NASDAQ Copenhagen A/S
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Announcement no. 38 / 2021
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Company reg. (CVR) no.
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Interim report – First quarter of 2021

Summary: SP Group generated EBITDA of DKK 598.1 million in the Q1 2021 reporting period, a 9.5% improvement from DKK 546.4 million in Q1 2020. EBITDA was up by 19.7% to DKK 105.2 million from DKK 87.9 million last year, and profit before tax was up 34.5% to DKK 67.5 million. The upgraded FY 2021 guidance provided in Announcement no. 28/2021 is maintained. SP Group now expects FY 2021 revenue to grow by 4% to 12% with an EBITDA margin of 16.0% to 18.0% and an EBT margin of 9% to 12%.

The Board of Directors of SP Group A/S has today considered and approved the interim report for Q1 2021.

Highlights of the interim report:

- Revenue was up by DKK 51.7 million to DKK 598.1 million in Q1 2021, or by 9.5% year on year. Company acquisitions added to consolidated revenue (DKK 17.0 million).
- Operating income (EBITDA) for Q1 2021 was DKK 105.2 million, as against DKK 87.9 million in Q1 2020. Company acquisitions added DKK 2.2 million to EBITDA. External due diligence costs related to the acquisition of Jollmax Coating Oy reduced EBITDA by DKK 0.3 million.
- Depreciation, amortisation and impairment losses amounted to DKK 36.4 million, an increase of DKK 2.3 million relative to Q1 2020. Amortisation and depreciation in company acquisitions accounted for DKK 0.9 million of the increase.
- Earnings before interest and tax (EBIT) came to DKK 68.8 million in Q1 2021, for a 27.9% increase from DKK 53.8 million in Q1 2020.
- Net financial items were a DKK 1.3 million expense in Q1 2021, a DKK 2.3 million improvement on Q1 2020 that was driven by fewer negative value adjustments.
- Profit before tax was DKK 67.5 million in Q1 2021, a 34.5% improvement from DKK 50.2 million in Q1 2020.
- Earnings per share (diluted) came to DKK 4.32 in Q1 2021, against DKK 3.55 in Q1 2020.
- Sales of our own brands were up by 25.1% year on year to DKK 143.7 million in Q1 2021. At 24.0% of Q1 2021 revenue, SP Group's own brands account for a growing proportion of revenue.
- Sales to the healthcare, food-related, automotive and other demanding industries increased during the reporting period, whereas cleantech sales declined.
- There was a cash inflow from operating activities of DKK 66.3 million in Q1 2021, against DKK 79.6 million in Q1 2020.
- Net interest-bearing debt (NIBD) amounted to DKK 702.4 million at 31 March 2021, against DKK 853.3 million at 31 March 2020. At 31 December 2020, NIBD amounted to DKK 686.1 million. NIBD was 1.9 times LTM EBITDA. NIBD increased by DKK 16.3 million during the first quarter.
- Due to the spread of COVID-19 and the actions taken by the authorities, our levels of activity and cash flows over the coming months remain subject to considerable uncertainty. At the present time, we expect to grow our revenue in 2021 by from 4% to 12% with an EBITDA margin of 16.0% to 18.0% and an EBT margin of 9% to 12%.

Statement by CEO Frank Gad: *"We successfully delivered growth in revenue and EBITDA in the first quarter of 2021 despite the coronavirus pandemic, global turbulence, many market challenges and volatile prices of raw materials. All of our 28 plants are operating and have access to the raw materials they need, and all our sales offices are open for business. We have benefited from our exposure to relatively resilient industries, and we have grown our sales to the healthcare, food-related and other demanding industries. We have continued to pursue our dedicated M&A strategy, thereby attracting more customers and getting access to new technology, and we are committed to retaining our role as industry consolidators as and when value-creating opportunities arise."*

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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q1 2021 (unaud.)	Q1 2020 (unaud.)	FY 2020 (audited)
Income statement			
Revenue	598,090	546,407	2,178,189
Profit before depreciation, amortisation and impairment losses (EBITDA)	105,224	87,928	356,381
Depreciation, amortisation and impairment losses	-36,390	-34,100	-141,550
Profit before net financials (EBIT)	68,834	53,828	214,831
Net financials	-1,332	-3,625	-21,064
Profit before tax (EBT)	67,502	50,203	193,767
Profit for the period	53,168	39,274	150,841
Earnings per share (DKK)	4.36	3.55	12.85
Earnings per share, diluted (DKK)	4.32	3.55	12.75
Balance sheet			
Non-current assets	1,352,037	1,195,202	1,332,107
Total assets	2,368,348	2,071,002	2,264,875
Equity including non-controlling interests	1,018,673	681,703	1,007,379
Investments in property, plant and equipment (excluding acquisitions)	41,238	21,535	143,378
Net working capital (NWC)	469,414	457,107	453,525
Net interest-bearing debt (NIBD)	702,371	853,278	686,142
NIBD/EBITDA (LTM)	1.9	2.4	1.9
Cash flows			
Cash flows from:			
- operating activities	66,311	79,609	320,435
- investing activities	-46,456	-23,746	-203,392
- financing activities	765	-30,089	-43,057
Change in cash and cash equivalents	20,620	25,774	73,986
Key ratios			
EBITDA margin (%)	17.6	16.1	16.4
EBIT margin (%)	11.5	9.9	9.9
Profit before tax (EBT) as a percentage of revenue	11.3	9.2	8.9
Return on invested capital including goodwill (%)			12.3
Return on invested capital excluding goodwill (%)			14.0
Return on equity, excluding non-controlling interests			17.6
Equity ratio, excluding non-controlling interests (%)	42.9	32.8	44.4
Equity ratio, including non-controlling interests (%)	43.0	32.9	44.5
Financial gearing	0.7	1.3	0.7
Cash flow per share, DKK	5.41	7.18	27.10
Total dividends for the year per share (DKK)			5.00
Market price, end of period (DKK per share)	335.00	175.00	271.00
Net asset value per share, end of period (DKK)	83.92	61.58	82.35
Market price/net asset value, end of period	3.99	2.84	3.29
Number of shares, end of period	12,490,000	11,390,000	12,490,00
of which treasury shares, end of period	383,014	356,691	286,430
Average no. of employees	2,280	2,184	2,214

The financial ratios have been calculated in accordance with 'Recommendations & Ratios' issued by CFA Society Denmark. The definitions are listed on page 80 of the 2020 Annual Report.

MANAGEMENT COMMENTARY

Q1 PERFORMANCE REVIEW

We continued to grow sales to many customers across industries and geographies in the first quarter. The improvements were the most pronounced in our international markets, as sales outside Denmark grew by 15.2%. Sales to our Danish customers were down by 2.8%.

International sales were up by 16.9% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2020:

	Q1 2021
Healthcare	12.5%
Cleantech	-6.0%
Food-related	2.0%
Automotive	21.6%
Other demanding industries	33.8%
of which own brands	25.1%

Most of the change in revenue for the Q1 period was due to higher volume sales. Exchange rate developments reduced revenue by about DKK 6.4 million (SEK, RMB and USD depreciating), equal to 2.1% of revenue.

Acquired businesses and operations contributed about DKK 17.0 million of the revenue improvement in the first quarter.

Organic growth in local currencies was about 7.5% in Q1 2021.

Sales to the healthcare industry were up by 12.5% year-on-year to DKK 173.9 million and now account for 29.1% of consolidated revenue.

Sales to the cleantech industry were down by 6.0% to DKK 176.4 million and now make up 29.5% of consolidated revenue.

Sales to food-related industries were up by 2.0% to DKK 70.9 million and now make up 11.9% of consolidated revenue.

Sales to the automotive sector were up by 21.6% to DKK 32.7 million, equal to 5.5% of revenue.

Sales to other demanding industries were up by 33.8% to DKK 144.2 million and now account for 24.1% of consolidated revenue.

Sales of our own brands were up by 25.1% and now account for 24.0% of consolidated revenue.

SP Medical reported a 15.6% decline in guidewire sales.

Ergomat reported a 62.3% improvement in sales of ergonomic products. The improvements were driven by new innovative solutions and products, improved market opportunities and a larger sales force. The resulting growth contributed to the increase in operating income.

TPI reported a 23% decline in sales of farm ventilation components.

MedicoPack reported an 11.9% decline in sales of own brand medical device packaging.

Tinby Skumplast, MM Composite, Dan-Hill-Plast, Ulstrup Plast and Nycopac along with SP Moulding reported combined 39.6% growth in own-brand sales – standard industry components – to a total of DKK 42.3 million.

SP Group continued its intensified marketing efforts towards both existing and potential customers. We won new customers in the first quarter and are continuing our proactive approach to developing and marketing a number of new solutions, including for the healthcare, cleantech and food-related industries, which we believe hold an attractive growth potential for our company.

We are generating higher volume sales to the healthcare industry and have won orders for many new plastics components for regular shipment.

International sales made up 71.8% of revenue (compared with 68.2% in Q1 2020).

SP Group continually seeks to optimise its business under the prevailing market conditions by raising production efficiency, aligning capacity and pursuing tight cost management.

In addition to capacity adjustments, we focus on adjusting our general costs on an ongoing basis. Our goal at SP Group is for all of our production facilities to manufacture and deliver better, cheaper and faster. We continually consider steps to cut consumption of input materials and resources (reducing carbon emissions, etc.) and to reduce the time necessary to commission equipment and switch-over times. We are continuing the current roll-out of our LEAN process, which aims to improve our processes and flows and to enhance the skill sets of our organisation.

Currently, some 73% of our staff are employed outside Denmark.

The Group's headcount grew by 77 in the first quarter.

The new employees are based in Poland (41), Finland (21) and Latvia (21), while there was a net reduction of six employees in the rest of the world. The increased headcount in Finland was due to the acquisition of Jollmax Coating Oy.

At 31 March 2021, SP Group had 2,337 employees worldwide.

Volatility in prices of raw materials and frequent coronavirus-related force majeure claims by our suppliers had a negative impact on EBITDA in the Q1 2021 period. We expect to pass on the higher prices of raw materials to our customers at a certain time lag.

All our 28 plants in Europe, North America and Asia are operating and have access to the raw materials they require. All sales offices are open for business.

All locations are continuing a range of measures to ensure that people observe social distancing and that strict hygiene procedures are followed at all times.

We have not had production disrupted due to the COVID-19 situation.

On the customer side, we are fortunate that SP Group is not particularly exposed to the sectors and industries most severely impacted by the COVID-19 crisis.

Our largest sector, cleantech, accounts for close to one third of our consolidated sales and so far, it seems relatively unaffected by the COVID-19 situation. Meanwhile, the green transition remains a high priority across the world.

Our second-largest sector, healthcare, also seems to have escaped much of the coronavirus impact. The same applies to the third of our large sectors, food manufacturers and food-related industries, although several of our customers have been forced by the authorities to shut down their operations to avoid a spread of the virus.

Sales to the automotive industry have surged.

Sales to Other demanding industries also rose sharply.

Geographically, the impact on our customers varies significantly.

Some parts of our Group saw their activity levels go up due to the COVID-19 situation. Ergomat's DuraStripe® products are normally used to support health and safety measures in industry. Now, DuraStripe® is also being used to help people observe social distancing, use the correct personal protective equipment (PPE) and generally to help mitigate the spread of COVID-19 in the public domain.

Another example is the use of PlexxOpido's plexiglass solutions to help shield cashiers from shoppers in supermarkets and other retail outlets.

A third example is online businesses. Due to the rapid growth they are experiencing, they need Ergomat's ergonomic flooring solutions to ensure a strong health and safety environment for their growing staff numbers.

Obviously, SP Group continues to be affected by the COVID-19 crisis, but we manufacture, sell and deliver our products on a daily basis. Our supply chains are intact. We have not incurred losses on trade receivables due to the crisis, nor do we expect any.

SP Group has not made use of the Danish relief schemes, as we have not had the need.

However, it is difficult to provide meaningful guidance in a world where different countries are at different stages in combating the ongoing COVID-19 crisis and where the situation is continuously evolving.

We expect to grow our revenue by 4% to 12% with an EBITDA margin of 16.0% to 18.0% and an EBT margin of 9% to 12%.

In addition, SP Group has extended its credit facilities with its primary bankers until spring 2022. The financial covenants are unchanged:

- Net interest-bearing debt may be up to 3.5x LTM EBITDA, but up to 4x EBITDA during the initial two quarters following a debt-funded acquisition.
- The equity ratio must never be lower than 25%.

NIBD/EBITDA is expected to be less than 3.0 by 31 December 2021.

In April 2021, the Company sold 182,725 treasury shares to cover the cost of warrants exercised under the 2016, 2017 and 2018 warrant programmes. The proceeds added DKK 39.8 million in cash to equity.

As announced in Announcement No. 19/2021, SP Group has launched a new DKK 40 million share buy-back programme, which is expected to run until 10 April 2022 and, as announced in Announcement No. 33/2021, increased the programme by DKK 10 million. The purpose of the programme is to hedge warrant programmes. At the Company's annual general meeting on 27 April 2021, it was resolved to distribute dividends of DKK 62.5 million to shareholders. The dividend was paid out at the end of April 2021.

SP Group is committed to continuing its aggressive M&A strategy of making value-generating acquisitions that contribute to increasing the scale and diversification of the Group. The acquisition experience compiled in recent years has enabled us to achieve effective synergies leading to both top and bottom-line growth.

FINANCIAL PERFORMANCE REVIEW

Revenue for the first three months of 2021 amounted to DKK 598.1 million, a 9.5% improvement from DKK 546.4 million in the year-earlier period. Acquired businesses and operations accounted for approximately 3.1ppts of the increase. Exchange rate developments reduced revenue growth by about 1.2ppts.

The consolidated Q1 2021 EBITDA was DKK 105.2 million compared with DKK 87.9 million in Q1 2020, Acquired businesses and operations contributed DKK 2.2 million.

The EBITDA margin was 17.6%, against 16.1% in Q1 2020.

Profit before net financials (EBIT) came to DKK 68.8 million in Q1 2021, against DKK 53.8 million in Q1 2020. The EBIT margin was 11.5% in Q1 2021 compared with 9.9% in Q1 2020.

Net financials were an expense of DKK 1.3 million in Q1 2021, a DKK 2.3 million improvement year on year that was due to positive value adjustments.

Profit before tax (EBT) amounted to DKK 67.5 million in Q1 2021 as against DKK 50.2 million in Q1 2020. The EBT margin for Q1 2021 was 11.3%, against 9.2% in the same period of last year.

The tax rate fell slightly to 21.2% from 21.8%.

Total assets amounted to DKK 2,368.3 million at 31 March 2021, compared with DKK 2,071.0 million at 31 March 2020 and DKK 2,264.9 million at 31 December 2020. The equity ratio was 43.0% at 31 March 2021, as against 32.9% at 31 March 2020 and 44.5% at 31 December 2020.

Total assets grew by approximately DKK 103.5 million during the three months to 31 March 2021. The amount breaks down as follows: DKK 7.6 million relating to the acquisition of Jollmax Coating Oy, an increase in gross working capital (DKK 56.9 million), an increase in cash and cash equivalents (DKK 20.6 million), an increase in intangible assets (DKK 10.0 million), an increase in property, plant and equipment (DKK 7.6 million) and an increase in financial assets (DKK 0.8 million).
Net interest-bearing debt amounted to DKK 702.4 million at 31 March 2021, against DKK 686.1 million at 1 January 2021 and DKK 853.3 million at 31 March 2020.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 1.9 times LTM EBITDA (DKK 373.7 million). NIBD/EBITDA at 31 December 2020 was 1.9. We remain strongly committed to reducing interest-bearing debt by increasing cash flows from operating activities.

Equity grew in the Q1 reporting period, due to positive effects from exchange rate adjustments of foreign subsidiaries (by DKK 5.2 million) and negative effects from the value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 14.6 million).

Equity was also reduced by the purchase of treasury shares in the reporting period for a net amount of DKK 32.7 million.

Equity amounted to DKK 1,018.7 million at 31 March 2021 against DKK 681.7 million at 31 March 2020 and 1,007.4 million at 31 December 2020.

Equity increased by DKK 11.3 million in the Q1 2021 period.

Cash flows

Cash flows from operating activities were DKK 66.3 million in Q1 2021, which was DKK 13.3 million less than in the Q1 2020 period.

In the Q1 2021 period, the Group spent DKK 43.4 million on investments, a net amount of DKK 34.3 million on reducing non-current loans, a net amount of DKK 32.7 million on buying treasury shares, deposits were reduced by DKK 0.8 million, DKK 3.1 million was spent on a new acquisition, and changes in short-term bank debt amounted to DKK 68.6 million. The resulting change in cash and cash equivalents was DKK 20.6 million.

Management believes that the company's capital resources remain sound relative to its operations and that is has sufficient cash resources to meet its current and future liabilities. The company has good, long-standing and constructive relationships with its financial business partners and expects to continue those relationships.

OUTLOOK FOR THE REST OF 2021

Hopefully, the global economy will grow in 2021, but it remains fragile and subject to political uncertainty and economic volatility. Our neighbouring markets in Europe have grave government budget deficits and high indebtedness. The outbreak of COVID-19, which has subsequently spread worldwide, may have considerable adverse effects on the global economy and on our customers and suppliers – and thus on developments in SP Group.

Brexit is expected to have only a marginally direct impact on SP Group, but it will have an adverse indirect effect on us through a number of our customers.

Trade barriers between the USA and the EU and between the USA and China may have a strong adverse effect on the global economy and, by extension, on developments in SP Group. A higher level of interest rates would also have an adverse effect on developments in SP Group.

We plan to launch a number of new products and solutions for our customers, particularly in the healthcare, cleantech and food-related industries. These new solutions are expected to contribute to growth and earnings.

We intend to maintain a high level of investment in 2021. We expect to make the largest investments in our cleantech operations.

Amortisation and depreciation charges are expected to be higher than in 2020, in part due to the substantial investments made in 2020.

Financial expenses are expected to be at a lower level than in 2020.

By combining these factors with tight cost management and swift capacity alignment, and by maintaining a strong focus on risk management, cash management and capital management, our Group is strongly positioned for the future.

Due to the spread of COVID-19 and the actions taken by the authorities, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

At the present time, we expect to grow our revenue in 2021 by from 4% to 12% with an EBITDA margin of 16.0% to 18.0% and an EBT margin of 9% to 12%.

OTHER MATTERS AND EVENTS AFTER THE BALANCE SHEET DATE

On 18 February 2021, SP Group A/S acquired, through its subsidiary Coreplast Oy, the company Jollmax Coating Oy based in Salo, Finland.

Jollmax Coating Oy are specialists in wet painting, powder coating, printing, water printing and other decorating services on plastics and other materials. The company has more than 30 years of experience in these areas. Jollmax Coating Oy is Finland's sole supplier of industrial water printing.

The acquisition of Jollmax Coating Oy has complemented SP Group's broad range of skills and strengthened its surface activities, while also expanding SP Group's operations in Finland.

The company's highly skilled management and committed employees will be staying on.

The acquisition was announced in Announcement no. 10/2021 of 18 February 2021.

On 5 March 2021, SP Group A/S agreed, through its subsidiary Tinby A/S, to acquire selected assets from Dupont Plastic under konkurs.

Dupont Plastic ApS was a minor PUR company based in Hjortshøj, Denmark, acting as sub-supplier to a number of manufacturing companies.

The acquisition was announced in Announcement no. 13/2021 of 5 March 2021.

Accoat's factory in Poland was shut down at the beginning of 2021 due to a change in market conditions.

Discontinuing the operations in Poland had no effect on the profit for the period.

The start-up phase at Gibo's new factory in China continues. The initial machinery has been installed and production is ongoing.

Gibo plans to add rotation moulding facilities to the new factory in China in 2021. The machinery has arrived in China and production will start up in the second quarter of the year.

The projects to expand the facilities in Slovakia and at Stoholm, Denmark, are nearing conclusion. Ergomat has commenced a major extension project in the USA. Tinby Skumplast has relocated its operations to Søndersø, Denmark.

Dan-Hill-Plast A/S has acquired a building adjacent to its current site, intending to ensure expansion opportunities in Denmark.

Construction of a new factory in Poland will begin as soon as a building permit is issued.

STATEMENT BY MANAGEMENT

The Board of Directors, the Executive Board and the rest of management have today considered and approved the interim report of SP Group A/S for the three months ended 31 March 2021.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2021 and of the results of the Group's operations and cash flows for the three months ended 31 March 2021.

Furthermore, in our opinion, the Management commentary gives a true and fair review of the development of the Group's activities and financial affairs, the financial results for the period and the Group's financial position in general as well as a true and fair description of the principal risks and uncertainties which the Group faces.

Søndersø, 26 May 2021

Executive Board and other members of Group management

Frank Gad CEO	Søren Ulstrup Member of the Executive Board
Lars Ravn Bering Member of the Executive Board	/Tilde Kejlhof CFO

Board of Directors

Hans W. Schur Chairman	Erik P. Holm Deputy Chairman
Hans-Henrik Eriksen	Bente Overgaard

INCOME STATEMENT (summary)

DKK '000	Q1 2021 (unaud.)	Q1 2020 (unaud.)	FY 2020 (audited)
Revenue	598,090	546,407	2,178,189
Production costs	-404,395	-371,002	-1,481,395
Contribution margin	**193,695**	**175,405**	**696,794**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**105,224**	**87,928**	**356,381**
Depreciation, amortisation and impairment losses	-36,390	-34,100	-141,550
Profit before net financials (EBIT)	**68,834**	**53,828**	**214,831**
Net financials	-1,332	-3,625	-21,064
Profit before tax (EBT)	**67,502**	**50,203**	**193,767**
Tax on profit for the period	-14,334	-10,929	-42,926
Profit for the period	**53,168**	**39,274**	**150,841**
Attributable to:			
Parent company shareholders	53,002	39,365	150,806
Non-controlling shareholders	166	-91	35
Earnings per share (DKK)	4.36	3.55	12.85
Earnings per share, diluted (DKK)	4.32	3.55	12.75

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q1 2021 (unaud.)	Q1 2020 (unaud.)	FY 2020 (audited)
Profit for the period	**53,168**	**39,274**	**150,841**
Items that may be reclassified to the income statement:			
Exchange rate adjustment relating to foreign companies	5,242	-18,204	-33,894
Net fair value adjustment of financial instruments acquired to hedge future cash flows	-14,589	-25,746	-20,116
Other comprehensive income	**-9,347**	**-43,950**	**-54,010**
Comprehensive income	**43,821**	**-4,676**	**96,831**
Allocation of comprehensive income for the period:			
Parent company shareholders	43,671	-4,533	96,772
Non-controlling shareholders	150	-143	59
Earnings per share (DKK)	3.61	-0.42	8.25
Earnings per share, diluted (DKK)	3.58	-0.42	8.19

BALANCE SHEET (summary)

DKK '000	31.03. 2021 (unaud.)	31.03. 2020 (unaud.)	31.12. 2020 (audited)
Intangible assets*	307,344	265,724	297,308
Property, plant and equipment	1,039,407	925,805	1,030,325
Financial assets	1,879	1,913	1,067
Deferred tax assets	3,407	1,760	3,407
Total non-current assets	**1,352,037**	**1,195,202**	**1,332,107**
Inventories	520,592	497,853	500,282
Receivables*	352,407	303,468	309,794
Cash	143,312	74,479	122,692
Total current assets	**1,016,311**	**875,800**	**932,768**
Total assets	**2,368,348**	**2,071,002**	**2,264,875**
Equity including non-controlling interests	1,018,673	681,703	1,007,379
Non-current liabilities	552,009	543,136	580,464
Current liabilities*	797,666	846,163	677,032
Equity and liabilities	**2,368,348**	**2,071,002**	**2,264,875**

* See notes 3 and 4 to the financial statements on page 15 for changes in goodwill and fair value of derivative financial instruments.

CASH FLOW STATEMENT

DKK '000	Q1 2021 (unaud.)	Q1 2020 (unaud.)	FY 2020 (audited)
Profit before net financials (EBIT)	68,834	53,828	214,831
Depreciation, amortisation and impairment losses	36,390	34,100	141,550
Share-based payment	162	186	683
Value adjustments, etc.	6,329	-7,880	4,530
Change in working capital	-30,601	8,761	25,433
Interest expenses paid	-5,324	-5,416	-29,925
Income tax received/paid	-9,479	-3,970	-36,667
Cash flows from operating activities	**66,311**	**79,609**	**320,435**
Acquisition of subsidiary	-3,061	0	-44,792
Acquisition of intangible assets	-4,131	-3,031	-15,222
Acquisition of property, plant and equipment, net	-39,264	-20,715	-143,378
Cash flows from investing activities	**-46,456**	**-23,746**	**-203,392**
Dividend to non-controlling shareholders	0	0	0
Dividends paid	0	0	0
Deposits, adjustment	-812	-761	85
Acquisition of treasury shares	-32,689	-24,209	-45,602
Sale of treasury shares	0	0	30,467
Capital increase	0	0	0
Sale of warrants	0	0	0
Raising of long-term loans	0	0	72,401
Instalments on non-current liabilities	-34,295	-37,598	-189,340
Bank debt, adjustment	68,561	32,479	-125,606
Cash flows from financing activities	**765**	**-30,089**	**-43,057**
Change in cash and cash equivalents	**20,620**	**25,774**	**73,986**
Cash and cash equivalents at 1 January	122,692	48,706	48,706
Cash and cash equivalents at end of period	**143,312**	**74,480**	**122,692**

CHANGES IN EQUITY since 1 January:

DKK '000	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2021 (unaud.)	2020 (unaud.)	2021 (unaud.)	2020 (unaud.)	2021 (unaud.)	2020 (unaud.)
Balance at 1 January	**1,004,905**	**707,987**	**2,474**	**2,415**	**1,007,379**	**710,402**
Profit for the period	**53,002**	**39,365**	**166**	**-91**	**53,168**	**39,274**
Other comprehensive income:						
Exchange rate adj., foreign subsidiaries	5,258	-18,152	-16	-52	5,242	-18,204
Value adjustment of derivative financial instruments	-14,589	-25,746	0	0	-14,589	-25,746
Total other comprehensive income	**-9,331**	**-43,898**	**-16**	**-52**	**-9,347**	**-43,950**
Comprehensive income for the period	**43,671**	**-4,533**	**150**	**-143**	**43,821**	**-4,676**
Share-based payment	162	186	0	0	162	186
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	-32,689	-24,209	0	0	-32,689	-24,209
Sale of treasury shares	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0
Addition from acquisitions	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Transactions with shareholders	**-32,527**	**-24,023**	**0**	**0**	**-32,527**	**-24,023**
Balance at 31 March	**1,016,049**	**679,431**	**2,624**	**2,272**	**1,018,673**	**681,703**

On 18 February 2021, the Group acquired all shares in Finnish company Jollmax Coating Oy, a company specialising in wet painting, powder coating, printing, water printing and other decorating services on plastics and other materials.

Preliminary fair values of assets and liabilities at the date of acquisition are set out below.

	DKK '000
Customer files	2,752
Intangible assets	82
Property, plant and equipment	1,354
Inventories	902
Order book	134
Trade receivables	1,922
Other receivables	64
Cash and cash equivalents	2,170
Deferred tax	-577
Financial liabilities	-879
Trade payables	-937
Other payables	-2,207
Acquired net assets	**4,780**
Goodwill	5,545
Total consideration	**10,325**
Cash consideration	5,232
Debt instruments	2,679
Contingent consideration	2,414
Total consideration	**10,325**

Prior to the acquisition, the acquired entity had EBITDA of about DKK 2.2 million in its most recent financial year.

The consideration was for an amount up to DKK 10,325 thousand, of which DKK 5,232 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 2,744 thousand, which fall due in the period 2022-2024, have been issued. The discounted amount is DKK 2,679 thousand.

In addition, there is a contingent consideration with a nominal value of DKK 2,488 thousand. The discounted amount is DKK 2,414 thousand. The contingent consideration is recognised at its fair value at the date of acquisition. The amount recognised is the maximum that may become payable, because the earn-out conditions are expected to be met.

Acquisition costs amounted to DKK 0.3 million, which amount has been recognised in 2021.

In connection with the acquisition, goodwill has been made up at DKK 5,545 thousand after recognition at fair value of identifiable assets, liabilities and contingent liabilities. Goodwill represents the expected value of synergies and know-how resulting from the combination with SP Group. Goodwill is not amortised for tax purposes.

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

The Board of Directors resolved on 25 March 2021 to set up an incentive programme for the Company's Executive Board and 41 managers. The programme is based on warrants to be issued by the Board of Directors exercising the authorisation provided in article 5(5) of the articles of association and granted at the Annual General Meeting in 2019, on which occasion the programme was presented to the shareholders. A total of 108,750 warrants were issued, of which 22,500 were awarded to members of the Executive Board and the rest were awarded to the senior managers.

The reason for the award was a desire to align the interests of the senior managers with those of the Group.

The exercise price was fixed at DKK 400.00 per share with a nominal value of DKK 2 plus a 7.5% premium calculated from 1 April 2021 and until the date of exercise. The exercise price was fixed on the basis of market conditions applying on 25 March 2021.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2024 to 31 March 2027, always provided that warrants can only be exercised during the first two weeks of a trading window in which the Company's in-house rules allow management to trade in the Company's shares.

Warrants to be issued are expected to have a value of DKK 58.44 each for an aggregate market value of approximately DKK 6,355,311.00. The market value of the warrants issued was calculated using the Black–Scholes model with volatility of 39.6% calculated on the basis of the price of the Company's shares during the past 36 months, a level of interest rates of 0.00%, a share price of DKK 361.00 (closing price at 25 March 2021) and assuming that warrants awarded are exercised in April 2024. Allowance is made for any dividend payments to be made during the period.

If a participant resigns from the group company in which he or she is employed, the number of warrants will be reduced on a pro rata basis so as to reflect that the participant was only associated with the Group for a part of the term of the programme.

A total of 182,725 warrants were exercised in April 2021.

SP Group currently has incentive programmes consisting of 6,535 warrants (2016 programme) that are exercisable as from 2019, 40,200 warrants (2017 programme) that are exercisable as from 2020, 168,995 warrants (2018 programme) that are exercisable as from 2021, 240,000 warrants (2019 programme) that are exercisable as from 2022, and 107,500 warrants (2021 programme) that are exercisable as from 2024.

If a participant resigns from the group company in which he or she is employed, the number of warrants will be reduced on a pro rata basis so as to reflect that the participant was only associated with the Group for a part of the term of the programme. This does not apply if a participant has bought and paid for his or her warrants.

Note 1. Accounting policies
The interim report for the three months to 31 March 2021 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies. Other than as set out below, the accounting policies are consistent with those applied in Annual Report 2020, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

Changes to accounting policies
Effective from 1 January 2021, SP Group A/S has implemented the following new or amended standards and interpretations:

- Amendments to IFRS 9, IAS 39 and IFRS 7 phase 2 of the IBOR reform.

SP Group A/S has implemented the standards and interpretations taking effect in the EU for 2021. None of these have affected recognition and measurement in 2021 nor are they expected to affect SP Group A/S.

Note 2. Accounting estimates and judgments
In preparing the interim financial statements, Management makes accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The most significant estimates made by Management when applying the accounting policies and the most significant judgment uncertainty related to preparing these interim financial statements are the same as those used to prepare the consolidated and the parent company financial statements for 2020. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2020.

Impairment test
Management had not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 31 March 2021.

Note 3. Intangible assets
Goodwill

DKK '000	**31.03. 2021** (unaud.)	**31.03. 2020** (unaud.)	**31.12. 2020** (audited)
Cost at 1 January	220,050	200,853	200,853
Foreign exchange adjustment	669	277	-1,361
Addition from acquisitions	5,545	0	20,558
Cost at 31 March	226,264	201,130	220,050
Depreciation and impairment at 1 January	1,861	1,861	1,861
Impairment	0	0	0
Foreign exchange adjustment	0	0	0
Cost at 31 March	1,861	1,861	1,861
Carrying amount at 31 March	**224,403**	**199,269**	**218,189**

Note 4. Fair value measurement of financial instruments
Listed below are relevant disclosure requirements relevant for the Group's forward exchange contracts.

Derivative financial instruments are measured in accordance with a recognised valuation method, under which all material data are based on observable market data, i.e. level 2.

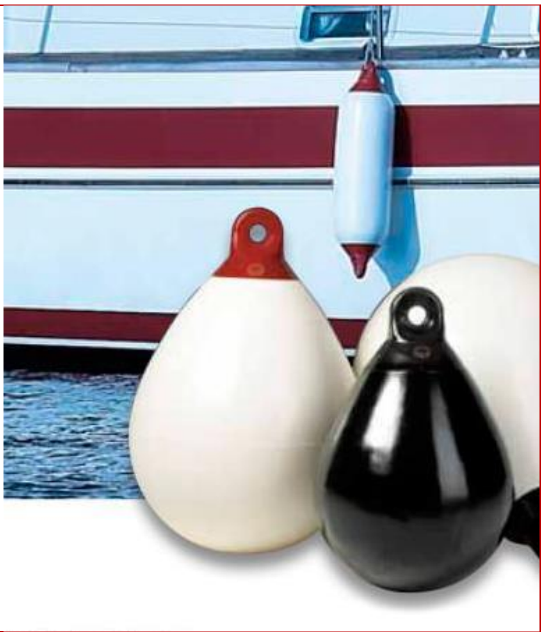
DKK '000		**31.03. 2021** (unaud.)		**31.03. 2020** (unaud.)		**31.12. 2020** (audited)
Financial assets	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Derivative financial instruments to hedge future cash flows	0	0	0	0	3,057	3,057
Financial liabilities						
Derivative financial instruments to hedge future cash flows	15,238	15,238	2,262	2,262	0	0

With a view to hedging the currency risk on the future sale of goods in EUR from the Polish entities, derivative financial instruments have been entered into, in accordance with the Group's currency policy as approved by the Board of Directors, which hedge part of the currency risk related to such sales for a period of up to four years.

Forward-looking statements
This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2021 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange rates, pandemics and economic conditions. This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

About SP Group
SP Group manufactures moulded plastic and composite components and applies plastic coatings on plastic and metal surfaces.

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries and has increasing sales and growing production from own factories in Denmark, China, the USA, Latvia, Slovakia, Sweden, Finland and Poland. SP Group also has sales and service subsidiaries in Sweden, Norway, the Netherlands and Canada. SP Group is listed on NASDAQ Copenhagen A/S and had some 2,340 employees and about 2,700 registered shareholders at 31 March 2021.



Dan-Hill-Plast develops, manufactures and sells own-brand products, such as fenders for yachts and boats under the Dan-Fender brand which is sold globally.