

NASDAQ Copenhagen A/S  
Nikolaj Plads 6  
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Announcement no. 35 / 2022  
24 May 2022  
Company reg. (CVR) no.  
15701315

## Interim report – First quarter of 2022

*Summary: SP Group generated revenue of DKK 720.1 million in the Q1 2022 reporting period, a 20.4% improvement from DKK 598.1 million in Q1 2021. EBITDA was up by 23.3% to DKK 129.7 million from DKK 105.2 million last year, and profit before tax was up 22.9% to DKK 83.0 million. FY 2022 guidance maintained. SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.*

The Board of Directors of SP Group A/S has today considered and approved the interim report for Q1 2022. Highlights of the interim report:

- Revenue was up by DKK 122.0 million to DKK 720.1 million in Q1 2022, or by 20.4% year on year. Company acquisitions added DKK 14.2 million to consolidated revenue.
- EBITDA for Q1 2022 was DKK 129.7 million, as against DKK 105.2 million in Q1 2021. Company acquisitions added DKK 3.8 million to EBITDA. External due diligence costs related to the acquisitions of Davinci 3D A/S and Bovil ApS reduced EBITDA by DKK 0.6 million.
- Depreciation, amortisation and impairment losses amounted to DKK 43.0 million, an increase of DKK 6.6 million relative to Q1 2021. Amortisation and depreciation in company acquisitions accounted for DKK 0.8 million of the increase.
- Profit before net financials (EBIT) came to DKK 86.7 million in Q1 2022, for a 25.9% increase from DKK 68.8 million in Q1 2021.
- Net financials were an expense of DKK 3.7 million, a DKK 2.4 million increase relative to Q1 2021 that was due to negative value adjustments.
- Profit before tax was DKK 83.0 million in Q1 2022, a 22.9% improvement from DKK 67.5 million in Q1 2021.
- Earnings per share (diluted) were DKK 5.33 in Q1 2022, a 23.4% increase from DKK 4.32 in Q1 2021.
- Sales of our own brands were up by 46.2% year on year to DKK 210.0 million in Q1 2022. At 29.2% of Q1 2022 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 suffered a slight decline.
- There was a cash inflow from operating activities of DKK 62.7 million in Q1 2022, against a DKK 66.3 million inflow in Q1 2021.
- Net interest-bearing debt (NIBD) amounted to DKK 894.6 million at 31 March 2022, against DKK 702.4 million at 31 March 2021 and DKK 822.0 million at 31 December 2021. NIBD was 2.0 times LTM EBITDA. NIBD increased by DKK 72.6 million in Q1 2022, mainly due to the acquisitions of Davinci 3D A/S and Bovil ApS.
- SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%. However, due to the war in Ukraine, the spread of COVID-19 and the actions taken by the authorities combined with global bottleneck issues in a number of supply chains, our levels of activity and cash flows over the coming months are subject to considerable uncertainty.

Statement by CEO Frank Gad: *"We successfully delivered growth in revenue and EBITDA in the first quarter of 2022 despite the COVID-19 pandemic, the war in Ukraine, global turbulence, many market challenges and volatile prices of raw materials. Nevertheless, we're facing many challenges in a rapidly changing world. All of our 30 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're committed to retaining our role as industry consolidators as and when value-adding opportunities arise."*

**Further information:**  
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### FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q1 2022 (unaud.)	Q1 2021 (unaud.)	FY 2021 (audited)
<b>Income statement</b>			
Revenue	720,109	598,090	2,480,869
Profit before depreciation, amortisation and impairment losses (EBITDA)	129,714	105,224	422,912
Depreciation, amortisation and impairment losses	-43,034	-36,390	-153,848
Profit before net financials (EBIT)	86,680	68,834	269,064
Net financials	-3,729	-1,332	-11,290
Profit before tax (EBT)	82,951	67,502	257,774
Profit for the period	65,464	53,168	203,217
Earnings per share (DKK)	5.37	4.36	16.63
Earnings per share, diluted (DKK)	5.33	4.32	16.44
<b>Balance sheet</b>			
Non-current assets	1,585,722	1,352,037	1,470,872
Total assets	2,779,251	2,368,348	2,530,017
Equity including non-controlling interests	1,123,799	1,018,673	1,084,022
Investments in property, plant and equipment (excluding acquisitions)	67,516	41,238	198,107
<b>Net working capital (NWC)</b>	596,673	469,414	545,924
<b>Net interest-bearing debt (NIBD)</b>	894,578	702,371	821,986
NIBD/EBITDA (LTM)	2.0	1.9	1.9
<b>Cash flows</b>			
Cash flows from:			
- operating activities	62,687	66,311	237,701
- investing activities	-109,422	-46,456	-221,930
- financing activities	49,027	765	-56,300
Change in cash and cash equivalents	2,292	20,620	-40,529
<b>Key ratios</b>			
EBITDA margin (%)	18.0	17.6	17.0
EBIT margin (%)	12.0	11.5	10.8
Profit before tax (EBT) as a percentage of revenue	11.5	11.3	10.4
Return on invested capital incl. goodwill (%)			14.2
Return on invested capital ex. goodwill (%)			16.1
Return on equity, excluding non-controlling interests (%)			19.4
Equity ratio, excluding non-controlling interests (%)	40.3	42.9	42.7
Equity ratio, including non-controlling interests (%)	40.4	43.0	42.8
Financial gearing	0.8	0.7	0.8
Cash flow per share, DKK	5.12	5.41	19.27
Total dividends for the year per share (DKK)			3.00
Market price, end of period (DKK per share)	354.00	335.00	441.00
Net asset value per share, end of period (DKK)	92.26	83.92	88.77
Market price/net asset value, end of period	3.84	3.99	4.97
Number of shares, end of period	12,490,000	12,490,000	12,490,000
of which treasury shares, end of period	343,458	383,014	310,761
Average no. of employees	2,530	2,280	2,380

The financial ratios have been calculated in accordance with 'Recommendations & Ratios' issued by CFA Society Denmark. The definitions are listed on page 84 of the 2021 Annual Report.



## MANAGEMENT COMMENTARY

### 3M 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 22.5%. Sales to our Danish customers were up by 15.2%.

International sales were up by 21.0% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2021:

	Q1 2022
Healthcare	46.2%
Cleantech	-0.3%
Food-related	36.0%
Automotive	2.7%
Other demanding industries	13.1%
of which own brands	46.2%

Most of the change in revenue for the Q1 period was due to higher volume sales. Exchange rate developments increased revenue by about DKK 13.8 million (mainly USD and RMB appreciating), equal to 2.3% of revenue.

Acquired businesses and operations contributed about DKK 14.2 million of the revenue improvement in the first quarter. Higher prices of raw materials passed on to customers were also a contributing factor to the revenue increase.

Organic growth in local currencies was about 15.3% in Q1 2022.

Sales to the healthcare industry were up by 46.2% year-on-year to DKK 254.2 million and now account for 35.3% of consolidated revenue.

Sales to the cleantech industry were down by 0.3% to DKK 199.9 million and now make up 27.8% of consolidated revenue.

Sales to food-related industries were up by 36% to DKK 96.5 million and now make up 13.4% of consolidated revenue.

Sales to the automotive sector were up by 2.7% to DKK 33.6 million, equal to 4.7% of revenue.

Sales to other demanding industries were up by 13.1% to DKK 136.0 million and now account for 18.9% of consolidated revenue.

Sales of our own brands were up by 46.2% and now account for 29.2% of consolidated revenue.

SP Medical reported a 32.6% improvement in guidewire sales.

Ergomat reported a 96.6% 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 7.1% decline in sales of farm ventilation components for the first quarter.

MedicoPack reported a 40.5% increase in sales of own-brand medical packaging.

Tinby Skumplast, MM Composite, Dan-Hill-Plast, Ulstrup Plast, Neptun Plast, Atlantic Floats and Nycopac along with SP Moulding reported a combined 8.4% drop in own-brand sales – standard industry components – which amounted to a total of DKK 38.7 million.

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

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

International sales made up 73.0% of revenue (compared with 71.8% in Q1 2021).

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



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

Currently, 72% of our staff are employed outside Denmark.

The Group's headcount grew by 74 in the first quarter.

The new employees are based in Denmark (33), Poland (24), Finland (6), Sweden (9) and Slovakia (5), while there was a net reduction of three employees in the rest of the world. The increased headcount in Denmark was mainly due to the acquisition of Davinci 3D A/S and Bovil ApS.

At 31 March 2022, SP Group had 2,583 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 2022 period. We expect to pass on the higher prices of raw materials to our customers at a certain time lag.

All of our 30 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. In China, our two factories in Suzhou were adversely affected by the COVID-19 lockdown in Shanghai, which has disrupted goods transports, reduced sales and driven up costs.

Gibo's plant in China was affected to a minor extent.

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 COVID-19.

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 customer segment, healthcare, seems to have escaped much of the coronavirus impact and is reporting good growth rates.

The second-largest sector, Cleantech, also seems relatively unaffected by the pandemic so far. Meanwhile, the green transition remains a high priority across the world.

Sales to our third-largest sector, food-related industries, improved nicely.

Sales to the automotive sector improved, but are also restrained by component shortages in several value chains.

Sales to Other demanding industries also improved strongly.

In February 2022, Russia brutally attacked Ukraine, invading the country with military might. There is a risk of substantial loss of human life, equipment, dignity and prospects for us all.

SP Group has no factories, sales offices or other direct investments in Russia, Belarus or Ukraine. We have no employees or suppliers in any of the three countries. We have no investors or creditors in any of the three countries. Our direct trade with customers in the three countries amounted to about DKK 1 million in 2021, while our indirect sales through our other customers will inherently have been higher.

We will undoubtedly see an adverse impact from rising energy prices and weaker growth in the global economy. There is an urgent need for investment in more wind turbines, solar panels and other equipment that can help eliminate Europe's reliance on Russian gas and oil. SP Group applauds the EU's decision to rapidly boost production of electricity from onshore and offshore wind turbines.

Central banks' low-rate policies and countries' fiscal stimulus/relief packages continue to have a positive and stabilising effect on the global economy, and hopefully governments will not overreact once they begin to "step on the brake".

We have not incurred any losses on trade receivables due to the crisis, nor do we expect any.

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

We maintain our full-year guidance for 2022, expecting to grow our revenue by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

In February 2022, SP Group took out a new DKK 100 million loan at market rate with Jyske Bank to fund the acquisition of Davinci 3D A/S and Bovil ApS. The loan is scheduled to be repaid over seven years.

In addition, SP Group has extended its credit facilities with its primary bankers until spring 2023. The financial covenants are unchanged:



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- 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 2022.

In April 2022, the Company sold 91,000 treasury shares to cover the cost of warrants exercised under the 2017, 2018 and 2019 warrant programmes. The proceeds added DKK 22.8 million in cash to equity.

As announced in Announcement No. 18/2022, SP Group has launched a DKK 40 million share buy-back programme, which is expected to run until 10 April 2023. The purpose of the programme is to hedge warrant programmes. At the Company's annual general meeting on 27 April 2022, it was resolved to distribute a dividend of DKK 3.00 per share, for a total of DKK 37.5 million, to shareholders. The dividend was paid out in early May 2022.

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

### FINANCIAL PERFORMANCE REVIEW

Revenue for the first three months of 2022 amounted to DKK 720.1 million, a 20.4% improvement from DKK 598.1 million in the year-earlier period. Acquired businesses and operations accounted for approximately 2.8 percentage points of the increase. Exchange rate developments contributed about 2.3 percentage points.

The consolidated Q1 2022 EBITDA was DKK 129.7 million compared with DKK 105.2 million in Q1 2021, Acquired businesses and operations contributed DKK 3.8 million.

The EBITDA margin was 18.0%, against 17.6% in Q1 2021.

Profit before net financials (EBIT) came to DKK 86.7 million in Q1 2022, against DKK 68.8 million in Q1 2021. The EBIT margin was 12.0% in Q1 2022 compared with 11.5% in Q1 2021.

Net financials were an expense of DKK 3.7 million in Q1 2022, a DKK 2.4 million increase relative to Q1 2021 that was due to negative value adjustments.

Profit before tax (EBT) amounted to DKK 83.0 million in Q1 2022 as against DKK 67.5 million in Q1 2021.

The Q1 2022 EBT margin was 11.5%, against 11.3% in the same period of last year.

The tax rate fell slightly to 21.1% from 21.2%. Total assets amounted to DKK 2,779.3 million at 31 March 2022, compared with DKK 2,368.3 million at 31 March 2021 and DKK 2,530.0 million at 31 December 2021. The equity ratio was 40.4% at 31 March 2022, as against 43.0% at 31 March 2021 and 42.8% at 31 December 2021.

Total assets grew by approximately DKK 249.2 million during the three months to 31 March 2022. The amount breaks down as follows: DKK 34.8 million relating to the acquisition of Davinci 3D A/S, DKK 63.1 million relating to the acquisition of Bovil ApS, an increase in gross working capital (DKK 144.7 million), a decline in cash and cash equivalents (DKK 0.7 million), an increase in intangible assets (DKK 0.4 million), an increase in property, plant and equipment (DKK 7.2 million) and a decline in financial assets (DKK 0.3 million).

Net interest-bearing debt amounted to DKK 894.6 million at 31 March 2022, against DKK 822.0 million at 1 January 2022 and DKK 702.4 million at 31 March 2021.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 2.0 times LTM EBITDA (DKK 447.4 million). NIBD/EBITDA at 31 December 2021 was 1.9. We remain strongly committed to reducing the 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 3.1 million) and negative effects from the value adjustment of financial instruments entered into to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 16.8 million).

Equity was reduced by the purchase of treasury shares in the reporting period for a net amount of DKK 12.5 million.

Equity amounted to DKK 1,123.8 million at 31 March 2022 against DKK 1,018.7 million at 31 March 2021 and 1,084.0 million at 31 December 2021.

Equity increased by DKK 39.8 million in the Q1 2022 period.

### Cash flows

Cash flows from operating activities were DKK 62.7 million in Q1 2022, which was DKK 3.6 million less than in the Q1 2021 period.



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In the Q1 2022 period, the Group spent DKK 65.1 million on investments, a net amount of DKK 36.1 million on reducing non-current loans, a net amount of DKK 12.5 million on buying treasury shares, deposits were reduced by DKK 2.3 million, DKK 44.3 million was spent on new acquisitions, DKK 16.2 million on changes in short-term bank debt and the Group raised long-term debt of DKK 116.1 million. The resulting change in cash and cash equivalents was DKK 2.3 million.

Management believes that the Company's capital resources remain sound relative to its operations and that it has sufficient cash resources to meet its current and future liabilities. The Company has had a long-term fruitful and constructive cooperation with its financial co-operative partners, which is expected to continue.

### OUTLOOK FOR THE REST OF 2022

Hopefully, the global economy will grow in 2022, 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 the COVID-19 pandemic, which has subsequently spread worldwide, may have considerable adverse effects on the global economy and on our customers and suppliers – and thus on SP Group's performance.

Russia's invasion of Ukraine may also have considerable adverse effects on the global economy and on our customers and suppliers – and thus on SP Group's performance.

Trade barriers between the USA and the EU and between the USA and China may have a strong adverse effect on the global economy and, by extension, on 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 drive growth and earnings.

We intend to maintain a high level of investment in 2022. We expect to make the largest investments in our healthcare operations. Amortisation and depreciation charges are expected to increase relative to 2021, in part due to the substantial investments made in 2021. Financial expenses are expected to be at the level of 2021. 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 war in Ukraine, the spread of COVID-19 and the actions taken by the authorities combined with the fact that global bottleneck issues have emerged in a number of supply chains, our levels of activity and cash flows will be subject to considerable uncertainty over the coming months.

SP Group expects FY 2022 revenue to grow by 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

### OTHER MATTERS AND EVENTS OCCURRING DURING THE REPORTING PERIOD

SP Group A/S acquired the company Davinci 3D A/S on 4 February 2022. Davinci is a state-of-the-art 3D printing business with production facilities in Billund, Denmark. Davinci was founded in 2000.

Davinci 3D A/S is one of Denmark's leading companies within advanced additive manufacturing (3D printing). The company serves some 250 customers in Denmark and abroad, providing 3D printed parts for prototypes, display models, 0 series, serial production, spare parts and production equipment.

Davinci strengthens SP Group's competencies in 3D printing, product co-development with customers and low-volume production of technical plastic parts. The companies' highly skilled management and committed employees will be staying on. The acquisition was announced in Announcement No. 06/2022 of 4 February 2022.

SP Group A/S acquired the company Bovil ApS on 9 March 2022. Bovil is a highly modern plastic machining company with production facilities in Odense, Denmark. The company was founded in 2000. Bovil ApS is one of Denmark's leading companies within advanced CNC plastic machining. The company serves some 150 customers in Denmark and abroad, providing CNC processed parts for prototypes, display models, 0 series, serial production, spare parts and production equipment.

Bovil strengthens SP Group's competencies in CNC machining, product co-development with customers and low-volume production of technical plastic parts. The companies' highly skilled management and committed employees will be staying on. The acquisition was announced in Announcement No. 13/2022 of 9 March 2022.

### OTHER MATTERS AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date until the publication of this interim report that have not been disclosed in this interim report.



**STATEMENT BY MANAGEMENT**

The Board of Directors, the Executive Board and the rest of management have today considered and approved the interim report of SP Group A/S for the three months ended 31 March 2022.

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 2022 and of the results of the Group's operations and cash flows for the three months ended 31 March 2022.

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, 24 May 2022

**Executive Board and other members of Group management**

Frank Gad  
CEO

Søren Ulstrup  
Executive Vice President

Lars Ravn Bering  
Executive Vice President

/Tilde Kejlhof  
CFO

**Board of Directors**

Hans W. Schur  
Chairman

Erik P. Holm  
Deputy Chairman

Hans-Henrik Eriksen

Bente Overgaard



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### INCOME STATEMENT (summary)

DKK '000	Q1 2022 (unaud.)	Q1 2021 (unaud.)	FY 2021 (audited)
Revenue	720,109	598,090	2,480,869
Production costs	-484,855	-404,395	-1,677,947
<b>Contribution margin</b>	<b>235,254</b>	<b>193,695</b>	<b>802,922</b>
<b>Profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>129,714</b>	<b>105,224</b>	<b>422,912</b>
Depreciation, amortisation and impairment losses	-43,034	-36,390	-153,848
<b>Profit before net financials (EBIT)</b>	<b>86,680</b>	<b>68,834</b>	<b>269,064</b>
Net financials	-3,729	-1,332	-11,290
<b>Profit before tax (EBT)</b>	<b>82,951</b>	<b>67,502</b>	<b>257,774</b>
Tax on profit for the period	-17,487	-14,334	-54,557
<b>Profit for the period</b>	<b>65,464</b>	<b>53,168</b>	<b>203,217</b>
<b>Attributable to:</b>			
Parent company shareholders	65,283	53,002	202,743
Non-controlling shareholders	181	166	474
Earnings per share (DKK)	5.37	4.36	16.63
Earnings per share, diluted (DKK)	5.33	4.32	16.44

### STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q1 2022 (unaud.)	Q1 2021 (unaud.)	FY 2021 (audited)
<b>Profit for the period</b>	<b>65,464</b>	<b>53,168</b>	<b>203,217</b>
<i>Items that may be reclassified to the income statement:</i>			
Exchange rate adjustment relating to foreign companies	3,077	5,242	20,249
Net fair value adjustment of financial instruments acquired to hedge future cash flows	-16,819	-14,589	-43,680
<b>Other comprehensive income</b>	<b>-13,742</b>	<b>-9,347</b>	<b>-23,431</b>
<b>Comprehensive income</b>	<b>51,722</b>	<b>43,821</b>	<b>179,786</b>
<b>Allocation of comprehensive income for the period:</b>			
Parent company shareholders	51,550	43,671	179,330
Non-controlling shareholders	172	150	456
Earnings per share (DKK)	4.25	3.61	14.75
Earnings per share, diluted (DKK)	4.22	3.58	14.58



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### BALANCE SHEET (summary)

DKK '000	31.03. 2022 (unaud.)	31.03. 2021 (unaud.)	31.12. 2021 (audited)
Intangible assets*	397,119	307,344	337,846
Property, plant and equipment	1,174,085	1,039,407	1,120,408
Financial assets	3,521	1,879	1,621
Deferred tax assets	10,997	3,407	10,997
<b>Total non-current assets</b>	<b>1,585,722</b>	<b>1,352,037</b>	<b>1,470,872</b>
Inventories	628,806	520,592	605,097
Receivables*	480,269	352,407	371,885
Cash	84,454	143,312	82,163
<b>Total current assets</b>	<b>1,193,529</b>	<b>1,016,311</b>	<b>1,059,145</b>
<b>Total assets</b>	<b>2,779,251</b>	<b>2,368,348</b>	<b>2,530,017</b>
Equity including non-controlling interests	1,123,799	1,018,673	1,084,022
Non-current liabilities	690,869	552,009	559,040
Current liabilities*	964,583	797,666	886,955
<b>Equity and liabilities</b>	<b>2,779,251</b>	<b>2,368,348</b>	<b>2,530,017</b>

\* See notes 3 and 4 to the financial statements on page 16 for changes in goodwill and fair value of derivative financial instruments.



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### CASH FLOW STATEMENT

DKK '000	Q1 2022 (unaud.)	Q1 2021 (unaud.)	FY 2021 (audited)
Profit before net financials (EBIT)	86,680	68,834	269,064
Depreciation, amortisation and impairment losses	43,034	36,390	153,848
Share-based payment	585	162	1,921
Value adjustments, etc.	-2,501	6,329	3,137
Change in working capital	-61,479	-30,601	-131,892
Interest expenses paid	-6,068	-5,324	-21,172
Income tax received/paid	2,436	-9,479	-37,205
<b>Cash flows from operating activities</b>	<b>62,687</b>	<b>66,311</b>	<b>237,701</b>
Acquisition of subsidiary and associate businesses	-44,287	-3,061	-17,237
Acquisition of intangible assets	-3,530	-4,131	-17,930
Acquisition of property, plant and equipment, net	-61,605	-39,264	-186,763
<b>Cash flows from investing activities</b>	<b>-109,422</b>	<b>-46,456</b>	<b>-221,930</b>
Dividend to non-controlling shareholders	0	0	0
Dividends paid	0	0	-61,311
Deposits, adjustment	-2,300	-812	-154
Acquisition of treasury shares	-12,530	-32,689	-111,619
Sale of treasury shares	0	0	66,868
Capital increase	0	0	0
Sale of warrants	0	0	0
Raising of long-term loans	116,138	0	103,745
Instalments on non-current liabilities	-36,100	-34,295	-163,452
Bank debt, adjustment	-16,181	68,561	109,623
<b>Cash flows from financing activities</b>	<b>49,027</b>	<b>765</b>	<b>-56,300</b>
<b>Change in cash and cash equivalents</b>	<b>2,292</b>	<b>20,620</b>	<b>-40,529</b>
Cash and cash equivalents at 1 January	82,163	122,692	122,692
<b>Cash and cash equivalents at end of period</b>	<b>84,455</b>	<b>143,312</b>	<b>82,163</b>



## Interim report – First quarter of 2022

### CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2022 (unaud.)	2021 (unaud.)	2022 (unaud.)	2021 (unaud.)	2022 (unaud.)	2021 (unaud.)
DKK '000						
<b>Balance at 1 January</b>	<b>1,081,092</b>	<b>1,004,905</b>	<b>2,930</b>	<b>2,474</b>	<b>1,084,022</b>	<b>1,007,379</b>
<b>Profit for the period</b>	<b>65,283</b>	<b>53,002</b>	<b>181</b>	<b>166</b>	<b>65,464</b>	<b>53,168</b>
<b>Other comprehensive income:</b>						
Exchange rate adj., foreign subsidiaries	3,086	5,258	-9	-16	3,077	5,242
Value adjustment of derivative financial instruments	-16,819	-14,589	0	0	-16,819	-14,589
<b>Total other comprehensive income</b>	<b>-13,733</b>	<b>-9,331</b>	<b>-9</b>	<b>-16</b>	<b>-13,742</b>	<b>-9,347</b>
<b>Comprehensive income for the period</b>	<b>51,550</b>	<b>43,671</b>	<b>172</b>	<b>150</b>	<b>51,722</b>	<b>43,821</b>
Share-based payment	585	162	0	0	585	162
Sale of warrants	0	0	0	0	0	0
Acquisition of treasury shares	-12,530	-32,689	0	0	-12,530	-32,689
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
Additions from acquisitions	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
<b>Transactions with shareholders</b>	<b>-11,945</b>	<b>-32,527</b>	<b>0</b>	<b>0</b>	<b>-11,945</b>	<b>-32,527</b>
<b>Balance at 31 March</b>	<b>1,120,697</b>	<b>1,016,049</b>	<b>3,102</b>	<b>2,624</b>	<b>1,123,799</b>	<b>1,018,673</b>



**Effective 4 February 2022, the Group acquired all shares in Davinci 3D A/S, a company specialising in 3D printing of technical plastics and construction of parts.**

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

	DKK '000
Customer files	8,600
Property, plant and equipment	14,109
Inventories	784
Order book	300
Trade receivables	1,675
Other receivables	88
Cash and cash equivalents	601
Deferred tax	-1,957
Trade payables	-163
Other payables	-770
<b>Acquired net assets</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>

Prior to the acquisition, the acquired entity had EBITDA of about DKK 6.5 million in its most recent financial year.

The consideration was for an amount up to DKK 40,389 thousand, of which DKK 23,835 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 5,100 thousand have been issued, which fall due in the period 2023-2024. The discounted amount is DKK 4,910 thousand.

Concurrently with the acquisition of the company, the parties concluded an agreement for the purchase of the production facilities where Davinci operates its business and for the purchase of production equipment. The property and the production equipment form part of the property, plant and equipment recognised in the purchase price calculation.

The consideration includes a contingent consideration with a nominal value of DKK 12,000 thousand. The discounted amount is DKK 11,644 thousand. The contingent consideration is recognised at 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 2022.

In connection with the acquisition, goodwill has been made up at DKK 17,122 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.



**Effective 9 March 2022, the Group acquired all shares in Bovil ApS, a company specialising in CNC processing of technical plastics.**

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

	DKK '000
Customer files	11,300
Property, plant and equipment	8,585
Inventories	1,302
Order book	84
Trade receivables	5,433
Other receivables	342
Cash and cash equivalents	1,310
Deferred tax	-3,319
Trade payables	-819
Other payables	-2,673
<b>Acquired net assets</b>	<b>21,545</b>
Goodwill	22,469
<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>

The acquired entity had normalised EBITDA of about DKK 6.6 million in its most recent financial year.

The consideration was for an amount up to DKK 44,014 thousand, of which DKK 22,400 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 9,600 thousand have been issued, which fall due in the period 2023-2024. The discounted amount is DKK 9,243 thousand.

The consideration includes a contingent consideration with a nominal value of DKK 12,750 thousand. The discounted amount is DKK 12,371 thousand. The contingent consideration is recognised at 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 2022.

In connection with the acquisition, goodwill has been made up at DKK 22,469 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.

In a separate transaction, SP Group has acquired the modern property from which Bovil ApS operates its business.



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

The Board of Directors resolved on 25 March 2022 to set up an incentive programme for the Company's Executive Board and 39 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 115,000 warrants were issued, of which 22,500 were awarded to members of the Executive Board and the rest were awarded to the senior managers.

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

The exercise price was fixed at DKK 400.00 per share with a nominal value of DKK 2 plus a 7.5% premium calculated from 1 April 2022 and until the date of exercise. The exercise price was fixed on the basis of market conditions applying on 24 March 2022.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2025 to 31 March 2028, 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 42.84 each for an aggregate market value of approximately DKK 4,926,236.00. The market value of the warrants issued was calculated using the Black-Scholes model with volatility of 35.3% calculated on the basis of the price of the Company's shares during the past 12 months, a level of interest rates of 0.33%, a share price of DKK 346.00 (closing price at 24 March 2022) and assuming that warrants awarded are exercised in April 2025. Allowance is made for any dividend payments to be made during the period.

A total of 91,000 warrants were exercised in April 2022.

SP Group currently has incentive programmes consisting of 18,200 warrants (2017 programme) that are exercisable as from 2020, 90,645 warrants (2018 programme) that are exercisable as from 2021, 149,721 warrants (2019 programme) that are exercisable as from 2022, 107,500 warrants (2021 programme) that are exercisable as from 2024, and 115,000 warrants (2022 programme) that are exercisable as from 2025.

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 2022 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 2021, 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 2022, SP Group A/S has implemented the following new or amended standards and interpretations:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020.

SP Group A/S has implemented the standards and interpretations taking effect in the EU for 2022. None of these have affected recognition and measurement in 2022 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 2021. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2021.

**Impairment test**

Management had not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 31 March 2022.



**Note 3. Intangible assets**

**Goodwill**

DKK '000	31.03. 2022 (unaud.)	31.03. 2021 (unaud.)	31.12. 2021 (audited)
Cost at 1 January	244,661	220,050	218,189
Foreign exchange adjustment	128	669	1,228
Additions from acquisitions	39,591	5,545	23,383
Cost at end of period	284,380	226,264	244,661
Depreciation and impairment at 1 January	1,861	1,861	1,861
Impairment	0	0	0
Foreign exchange adjustment	0	0	0
Cost at end of period	1,861	1,861	1,861
<b>Carrying amount at end of period</b>	<b>282,519</b>	<b>224,403</b>	<b>242,800</b>

**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. 2022 (unaud.)		31.03. 2021 (unaud.)		31.12. 2021 (audited)	
<b>Financial assets</b>	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Derivative financial instruments to hedge future cash flows	0	0	0	0	0	0
<b>Financial liabilities</b>						
Derivative financial instruments to hedge future cash flows	71,517	71,517	15,238	15,238	51,756	51,756

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 2022 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange rates, pandemics, the war in Ukraine and economic conditions. This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

### About SP Group

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

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries and has increasing sales and growing production from own factories in Denmark, China, the USA, Latvia, Slovakia, Sweden, Finland 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 2,580 employees and about 3,200 registered shareholders at 31 March 2022.

*TPI Polytechnik OmniFlux' air inlet valves installed at a Dutch poultry farm*

