheet at 1 January 2021</b>	<b>1,677</b>
Additions	0
Disposals	0
Remeasurement of lease liability	22
Depreciation for the year	-570
<b>Carrying amount at 31 December 2021</b>	<b>1,129</b>

	PARENT	
DKK'000	2022	2021
<b>Lease liabilities – maturity analysis</b>		
Less than 1 year	510	581
Between 1 and 3 years	73	583
Between 3 and 5 years	0	0
Exceeding 5 years	0	0
<b>Total non-discounted lease liabilities at 31 December</b>	<b>583</b>	<b>1,164</b>
<b>Lease liabilities recognised in the balance sheet</b>		
Short-term	500	570
Long-term	70	559
	<b>570</b>	<b>1,129</b>
<b>Lease liabilities recognised in the income statement</b>		
Interest expenses relating to lease liabilities	11	11
	<b>11</b>	<b>11</b>

In 2022, the Parent Company paid DKK 0.6 million (2021: DKK 0.6 million) regarding leases of which interest payments related to recognised lease liabilities totalled DKK 0.0 million (2021: DKK 0.0 million) and repayment of recognised lease liabilities totalled DKK 0.6 million (2021: DKK 0.6 million).

Reference is made to note 2 for a description of the determination of the lease term and discount rate in leases.

# Notes

DKK'000	PARENT	
	2022	2021
<b>18. Equity investments in subsidiaries</b>		
Cost at 1 January	908,177	908,052
Additions	73,575	125
Disposals	0	0
<b>Cost at 31 December</b>	<b>981,752</b>	<b>908,177</b>
Impairment losses at 1 January	241,767	241,767
Impairment losses for the year	0	0
Reversed impairment write-downs	0	0
<b>Impairment losses at 31 December</b>	<b>241,767</b>	<b>241,767</b>
<b>Carrying amount at 31 December</b>	<b>739,985</b>	<b>666,410</b>

Equity investments in subsidiaries directly owned by the Parent Company comprise:

	Registered office	Ownership interest		Share of voting rights		Activity
		2022	2021	2022	2021	
SP Moulding A/S	Denmark	100%	100%	100%	100%	Production and sale of injection-moulded components
Ulstrup Plast A/S	Denmark	100%	100%	100%	100%	Production and sale of injection-moulded components
Coreplast Laitila Oy	Finland	100%	100%	100%	100%	Production and sale of injection-moulded components
MedicoPack A/S	Denmark	100%	100%	100%	100%	Production and sale of blow-moulded components
Gibo Plast A/S	Denmark	100%	100%	100%	100%	Production and sale of vacuum-formed components
Accoat A/S	Denmark	100%	100%	100%	100%	Production and sale of coatings
Ergomat A/S	Denmark	100%	100%	100%	100%	Production and sale of ergonomics solutions
Tinby A/S	Denmark	100%	100%	100%	100%	Production and sale of polyurethane products
TPI Polytechniek B.V.	The Netherlands	100%	100%	100%	100%	Sale of ventilation components
Brdr. Bourghardt AB	Sweden	100%	100%	100%	100%	Production and sale of Telene products
Baltic Rim SIA	Latvia	100%	100%	100%	100%	Production and sale of Telene products
MM Composite A/S	Denmark	100%	100%	100%	100%	Production and sale of composite products
DAVINCI 3D A/S	Denmark	100%	0%	100%	0%	Production and sale of 3D printed components
Bovil ApS	Denmark	100%	0%	100%	0%	Production and sale of CNC processed components
SP Moulding Denmark A/S	Denmark	100%	100%	100%	100%	Sale of plastic components and technologies
SP Technology ApS	Denmark	100%	100%	100%	100%	Sale of plastic components and technologies
SP R&D A/S	Denmark	100%	100%	100%	100%	Development company
SPG Ejendomme 1 ApS	Denmark	100%	100%	100%	100%	Property company
SPG Ejendomme 2 ApS	Denmark	100%	100%	100%	100%	Property company
SPG Ejendomme 3 ApS	Denmark	100%	100%	100%	100%	Property company
SPG Ejendomme 4 ApS	Denmark	100%	0%	100%	0%	Property company
SPG Ejendomme 5 ApS	Denmark	100%	0%	100%	0%	Property company
SPG Ejendomme 6 ApS	Denmark	100%	0%	100%	0%	Property company

Note 46 includes an overview of all entities in the Group.

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
<b>19. Equity investments in associates</b>				
0	400	Cost at 1 January	400	0
400	0	Additions	0	400
<b>400</b>	<b>400</b>	<b>Cost at 31 December</b>	<b>400</b>	<b>400</b>
0	0	Adjustments at 1 January	0	0
0	0	Exchange rate adjustments	0	0
0	0	Share of profit/loss	-37	0
0	0	Transferred to subsidiary	0	0
<b>0</b>	<b>0</b>	<b>Adjustments at 31 December</b>	<b>-37</b>	<b>0</b>
<b>400</b>	<b>400</b>	<b>Carrying amount at 31 December</b>	<b>363</b>	<b>400</b>
<p>In 2021, SP Group acquired 20% of the shares in the company Juelsmindehalvøens Solar A/S. According to the annual report for 2021, the company generated a loss for the year of DKK 184 thousand and equity came in at DKK 1,816 thousand.</p>				
<b>20. Inventories</b>				
0	0	Raw materials and consumables	336,669	290,894
0	0	Work in progress	73,738	73,105
0	0	Finished goods and goods for resale	328,829	241,098
<b>0</b>	<b>0</b>		<b>739,236</b>	<b>605,097</b>
0	0	Carrying amount of inventories recognised at net realisable value	2,127	1,828
<b>21. Trade receivables</b>				
0	0	Write-downs for the year recognised in the income statement	8	14

Write-down for bad and doubtful debts is determined based on the simplified expected credit loss model.

Please see note 38.



# Notes

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
<b>22. Contract assets</b>				
<b>Contract assets</b>				
0	0	Trade receivables	314,297	296,024
0	0	Construction contracts	0	0
0	0	Refund assets	0	0
0	0	Costs incurred in obtaining construction contracts	0	0
<b>0</b>	<b>0</b>		<b>314,297</b>	<b>296,024</b>
<b>Contractual obligations</b>				
0	0	Construction contracts	0	0
0	0	Prepayments from customers	56,407	58,574
0	0	Refund liabilities	0	0
<b>0</b>	<b>0</b>		<b>56,407</b>	<b>58,574</b>

The number of construction contracts in the Group is limited. Pursuant to IFRS 15.121, the Group has not disclosed unfulfilled terms of delivery as the expected duration of the Group's construction contracts is less than a year.

## 23. Other receivables

Receivables are not associated with any special credit risks, and as in the previous year, no impairment losses have been recognised in that regard. None of the receivables have fallen due. They will fall due in 2023.

## 24. Cash

The Group's and the Parent Company's cash primarily consists of deposits in banks with high credit ratings. Consequently, cash is not considered to be associated with any particular credit risk.

## 25. Share capital

The share capital consists of 12,490,000 shares. The shares are fully paid-up. The shares are not divided into classes. All shares rank equally.

DKK	Shares issued			
	No. of shares		Nom. value	
	2022	2021	2022	2021
1 January	12,490,000	12,490,000	24,980,000	24,980,000
<b>31.12</b>	<b>12,490,000</b>	<b>12,490,000</b>	<b>24,980,000</b>	<b>24,980,000</b>

In June 2020, the capital was increased by nom. DKK 2,200,000 (1,100,000 shares) at price 200, corresponding to total proceeds of DKK 220,000 thousand. In connection with the capital increase, costs of DKK 5,462 thousand were deducted from the proceeds of the capital increase, and subsequently, the proceeds amounted to DKK 214,538 thousand.

DKK	Treasury shares					
	No. of shares		Nom. value		% of share capital	
	2022	2021	2022	2021	2022	2021
1 January	310,761	286,430	621,522	572,860	2.5%	2.3%
Acquired	125,304	301,404	250,608	602,808	1.0%	2.4%
Sold	-103,500	-277,073	-207,000	-554,146	-0.8%	-2.2%
<b>31 December</b>	<b>332,565</b>	<b>310,761</b>	<b>665,130</b>	<b>621,522</b>	<b>2.7%</b>	<b>2.5%</b>

Acquisitions in 2021 and 2022 were made in order to partially fund existing warrant programmes. Sales in 2021 and 2022 relate to the exercise of warrant programmes.

### Capital management

The Group continually assesses the need to adjust its capital structure to weigh the higher yield requirement applicable to equity against the increased uncertainty associated with loan capital. At year-end 2022, equity accounted for 42.7% of total assets (2021: 42.8%). It is the Group's objective to have a solvency ratio of 25-45%. Capital is managed for the Group as a whole.

It is SP Group A/S' policy that the shareholders should yield a return on their investment in the form of price increases and dividend. It is the ambition that earnings per share should increase by an average of 20% annually over a five-year period. Payment of dividends must be made taking into consideration the necessary consolidation of equity as a basis for the Group's continued expansion. For 2022, dividends of DKK 3 per share have been proposed, corresponding to 18% of the profit for the year.

# Notes

DKK'000	GROUP			Total
	Translation reserve	Reserve for share-based payment	Reserve for hedging transactions	
<b>26. Other reserves</b>				
Reserve at 1 January 2021	-32,605	4,498	561	-27,546
Exchange rate adjustment relating to foreign entities	20,267	0	0	20,267
Recognition of share-based payment	0	1,921	0	1,921
Share-based payment, exercised arrangements	0	-608	0	-608
Value adjustments of financial instruments held to hedge future cash flows, net	0	0	-43,680	-43,680
<b>Reserve at 31 December 2021</b>	<b>-12,338</b>	<b>5,811</b>	<b>-43,119</b>	<b>-49,646</b>
Exchange rate adjustment relating to foreign entities	-912	0	0	-912
Recognition of share-based payment	0	3,388	0	3,388
Share-based payment, exercised arrangements	0	-1,345	0	-1,345
Value adjustments of financial instruments held to hedge future cash flows, net	0	0	15,983	15,983
<b>Reserve at 31 December 2022</b>	<b>-13,250</b>	<b>7,854</b>	<b>-27,136</b>	<b>-32,532</b>

DKK'000	PARENT			Total
	Reserve for share-based payment	Reserve for hedging transactions		
Reserve at 1 January 2021	4,498	0		4,498
Recognition of share-based payment	1,921	0		1,921
Share-based payment, exercised arrangements	-608	0		-608
Sale of warrants	0	0		0
Value adjustments of financial instruments held to hedge future cash flows, net	0	0		0
<b>Reserve at 31 December 2021</b>	<b>5,811</b>	<b>0</b>		<b>5,811</b>
Recognition of share-based payment	3,388	0		3,388
Share-based payment, exercised arrangements	-1,345	0		-1,345
Value adjustments of financial instruments held to hedge future cash flows, net	0	0		0
<b>Reserve at 31 December 2022</b>	<b>7,854</b>	<b>0</b>		<b>7,854</b>

The translation reserve comprises all exchange rate adjustments arising on translation of financial statements of entities with a functional currency other than DKK.

The reserve for share-based payment comprises the accumulated value of the vested right to share option plans (equity-settled share option plans) measured at the fair value of the equity instruments at the grant date and recognised over the vesting period. The reserve is dissolved as the employees exercise the vested right to acquire shares or as the options expire without having been exercised.

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows where the hedged transaction has not yet been realised.

DKK'000	GROUP							
	Bank debt		Financial institutions		Lease liabilities		Other non-current liabilities	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>27. Non-current liabilities</b>								
Non-current liabilities fall due as follows:								
Within one year from the balance sheet date	98,104	64,116	27,448	25,238	60,297	75,710	32,023	17,245
Between one and two years from the balance sheet date	97,831	62,945	19,854	24,881	48,948	41,961	19,117	9,921
Between two and three years from the balance sheet date	95,811	62,812	11,272	17,209	33,261	30,263	15,641	5,081
Between three and four years from the balance sheet date	69,427	60,705	11,038	8,541	24,088	18,416	5,117	1,178
Between four and five years from the balance sheet date	49,817	34,408	8,336	8,238	16,765	11,612	1,117	1,178
After five years from the balance sheet date	63,565	28,713	85,714	22,342	28,473	24,221	13,505	14,162
	<b>474,555</b>	<b>313,699</b>	<b>163,662</b>	<b>106,449</b>	<b>211,832</b>	<b>202,183</b>	<b>86,520</b>	<b>48,765</b>
Liabilities are recognised in the balance sheet as follows:								
Current liabilities	98,104	64,116	27,448	25,238	60,297	75,710	32,023	17,245
Non-current liabilities	376,451	249,583	136,214	81,211	151,535	126,473	54,497	31,520
	<b>474,555</b>	<b>313,699</b>	<b>163,662</b>	<b>106,449</b>	<b>211,832</b>	<b>202,183</b>	<b>86,520</b>	<b>48,765</b>
Fair value	474,555	313,699	154,308	109,978	213,440	202,277	86,520	48,765

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

Other non-current liabilities include the net present value of expected earn-out payments and debt instruments in connection with acquisitions of entities in 2021 and 2022 and frozen holiday pay.

See note 38 on liquidity risks for information on covenants agreed with the financial lenders.

#### Liabilities from financing activities in 2022

Bank debt, financial institutions and lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	262,821	-2,871	0	0	0	259,950
Bank debt	313,699	160,856	0	0	0	474,555
Financial institutions	106,449	44,805	12,408	0	0	163,662
Lease liabilities	202,183	-67,509	17,144	61,578	-1,564	211,832
Other non-current liabilities other than provisions	48,765	-17,446	55,181	0	20	86,520
	<b>933,917</b>	<b>117,835</b>	<b>84,733</b>	<b>61,578</b>	<b>-1,544</b>	<b>1,196,519</b>

#### Liabilities from financing activities in 2021

Bank debt, financial institutions and lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	153,198	109,623	0	0	0	262,821
Bank debt	281,867	31,832	0	0	0	313,699
Financial institutions	130,191	-23,742	0	0	0	106,449
Lease liabilities	221,346	-46,964	3,752	21,587	2,462	202,183
Other non-current liabilities other than provisions	49,631	-20,833	22,966	0	-2,999	48,765
	<b>836,233</b>	<b>49,916</b>	<b>26,718</b>	<b>21,587</b>	<b>-537</b>	<b>933,917</b>

# Notes

DKK'000	PARENT							
	Bank debt		Financial institutions		Lease liabilities		Other non-current liabilities	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>27. Non-current liabilities (continued)</b>								
Non-current liabilities fall due as follows:								
Within one year from the balance sheet date	89,454	57,900	19,309	19,531	500	570	17,315	1,707
Between one and two years from the balance sheet date	89,454	58,800	11,665	19,530	70	490	8,833	0
Between two and three years from the balance sheet date	87,954	58,800	4,019	11,851	0	69	8,900	0
Between three and four years from the balance sheet date	62,054	57,300	3,726	4,171	0	0	4,000	0
Between four and five years from the balance sheet date	46,254	31,400	2,816	3,864	0	0	0	0
After five years from the balance sheet date	51,323	25,900	27,062	6,731	0	0	0	0
	<b>426,493</b>	<b>290,100</b>	<b>68,597</b>	<b>65,678</b>	<b>570</b>	<b>1,129</b>	<b>39,048</b>	<b>1,707</b>
Liabilities are recognised in the balance sheet as follows:								
Current liabilities	89,454	57,900	19,309	19,531	500	570	17,315	1,707
Non-current liabilities	337,039	232,200	49,288	46,147	70	559	21,733	0
	<b>426,493</b>	<b>290,100</b>	<b>68,597</b>	<b>65,678</b>	<b>570</b>	<b>1,129</b>	<b>39,048</b>	<b>1,707</b>
Fair value	426,493	290,100	66,178	67,029	570	1,129	39,048	1,707

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

Other non-current liabilities include the net present value of expected earn-out payments and debt instruments in connection with acquisitions of entities in 2022.

See note 38 on liquidity risks for information on covenants agreed with the financial lenders.

## Liabilities from financing activities in 2022

Bank debt, financial institutions and lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	61,417	-27,678	0	0	0	33,739
Bank debt	290,100	136,393	0	0	0	426,493
Financial institutions	65,678	2,919	0	0	0	68,597
Lease liabilities	1,129	-559	0	0	0	570
Other non-current liabilities other than provisions	1,707	0	39,048	0	-1,707	39,048
	<b>420,031</b>	<b>111,075</b>	<b>39,048</b>	<b>0</b>	<b>-1,707</b>	<b>568,447</b>

## Liabilities from financing activities in 2021

Bank debt, financial institutions and lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	62,369	-952	0	0	0	61,417
Bank debt	251,358	38,742	0	0	0	290,100
Financial institutions	85,185	-19,507	0	0	0	65,678
Lease liabilities	1,677	-548	0	0	0	1,129
Other non-current liabilities other than provisions	13,378	-7,652	0	0	-4,019	1,707
	<b>413,967</b>	<b>10,083</b>	<b>0</b>	<b>0</b>	<b>-4,019</b>	<b>420,031</b>



PARENT			GROUP	
Deferred tax assets	Deferred tax liabilities	DKK'000	Deferred tax assets	Deferred tax liabilities
<b>28. Deferred tax</b>				
0	2,887	Deferred tax at 1 January 2021	3,407	65,387
0	0	Exchange rate adjustment	185	28
0	0	Addition, acquisition	0	3,277
0	16	Change in deferred tax recognised in the income statement	2,979	7,549
0	0	Change in deferred tax recognised in other comprehensive income	4,426	-5,988
<b>0</b>	<b>2,903</b>	<b>Deferred tax at 31 December 2021</b>	<b>10,997</b>	<b>70,253</b>
0	0	Exchange rate adjustment	-170	-105
0	0	Addition, acquisition	120	9,859
0	946	Change in deferred tax recognised in the income statement	-496	5,358
0	0	Change in deferred tax recognised in other comprehensive income	-1,006	1,957
<b>0</b>	<b>3,849</b>	<b>Deferred tax at 31 December 2022</b>	<b>9,445</b>	<b>87,322</b>

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
Deferred tax is recognised in the balance sheet as follows:				
0	0	Deferred tax assets	9,445	10,997
-2,903	-3,849	Deferred tax liabilities	-87,322	-70,253
<b>-2,903</b>	<b>-3,849</b>		<b>-77,877</b>	<b>-59,256</b>

The Group's tax assets comprise the tax value of tax loss carryforwards in a few foreign subsidiaries as well as timing differences. The tax assets are expected to be utilised within three years.

There are no tax assets or tax liabilities that have not been recognised in the balance sheet.

# Notes

							GROUP
DKK'000	01.01.	Recognised in the income statement	Recognised in other comprehen- sive income	Recognised in equity	Recognised on acq. of company	Value adjustment etc.	31.12.
<b>28. Deferred tax (continued)</b>							
<b>2022</b>							
Intangible assets	27,049	-1,800	0	0	7,567	-515	32,301
Property, plant and equipment	49,802	8,204	0	0	2,149	-946	59,209
Inventories	3,658	1,764	0	0	143	-87	5,478
Receivables	2,500	1,099	0	0	0	-56	3,543
Liabilities	-9,939	-1,738	0	0	-120	185	-11,612
Value adjustment of derivative financial instruments	-11,993	0	2,963	0	0	1,429	-7,601
Tax loss carryforwards	-1,821	-1,675	0	0	0	55	-3,441
	<b>59,256</b>	<b>5,854</b>	<b>2,963</b>	<b>0</b>	<b>9,739</b>	<b>65</b>	<b>77,877</b>
<b>2021</b>							
Intangible assets	23,587	1,314	0	0	1,568	580	27,049
Property, plant and equipment	46,235	1,670	0	0	830	1,067	49,802
Inventories	3,642	-941	0	0	879	78	3,658
Receivables	1,025	1,421	0	0	0	54	2,500
Liabilities	-10,484	758	0	0	0	-213	-9,939
Value adjustment of derivative financial instruments	121	0	-10,414	0	0	-1,700	-11,993
Tax loss carryforwards	-2,146	371	0	0	0	-46	-1,821
	<b>61,980</b>	<b>4,593</b>	<b>-10,414</b>	<b>0</b>	<b>3,277</b>	<b>-180</b>	<b>59,256</b>
							PARENT
DKK'000	01.01.	Recognised in the income statement	Recognised in other comprehen- sive income	Recognised in equity	Recognised on acq. of company	Transfer, subsidiaries	31.12.
<b>2022</b>							
Intangible assets	508	-37	0	0	0	0	471
Property, plant and equipment	3,322	661	0	0	0	0	3,983
Liabilities	-927	322	0	0	0	0	-605
Tax loss carryforwards	0	0	0	-216	0	216	0
	<b>2,903</b>	<b>946</b>	<b>0</b>	<b>-216</b>	<b>0</b>	<b>216</b>	<b>3,849</b>
<b>2021</b>							
Intangible assets	405	103	0	0	0	0	508
Property, plant and equipment	2,976	346	0	0	0	0	3,322
Liabilities	-494	-433	0	0	0	0	-927
Tax loss carryforwards	0	0	0	-998	0	998	0
	<b>2,887</b>	<b>16</b>	<b>0</b>	<b>-998</b>	<b>0</b>	<b>998</b>	<b>2,903</b>

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		<b>29. Trade payables</b>		
1,071	828	Trade payables	192,838	185,432
		The carrying amount corresponds to the fair value of the liabilities.		
		<b>30. Provisions (warranty commitments)</b>		
0	0	Provisions at 1 January	1,657	3,247
0	0	Additions	1,376	170
0	0	Disposals	-1,657	-1,760
0	0	<b>Provisions at 31 December</b>	<b>1,376</b>	<b>1,657</b>
		Provisions for warranty commitments relate to sold, but defective items. Provisions have been calculated based on expected remedial costs. Such costs are expected to be incurred primarily during 2023.		
		<b>31. Other payables</b>		
		The item comprises payables relating to payroll, withholding taxes, social security contributions, holiday pay, VAT, duties, etc.		
		The holiday pay obligation represents the Group's obligation to pay salary to employees during holidays which, at the balance sheet date, they are entitled to take in the subsequent financial year.		
		<b>32. Collateral</b>		
		Mortgage debt of DKK 141 million (of which DKK 46 million relates to the Parent Company) is secured by way of mortgage on properties. The mortgage also comprises such items of plant and machinery that are deemed part of the properties.		
		Moreover, loans with banks and financial institutions are secured by way of a letter of indemnity on real property and mortgages registered to the mortgagor with secondary liability, totalling a nominal amount of DKK 60 million (2021: DKK 60 million).		
80,390	80,509	<b>Carrying amount of mortgaged properties</b>	<b>253,591</b>	<b>171,928</b>
		Bank debt is secured by way of collateral on equity investments in the Parent Company's Danish subsidiaries owned in 2008.		
298,288	298,288	<b>Carrying amount of pledged investments (cost)</b>	-	-

## Notes

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		<b>33. Recourse guarantee commitments and contingent liabilities</b>		
		Together with its subsidiaries, the Parent Company has entered into bank commitments under which the Parent Company is liable for all bank overdraft withdrawals.		
210,945	252,997	<b>Subsidiaries' bank debt</b>		
		The Parent Company has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.		
39,235	95,289	<b>Surety, guarantee and liability</b>		
		The Parent Company is jointly and severally liable for the subsidiaries' lease liabilities.		
46,329	55,064	<b>Minimum lease payments</b>		
		On behalf of a subsidiary, the Parent Company has provided a payment guarantee of DKK 3,565 thousand to a supplier (2021: DKK 5,349 thousand).		
		The Parent Company is jointly taxed with other Danish entities in SP Group. As administration company, the Company has joint and several liability, together with the other jointly taxed entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. At 31 December 2022, the jointly taxed entities' total net receivable from the Danish Customs and Tax Administration amounted to approx. DKK 5.6 million (31 December 2021: DKK - 3.1 million).		
		<b>34. Changes in net working capital</b>		
0	0	Changes in inventories	-125,170	-96,058
-81,576	-156,588	Changes in receivables	19,798	-39,684
60,983	75,673	Changes in trade payables, etc.	-22,787	3,850
<b>-20,593</b>	<b>-80,915</b>		<b>-128,159</b>	<b>-131,892</b>
		<b>35. Cash and cash equivalents</b>		
6,496	0	Cash	93,424	82,163
<b>6,496</b>	<b>0</b>		<b>93,424</b>	<b>82,163</b>
		<b>36. Fees to the Parent Company's auditor appointed by the general meeting</b>		
		External expenses include fees to the Parent Company's auditor appointed by the general meeting:		
		<b>EY</b>		
395	430	Statutory audit	3,086	2,774
0	0	Other assurance engagements	0	42
127	326	Tax and VAT advisory services	346	143
202	354	Other assistance	587	370
<b>724</b>	<b>1,110</b>		<b>4,019</b>	<b>3,329</b>

Tax and VAT advisory services comprise review of schedules to the income tax return, TP documentation and general advisory services regarding VAT and tax matters. Non-audit services primarily comprise agreed-upon procedures in connection with corporate acquisitions.

### 37. Related parties

#### Related parties exercising control over the Group and the Parent Company

There are no related parties exercising control over SP Group A/S. Shareholders holding more than 5% of the share capital are disclosed in note 41.

For an outline of subsidiaries, see the group chart in note 46.

#### Related party transactions, Group

In 2022, the Group had ordinary sale of goods in the amount of DKK 505 thousand (2021: DKK 447 thousand) to a company which is a related party of the chair of the Board.

The Group did not carry out any other related party transactions in 2021 and 2022 apart from remuneration of the members of the Board of Directors and the Executive Board and distribution of dividend.

#### Related party transactions, Parent Company

DKK'000	Rental income	Rental expenses	Sale of goods and services	Purchase of goods and services	Interest income	Interest expenses	Group fee	Recei- vables	Payables
<b>2022</b>									
From subsidiaries	6,165	0	7,009	120	5,431	4,028	3,900	357,148	246,867
<b>2021</b>									
From subsidiaries	6,063	0	7,387	620	1,705	1,795	0	201,666	177,855

In addition, SP Group A/S received dividends from subsidiaries in the amount of DKK 72,439 thousand (2021: DKK 63,181 thousand).

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

Rental income relates to the Parent Company's renting of properties to subsidiaries. The rent is fixed on a market basis.

Sale of services relates to assistance provided to subsidiaries. Intra-group acquisitions and sales are made at cost plus a mark-up.

No security or guarantees have been provided for intra-group balances at the balance sheet date apart from what is disclosed in note 32. Receivables as well as payables will be settled in cash. The Group has not recorded any bad debts relating to related parties or made provisions for probable bad debts.

#### Remuneration of the Board of Directors and the Executive Board

For information on the remuneration of the Group's Board of Directors and Executive Board, see note 7.



# Notes

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
<b>38. Financial risks and financial instruments</b>				
<b>Financial instrument categories</b>				
0	0	Derivative financial instruments held to hedge future cash flows (recognised in other receivables)	0	0
<b>0</b>	<b>0</b>	<b>Financial assets applied as hedging instruments</b>	<b>0</b>	<b>0</b>
0	0	Deposits	1,398	1,221
0	0	Trade receivables	314,297	296,024
201,666	357,148	Receivables from subsidiaries	-	-
42	339	Other receivables	30,758	48,325
6,496	0	Cash	93,424	82,163
<b>208,204</b>	<b>357,487</b>	<b>Loans, receivables and cash</b>	<b>439,877</b>	<b>427,733</b>
0	0	Derivative financial instruments held to hedge future cash flows (recognised in other payables)	33,272	51,756
<b>0</b>	<b>0</b>	<b>Financial liabilities applied as hedging instruments</b>	<b>33,272</b>	<b>51,756</b>
351,517	460,232	Bank debt	734,505	576,520
65,678	68,597	Financial institutions	163,662	106,449
1,129	570	Lease liabilities	211,832	202,183
1,707	39,048	Other non-current liabilities other than provisions	86,520	48,765
1,071	828	Trade payables	192,838	185,432
177,855	246,867	Payables to subsidiaries	-	-
<b>598,957</b>	<b>816,142</b>	<b>Financial liabilities measured at amortised cost</b>	<b>1,389,357</b>	<b>1,119,349</b>

The fair value of the financial instruments corresponds to the carrying amount, both in the Parent Company and in the Group, except for the fact that the fair value of the debt to financial institutions has decreased by DKK 7.7 million (2021: increase of DKK 3.5 million) in the Group and DKK 2.4 million (2021: increase of DKK 1.4 million) in the Parent Company. The fair value of financial liabilities is determined based on quoted values, i.e. bank debt, financial institutions, lease liabilities and derivative financial instruments at level 2. Considerations and contingent considerations included in other non-current liabilities, level 3.

The fair value of contingent consideration is based on expected payments based on assessment of target attainment compared with the concluded earn-out conditions. Contingent consideration and liabilities were discounted at present value. Non-observable input comprises future earnings expectations and the discount rate applied. Reference is made to notes 42 and 43 for additional information on recognised liabilities in relation to acquisitions as well as note 11 for information on the year's adjustment of contingent consideration.

The Parent Company's and the Group's currency risks and interest rate risks are shown below. The individual risks, including the Group's policy for management of financial risks and sensitivity provisions, are further described in the Management's review.

#### Currency risks

The Group is exposed to exchange rate fluctuations.

In general, there is a good balance between income and expenses. As most sales are settled in DKK or EUR and the most significant parts of fixed group costs are settled in DKK or EUR. The primary commercial currency risk is indirect and relates to the customers' sales outside Europe. Similarly, purchases are primarily conducted in DKK and EUR.

28% of the Group's financing has been raised in EUR, and 72% has been raised in DKK. The Company has bank deposits in USD, THB, RMB, NOK and SEK.

A fluctuation of 1% in the EUR rate against DKK may therefore affect results of operations by up to approx. DKK 2.9 million.

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

At 31 December 2022, an instrument for the sale of EUR against PLN in the amount of DKK 1,149 million (2021: DKK 1,192 million) was thus entered into. The hedging instrument falls due by DKK 351 million within 1 year (2021: DKK 240 million) and DKK 798 million within 1-4 years (2021: DKK 952 million). No hedging agreements for USD had been concluded on 31 December 2022 (2021: 0 million)

Due to the Group's use of derivative financial instruments for hedging the Group's exposure in relation to expected sales transactions, recognition of the effective part of the fair value adjustments of hedging instruments in the cash flow hedge reserve adversely affected the Group's equity in the year by net DKK 19.7 million before tax and DKK 16.0 million after tax (2021: DKK -53.9 million before tax and DKK -43.7 million after tax). The income statement is not affected by ineffective hedging.

GROUP					
DKK'000	Cash and cash equivalents	Receivables	Liabilities	Hedged amount	Net position
<b>38. Financial risks and financial instruments (continued)</b>					
EUR	6,562	160,478	-384,723	0	-217,683
PLN	226	14,632	-93,632	0	-78,774
USD	29,131	50,378	-27,994	0	51,515
CAD	7,690	2,337	-1,402	0	8,625
SEK	583	10,977	-21,219	0	-9,659
NOK	2,040	2,064	-1,350	0	2,754
RMB	9,305	35,374	-55,663	0	-10,984
CHF	0	2,116	-74	0	2,042
GBP	1	44	715	0	760
THB	1,358	4,799	-2,158	0	3,999
<b>31.12.22</b>	<b>56,896</b>	<b>283,199</b>	<b>-587,500</b>	<b>0</b>	<b>-247,405</b>
EUR	7,181	147,888	-358,220	0	-203,151
PLN	277	11,328	-105,467	0	-93,862
USD	33,803	68,694	-19,812	0	82,685
CAD	4,494	1,235	-552	0	5,177
SEK	8,540	14,460	-26,789	0	-3,789
NOK	494	4,845	-1,891	0	3,448
RMB	6,671	52,651	-79,270	0	-19,948
CHF	0	0	-153	0	-153
GBP	48	325	302	0	675
THB	0	0	0	0	0
<b>31.12.21</b>	<b>61,508</b>	<b>301,426</b>	<b>-591,852</b>	<b>0</b>	<b>-228,918</b>
PARENT					
DKK'000	Cash and cash equivalents	Receivables	Liabilities	Hedged amount	Net position
EUR	4,691	0	-46,961	0	-42,270
PLN	76	0	0	0	76
USD	325	0	0	0	325
SEK	495	0	-7,080	0	-6,585
NOK	0	0	-21	0	-21
<b>31.12.22</b>	<b>5,587</b>	<b>0</b>	<b>-54,062</b>	<b>0</b>	<b>-48,475</b>
EUR	2,098	0	-53,974	0	-51,876
PLN	6	0	0	0	6
USD	0	0	-4,259	0	-4,259
SEK	405	0	-3,168	0	-2,763
NOK	0	0	0	0	0
<b>31.12.21</b>	<b>2,509</b>	<b>0</b>	<b>-61,401</b>	<b>0</b>	<b>-58,892</b>

# Notes

## 38. Financial risks and financial instruments (continued)

### Interest rate risks

Interest rate risks primarily relate to net interest-bearing debt, i.e. lease liabilities and bank debt less cash and cash equivalents. At year end, the net interest-bearing debt amounted to DKK 1,034.5 million. 80% of the debt carried floating interest. A one percentage point increase in the general interest level will result in an increase in the Group's interest expenses before tax of approx. DKK 8.3 million.

SP Group focuses on increasing cash flows from operating activities so that the net interest-bearing debt can be reduced and the Group can finance investments via operating activities. The Group also aims at reducing debt by selling non-value-creating assets and activities.

The interest rate risk associated with financial assets and liabilities can be described as follows with the disclosure of date of interest rate adjustment or maturity, whichever occurs first, and effective interest rates.

GROUP						
DKK'000	Date of interest rate adjustment or maturity			Total	Hereof fixed-interest	Effective interest
	Within 1 years	Between 1 and 5 years	After 5 years			
Bank deposits	93,424	0	0	93,424	0	1.1%
Financial institutions	-1,351	-157,116	-5,195	-163,662	-29,350	1.7%
Lease liabilities	-60,297	-123,062	-28,473	-211,832	-174,982	4.1%
Share of other payables (frozen holiday pay)	0	-4,493	-13,480	-17,973	0	1.4%
Bank debt	-734,505	0	0	-734,505	0	3.8%
<b>31.12.22</b>	<b>-702,729</b>	<b>-284,671</b>	<b>-47,148</b>	<b>-1,034,548</b>	<b>-204,332</b>	
Bank deposits	82,163	0	0	82,163	0	0.0%
Financial institutions	-22,020	-77,708	-6,721	-106,449	-44,150	1.1%
Lease liabilities	-75,710	-102,252	-24,221	-202,183	-180,960	3.6%
Share of other payables (frozen holiday pay)	0	-4,749	-14,248	-18,997	0	1.4%
Bank debt	-576,520	0	0	-576,520	0	1.5%
<b>31.12.21</b>	<b>-592,087</b>	<b>-184,709</b>	<b>-45,190</b>	<b>-821,986</b>	<b>-225,110</b>	

PARENT						
DKK'000	Date of interest rate adjustment or maturity			Total	Hereof fixed-interest	Effective interest
	Within 1 years	Between 1 and 5 years	After 5 years			
Bank deposits	0	0	0	0	0	0.0%
Financial institutions	-1,351	-62,138	-5,108	-68,597	-28,185	1.6%
Lease liabilities	-500	-70	0	-570	0	2.0%
Bank debt	-460,232	0	0	-460,232	0	3.9%
<b>31.12.22</b>	<b>-462,083</b>	<b>-62,208</b>	<b>-5,108</b>	<b>-529,399</b>	<b>-28,185</b>	
Bank deposits	6,496	0	0	6,496	0	0.0%
Financial institutions	-1,766	-57,191	-6,721	-65,678	-43,793	1.3%
Lease liabilities	-570	-559	0	-1,129	0	2.0%
Bank debt	-351,517	0	0	-351,517	0	1.5%
<b>31.12.21</b>	<b>-347,357</b>	<b>-57,750</b>	<b>-6,721</b>	<b>-411,828</b>	<b>-43,793</b>	

### 38. Financial risks and financial instruments (continued)

#### Credit risks

The primary credit risk in the Group is associated with trade receivables. SP Group systematically and continually monitors the credit rating of customers and business partners. Credit risks are partially hedged through insurance and sale of invoices. No individual customers or business partners pose an unusual credit risk to the Group. As the Group's customers and business partners are usually well-reputed companies operating in many different business sectors and countries, the overall credit risk is reduced. The maximum credit risk associated with financial assets is reflected in the carrying amounts in the balance sheet.

PARENT			GROUP	
2021	2022	DKK'000	2022	2021
		Receivables past due not written down:		
0	0	Past due by up to one month	56,020	43,743
0	0	Past due between one and two months	13,504	6,451
0	0	Past due between two and three months	7,253	3,612
0	0	Past due by more than three months	7,922	1,868
<b>0</b>	<b>0</b>		<b>84,699</b>	<b>55,674</b>

Historically, the Group has not recorded any significant bad debts. In the past three years, the loss ratio has been approx. 0.01% of group revenue. Based on the low loss ratio, the loss has been estimated at 0.0% according to the simplified expected credit loss model.

DKK'000	Loss ratio	Amount receivable	Expected loss	Total
<b>2022</b>				
Not past due	0.0%	229,697	0	229,697
Past due by up to one month	0.0%	56,020	0	56,020
Past due between one and two months	0.0%	13,504	0	13,504
Past due between two and three months	0.0%	7,253	0	7,253
Past due by more than three months	1.2%	7,922	99	7,823
		<b>314,396</b>	<b>99</b>	<b>314,297</b>
<b>2021</b>				
Not past due	0.0%	240,438	0	240,438
Past due by up to one month	0.0%	43,743	0	43,743
Past due between one and two months	0.0%	6,451	0	6,451
Past due between two and three months	0.0%	3,612	0	3,612
Past due by more than three months	4.7%	1,867	87	1,780
		<b>296,111</b>	<b>87</b>	<b>296,024</b>

# Notes

## 38. Financial risks and financial instruments (continued)

### Liquidity risks

It is the Group's objective to have sufficient cash resources to be able to continually make appropriate arrangements in case of unforeseen changes in cash outflows. It is Management's opinion that the Company still has adequate capital resources considering its operations and sufficient liquidity to meet its present and future liabilities. The Group's long-term co-operation with its financial business partners is fruitful and constructive. This is expected to continue. The Group has neither neglected nor been in breach of loan agreements in the financial year or the comparative year. The Group has calculated its cash resources at DKK 407 million at year-end 2022.

In addition to usual loan covenants, the following financial covenants have been agreed with the financial lenders:

- Net interest-bearing debt (NIDB) cannot amount to more than 3.5 times EBITDA for the last 12 months, however, up to 4.0 times EBITDA in the first two quarters following a debt-financed acquisition
- The equity interest must always be at least 25%.

The term to maturity of financial liabilities is specified below. The amounts specified represent the amounts falling due, including interest calculated based on current interest rates.

DKK'000	GROUP				
	Within 1 years	Between 1 and 3 years	Between 3 and 5 years	After 5 years	Total
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Bank debt	358,054	193,642	119,244	63,565	734,505
Financial institutions	27,448	31,126	19,374	85,714	163,662
Lease liabilities	60,297	82,209	40,853	28,473	211,832
Other non-current liabilities other than provisions	32,023	34,758	6,234	13,505	86,520
Trade payables	192,838	0	0	0	192,838
Interest	32,188	32,065	16,130	11,201	91,584
	<b>702,848</b>	<b>373,800</b>	<b>201,835</b>	<b>202,458</b>	<b>1,480,941</b>
<b>Derivative financial instruments</b>					
Derivative financial instruments held to hedge future cash flows	-7,922	-30,717	5,367	0	-33,272
	<b>694,926</b>	<b>343,083</b>	<b>207,202</b>	<b>202,458</b>	<b>1,447,669</b>
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Bank debt	326,937	125,757	95,113	28,713	576,520
Financial institutions	25,238	42,090	16,779	22,342	106,449
Lease liabilities	75,710	72,224	30,028	24,221	202,183
Other non-current liabilities other than provisions	17,245	15,002	2,356	14,162	48,765
Trade payables	185,432	0	0	0	185,432
Interest	9,519	8,635	3,862	2,132	24,148
	<b>640,081</b>	<b>263,708</b>	<b>148,138</b>	<b>91,570</b>	<b>1,143,497</b>
<b>Derivative financial instruments</b>					
Derivative financial instruments held to hedge future cash flows	-4,242	-22,730	-24,784	0	-51,756
	<b>635,839</b>	<b>240,978</b>	<b>123,354</b>	<b>91,570</b>	<b>1,091,741</b>

Derivative financial instruments are measured in accordance with a valuation method according to which all material data are based on observable market data, i.e. level 2. The Group has no other assets and liabilities measured at fair value.



### 38. Financial risks and financial instruments (continued)

DKK'000	PARENT				
	Within 1 years	Between 1 and 3 years	Between 3 and 5 years	After 5 years	Total
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Bank debt	123,193	177,408	108,308	51,323	460,232
Financial institutions	19,309	15,684	6,542	27,062	68,597
Lease liabilities	60	510	0	0	570
Other non-current liabilities other than provisions	17,315	17,733	4,000	0	39,048
Trade payables	828	0	0	0	828
Interest	19,142	25,024	12,166	3,233	59,565
	<b>179,847</b>	<b>236,359</b>	<b>131,016</b>	<b>81,618</b>	<b>628,840</b>
<b>Derivative financial instruments</b>					
Derivative financial instruments held to hedge future cash flows	0	0	0	0	0
	<b>179,847</b>	<b>236,359</b>	<b>131,016</b>	<b>81,618</b>	<b>628,840</b>
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Bank debt	119,317	117,600	88,700	25,900	351,517
Financial institutions	19,531	31,381	8,035	6,731	65,678
Lease liabilities	570	559	0	0	1,129
Other non-current liabilities other than provisions	1,707	0	0	0	1,707
Trade payables	1,071	0	0	0	1,071
Interest	5,905	7,030	3,116	1,257	17,308
	<b>148,101</b>	<b>156,570</b>	<b>99,851</b>	<b>33,888</b>	<b>438,410</b>
<b>Derivative financial instruments</b>					
Derivative financial instruments held to hedge future cash flows	0	0	0	0	0
	<b>148,101</b>	<b>156,570</b>	<b>99,851</b>	<b>33,888</b>	<b>438,410</b>

### 39. Sale of financial assets

As in previous years, the Group sold selected trade receivables without recourse as part of its credit and risk management. The Group's continued involvement is limited to administration of the receivables sold and a limited financial expense regarding the risk of late payment. Thus, the Group has only maintained an insignificant risk exposure. The sale has not affected the income statement. There are no remaining assets or liabilities in the balance sheet regarding the receivables sold. The nominal value of the receivables sold amounts to DKK 166 million (2021: DKK 161 million). The maturity date is within a period of less than 4 months.

# Notes

## 40. Segment information for the Group

### Geographical segments

The Group has only one business segment as the same employees and the same capital stock serve several product types and customers. Therefore, business segments are not reported.

The Group's activities are primarily located in Denmark, rest of Europe, the Americas, Asia, Australia and Africa. The following table shows the Group's sale of goods by geographical market.

DKK'000	2022	2021
Denmark	738,904	687,026
Rest of Europe	1,244,661	1,110,001
Americas	395,917	405,341
Asia (incl. the Middle East)	257,943	266,431
Australia	12,455	8,204
Africa	6,462	3,866
	<b>2,656,342</b>	<b>2,480,869</b>
Sale of goods	2,656,342	2,480,869
Selling price of the year's production output relating to construction contracts	0	0
	<b>2,656,342</b>	<b>2,480,869</b>

The Group has no customers in 2022 from which revenue exceeds 10% of consolidated revenue. In 2021, the Group had a customer where revenue totalled 10.7% of group revenue (DKK 266.3 million).

The below table specifies the carrying amounts and the year's additions of non-current property, plant and equipment and intangible assets by geographical market on the basis of the physical location of the assets.

DKK'000	Non-current assets		Additions of intangible assets and property, plant and equipment	
	2022	2021	2022	2021
Denmark	997,010	775,093	313,028	143,195
Norway	1,375	1,241	1,183	20
Sweden	53,830	56,748	3,637	8,920
Finland	85,969	80,412	12,379	23,934
Latvia	23,023	22,809	2,513	6,717
Slovakia	96,040	64,180	39,967	8,011
The Netherlands	23,264	24,991	1,244	921
Poland	311,238	270,065	84,318	48,805
North America	72,122	72,086	162	11,055
China	95,162	103,247	10,145	16,971
Thailand	3,895	0	3,895	0
	<b>1,762,928</b>	<b>1,470,872</b>	<b>472,471</b>	<b>268,549</b>

## 41. Shareholder information

In mid-March 2023, SP Group A/S registered the following shareholders as holding more than 5% of the voting share capital or of the nominal value of the share capital:

Schur Finance a/s, Horsens (15.6%)

Frank Gad (including related parties), Frederiksberg (11.7%)

Odin Fund Management, Oslo (9.3%)

Lannebo Fonder AB, Stockholm (5.8%)

Universal-Investment-Gesellschaft mbH, Frankfurt (5.1%)

Arbejdsmarkedets Tillægspension, Hillerød (5.1%)

## 42. Acquisition of subsidiaries in 2022

Effective from 4 February 2022, the Group acquired all the shares in **DAVINCI 3D A/S**, which is a company specialising in 3D print of technical plastics and construction of parts.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	8,600
Property, plant and equipment	14,109
Inventories	784
Volume of orders	300
Trade receivables	1,675
Other receivables	88
Cash and cash equivalents	601
Deferred tax	-1,957
Trade payables	-163
Other payables	-770
<b>Net assets acquired</b>	<b>23,267</b>
Goodwill	17,122
<b>Total consideration</b>	<b>40,389</b>
Cash consideration	23,835
Debt instruments	4,910
Contingent consideration	11,644
<b>Total consideration</b>	<b>40,389</b>

EBITDA amounted to approx. DKK 6.5 million in the acquired entity in the most recent financial year before the acquisition.

The consideration totals up to DKK 40,389 thousand, of which DKK 23,835 thousand has been paid in cash.

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

In connection with the acquisition of the entity, an agreement has been made as part of the purchase agreement on acquisition of the production property where DAVINCI 3D carries out its operations as well as purchase of production equipment. The property and production equipment are recognised as property, plant and equipment in the purchase price calculation.

There is a conditional consideration of a nominal DKK 12,000 thousand. The discounted amount is DKK 11,644 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2022.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 17,122 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

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

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	11,300
Property, plant and equipment	8,585
Inventories	1,302
Volume of orders	84
Trade receivables	5,433
Other receivables	342
Cash and cash equivalents	1,310
Deferred tax	-3,319
Trade payables	-819
Other payables	-3,673
<b>Net assets acquired</b>	<b>20,545</b>
Goodwill	23,469
<b>Total consideration</b>	<b>44,014</b>
Cash consideration	22,400
Debt instruments	9,243
Contingent consideration	12,371
<b>Total consideration</b>	<b>44,014</b>

Normalised EBITDA amounted to approx. DKK 6.6 million in the acquired entity in the most recent financial year before the acquisition.

The consideration totals up to DKK 44,014 thousand, of which DKK 22,400 thousand has been paid in cash.

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

There is a conditional consideration of a nominal DKK 12,750 thousand. The discounted amount is DKK 12,371 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2022.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 23,469 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

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

# Notes

## 42. Acquisition of subsidiaries in 2022 (continued)

On 3 October 2022, the Group acquired all assets in **Meditec Plaststøbning A/S**, which is a modern company specialised in injection moulding within the healthcare industry.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	14,500
Property, plant and equipment	25,148
Inventories	5,664
Volume of orders	266
Trade receivables	5,566
Other receivables	1,587
Bank debt	-2,223
Deferred tax	-4,381
Lease liability	-12,173
Trade payables	-3,270
Work in progress	-1,480
Other payables	-2,690
<b>Net assets acquired</b>	<b>26,514</b>
Goodwill	47,829
<b>Total consideration</b>	<b>74,343</b>
Cash consideration	57,330
Debt instruments	17,013
<b>Total consideration</b>	<b>74,343</b>

Normalised EBITDA amounted to approx. DKK 16 million in the acquired entity in the most recent financial year before the acquisition.

The consideration amounts to DKK 74,343 thousand, of which DKK 57,330 thousand has been paid in cash.

Debt instruments of a nominal DKK 17,670 thousand falling due in the period 2023-2025 have been issued. The discounted amount is DKK 17,013 thousand.

Costs of purchase amounted to DKK 0.9 million and were expensed in 2022.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 47,829 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

In a separate transaction, SP Group acquired the modern production facilities of approx. 3,400 square meters from which Meditec Plaststøbning A/S operates.

## 43. Acquisition of subsidiary in 2021

On 18 February 2021, the Group acquired all the shares in the Finnish entity **Jollmax Coating Oy**, which specialises in wet painting, powder coating, printing and water printing as well as other types of decorations made from plastics and other materials.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	3,533
Intangible assets	82
Property, plant and equipment	1,354
Inventories	902
Volume of orders	134
Trade receivables	1,922
Other receivables	64
Cash and cash equivalents	2,170
Deferred tax	-733
Financial liabilities	-879
Trade payables	-937
Other payables	-2,207
<b>Net assets acquired</b>	<b>5,405</b>
Goodwill	7,799
<b>Total consideration</b>	<b>13,204</b>
Cash consideration	5,232
Debt instruments	2,679
Contingent consideration	5,293
<b>Total consideration</b>	<b>13,204</b>

EBITDA amounted to approx. DKK 2.2 million in the acquired entity in the most recent financial year before the acquisition.

The consideration totals up to DKK 13,204 thousand, of which DKK 5,232 thousand has been paid in cash.

Debt instruments of a nominal DKK 2,744 thousand falling due in the period 2022-2024 have been issued. The discounted amount is DKK 2,679 thousand.

In addition, there is a conditional consideration of a nominal DKK 5,455 thousand. The discounted amount is DKK 5,293 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2021.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 7,799 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

### 43. Acquisition of subsidiary in 2021 (continued)

On 14 July 2021, the Group acquired all the shares in **Neptun Plast A/S** and **Atlantic Floats Denmark A/S**. Neptun Plast A/S is a state-of-the-art injection-moulding company and Atlantic Floats Denmark A/S develops and sells trawl floats.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	7,500
Property, plant and equipment	7,763
Financial assets	100
Inventories	2,137
Volume of orders	132
Trade receivables	4,652
Other receivables	659
Cash and cash equivalents	3,487
Deferred tax	-2,543
Financial liabilities	-1,403
Trade payables	-3,295
Other payables	-2,624
<b>Net assets acquired</b>	<b>16,565</b>
Goodwill	15,584
<b>Total consideration</b>	<b>32,149</b>
Cash consideration	17,263
Debt instruments	7,123
Contingent consideration	7,763
<b>Total consideration</b>	<b>32,149</b>

EBITDA amounted to approx. DKK 4.6 million in the acquired entities in the most recent financial year before the acquisition. Taking normalisations into consideration, EBITDA totalled approx. DKK 5.4 million.

The consideration totals up to DKK 32,149 thousand, of which DKK 17,263 thousand has been paid in cash.

Debt instruments of a nominal DKK 7,398 thousand falling due in the period 2022-2023 have been issued. The discounted amount is DKK 7,123 thousand.

In addition, there is a conditional consideration of a nominal DKK 8,000 thousand. The discounted amount is DKK 7,763 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2021.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 15,584 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

### 44. Events after the balance sheet date

No significant events have occurred after the balance sheet date until the publication of this annual report that have not already been incorporated or disclosed in this annual report and that change the assessment of the Group's or the Parent Company's financial position.

# Notes

PARENT				GROUP	
2021	2022	Note	DKK'000	2022	2021
<b>45. Income statement classified by nature</b>					
6,012	5,978	3	Revenue	2,656,342	2,480,869
0	0	4.7	Production costs	-1,364,002	-1,296,329
<b>6,012</b>	<b>5,978</b>		<b>Contribution margin</b>	<b>1,292,340</b>	<b>1,184,540</b>
6,063	10,065	5	Other operating income	3,118	4,901
-6,618	-8,467	6	External expenses	-107,960	-100,178
-21,599	-21,273	6,7,8	Staff costs	-709,053	-666,351
<b>-16,142</b>	<b>-13,697</b>		<b>Profit/loss before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>478,445</b>	<b>422,912</b>
-4,075	-4,184	9	Depreciation, amortisation and impairment losses	-182,315	-153,848
<b>-20,217</b>	<b>-17,881</b>		<b>Profit/loss before net financials (EBIT)</b>	<b>296,130</b>	<b>269,064</b>
63,181	72,439	10	Dividends from subsidiaries	-	-
5,830	7,162	11	Other financial income	2,696	10,195
-6,562	-14,769	12	Financial expenses	-30,295	-21,485
<b>42,232</b>	<b>46,951</b>		<b>Profit/loss before tax</b>	<b>268,531</b>	<b>257,774</b>
4,980	4,998	13	Tax for the year	-55,088	-54,557
<b>47,212</b>	<b>51,949</b>		<b>Profit/loss for the year</b>	<b>213,443</b>	<b>203,217</b>
<b>Attributable to:</b>					
			The Parent Company's shareholders	212,842	202,743
			Non-controlling interests	601	474
				<b>213,443</b>	<b>203,217</b>
<b>Earnings per share (EPS)</b>					
		14	Earnings per share (DKK)	17.49	16.63
		14	Earnings per share, diluted (DKK)	17.49	16.44
<b>Proposed distribution of profit/loss</b>					
37,470	37,470		Dividend		
9,742	14,479		Retained earnings		
<b>47,212</b>	<b>51,949</b>				



## 46. Group chart at 31 December 2022

			Nominal share capital ('000)	Ownership interest
<b>SP Group A/S</b>	<b>Denmark</b>	<b>DKK</b>	<b>24,980</b>	
SP Moulding A/S	Denmark	DKK	50,000	100%
SP Medical Sp. z o.o.	Poland	PLN	1,000	100%
SP Moulding Poland Sp. z o.o.	Poland	PLN	1,100	100%
Sander Tech ApS	Denmark	DKK	80	100%
Neptun Plast A/S	Denmark	DKK	950	100%
Atlantic Floats Denmark A/S	Denmark	DKK	1,000	100%
Meditec Plaststøbning A/S	Denmark	DKK	500	100%
SP International A/S	Denmark	DKK	5,600	100%
SP Moulding (Suzhou) Co., Ltd.	China	USD	4,080	100%
Ulstrup Plast A/S	Denmark	DKK	1,590	100%
Ulstrup Plast s.r.o.	Slovakia	EUR	7	100%
Kodaň Plast s.r.o.	Slovakia	EUR	10	52%
Coreplast Laitila Oy	Finland	EUR	50	100%
Jollmax Coating Oy	Finland	EUR	3	100%
MedicoPack A/S	Denmark	DKK	20,000	100%
Gibo Plast A/S	Denmark	DKK	40,000	100%
Gibo Danmark A/S	Denmark	DKK	6,000	100%
Gibo Sp. z o.o.	Poland	PLN	3,005	100%
Gibo Poland z o.o.	Polen	PLN	3,005	100%
Gibo Inc.	The US	USD	500	100%
Gibo Plast Technology co., Ltd.	China	USD	0	100%
Dan-Hill-Plast A/S	Denmark	DKK	500	100%
Plexx AS	Norway	NOK	3,541	100%
Opido AB	Sweden	SEK	100	100%
SPG Fastigheter AB	Sweden	SEK	50	100%
Nycopac AB	Sweden	SEK	1,000	100%
PlexxOpido Sp. z o.o.	Poland	PLN	200	100%
Accoat A/S	Denmark	DKK	10,000	100%
Ergomat A/S	Denmark	DKK	10,000	100%
Ergomat Sp. z o.o.	Poland	PLN	2,005	100%
Ergomat-Nederland B.V.	The Netherlands	EUR	75	100%
Ergomat Sweden AB	Sweden	SEK	100	60%
Ergomat Inc.	The US	USD	360	100%
Ergomat Canada Inc.	Canada	CAD	0	100%
Tinby A/S	Denmark	DKK	10,000	100%
Tinby Denmark A/S	Denmark	DKK	500	100%
Tinby Sp. z o.o.	Poland	PLN	50	100%
Tinby Inc.	The US	USD	100	100%
Tinby Co., Ltd.	China	USD	210	100%
Tinby AB	Sweden	SEK	25	100%
TPI Polytechniek B.V.	The Netherlands	EUR	113	100%
TPI Polytechnics Inc.	The US	USD	0	100%
TPI Polytechnics Co., Ltd.	China	USD	0	100%
Bröderna Bourghardt AB	Sweden	SEK	100	100%
SEA Radomes Company, Ltd.	Thailand	THB	4,000	100%
Baltic Rim SIA	Latvia	EUR	3	100%
Tinby SIA	Latvia	EUR	3	100%
MM Composite A/S	Denmark	DKK	500	100%
MM Composite Inc.	The US	USD	0	100%
MM Composite Co., Ltd.	China	USD	0	100%
MM Trading Co., Ltd.	China	USD	0	100%
DAVINCI 3D A/S	Denmark	DKK	500	100%
Bovil ApS	Denmark	DKK	125	100%
SP Moulding Denmark A/S	Denmark	DKK	500	100%
SP Technology ApS	Denmark	DKK	200	100%
SP R&D A/S	Denmark	DKK	1,000	100%
SPG Ejendomme 1 ApS	Denmark	DKK	81	100%
SPG Ejendomme 2 ApS	Denmark	DKK	125	100%
SPG Ejendomme 3 ApS	Denmark	DKK	125	100%
SPG Ejendomme 4 ApS	Denmark	DKK	500	100%
SPG Ejendomme 5 ApS	Denmark	DKK	40	100%
SPG Ejendomme 6 ApS	Denmark	DKK	500	100%

In 2022, SPG Ejendomme 4 ApS was established

In 2022, all of the shares in Bovil Ejendomme ApS were acquired. The company subsequently changed its name to SPG Ejendomme 5 ApS

In 2022, SPG Ejendomme 6 ApS was established

In 2022, Bröderna. Bourghardt established a company in Thailand (SEA Radomes Company, Ltd.)

In 2022, all of the shares in DAVINCI 3D A/S were acquired

In 2022, all of the shares in Bovil ApS were acquired

In 2022, all of the shares in Meditic Plaststøbning A/S were acquired

In 2022, Tinby A/S and Tinby Skumplast A/S merged

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