

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

Announcement no. 46 / 2020  
12 November 2020  
Company reg. (CVR) no.  
15701315

## Interim report - Third quarter of 2020

*Summary: SP Group generated EBITDA of DKK 258.6 million in the 9M 2020 reporting period, a 9.4% improvement from DKK 236.3 million in 9M 2019. Revenue improved by 7.5% year on year to DKK 1,622.4 million and profit before tax was up 0.3% to DKK 138.7 million. The FY 2020 guidance released in Announcement no. 34/2020 is upgraded and ranges narrowed. We now expect FY 2020 revenue in the DKK 2.1–2.2 billion range and an EBITDA margin of 15.5–16.0%.*

The Board of Directors of SP Group A/S has today considered and approved the interim report for 9M 2020.

Highlights of the interim report:

- The 9M 2020 revenue was up by DKK 112.5 million to DKK 1,622.4 million, for a 7.5% increase on the year-earlier period. Company acquisitions added to consolidated revenue (DKK 85.4 million). Revenue was up by 7.1% in the third quarter.
- Earnings before depreciation, amortisation and impairment losses (EBITDA) for the 9M 2020 period was DKK 258.6 million, against DKK 236.3 million in 9M 2019. Company acquisitions added DKK 13.3 million to EBITDA. External due diligence costs related to the acquisition of Dan-Hill-Plast A/S reduced EBITDA by DKK 0.75 million. EBITDA grew by DKK 7.6 million in Q3 2020, representing a 10.5% year-on-year increase.
- Depreciation, amortisation and impairment losses amounted to DKK 105.3 million, an increase of DKK 10.4 million relative to Q3 2019. Amortisation and depreciation in company acquisitions amounted to DKK 3.7 million of the increase.
- Profit before net financials (EBIT) came to DKK 153.2 million in 9M 2020, against DKK 141.4 million in 9M 2019. EBIT for Q3 2020 was DKK 44.4 million, for an 11.3% increase from DKK 39.9 million in Q3 2019.
- Net financials were an expense of DKK 14.5 million, a DKK 11.4 million greater expense than in the same period of last year that was due to a decline in positive value adjustments.
- Profit before tax was DKK 138.7 million in 9M 2020, as against DKK 138.3 million in 9M 2019. EBT for Q3 2020 was DKK 37.6 million, compared with DKK 38.2 million in Q3 2019.
- Earnings per share (diluted) came to DKK 9.32 in 9M 2020 against DKK 9.87 in 9M 2019.
- Sales of our own brands were up by 11.7% in 9M 2020 to DKK 366.2 million. At 22.6% of 9M 2020 revenue, SP Group's own brands still account for a substantial proportion of revenue. Sales of our own brands were up by 17.1% in the third quarter to DKK 119.8 million.
- Sales to the healthcare, cleantech, food-related and other demanding industries increased during the reporting period, whereas automotive sales declined.
- There was a cash inflow from operating activities of DKK 253.6 million in 9M 2020, against a DKK 126.8 million inflow in 9M 2019.
- Net interest-bearing debt (NIBD) amounted to DKK 629.4 million at 30 September 2020, against DKK 801.1 million at 30 September 2019. At 31 December 2019, NIBD was DKK 875.7 million. NIBD was 1.9 times LTM EBITDA. NIBD declined by DKK 246.3 million during the 9M period, in part due to a directed share issue.
- Due to geopolitical developments, the spread of the coronavirus and the actions taken by authorities, our levels of activity and cash flows in the coming months are subject to significant uncertainty. At the present time, we expect to generate FY 2020 revenue in the DKK 2.1–2.2 billion range, an EBITDA margin of 15.5–16.0% and an EBT margin of 8–9% (previous guidance: FY 2020 revenue in the DKK 2.0–2.2 billion range and an EBITDA margin of 15–16%).

Statement by CEO Frank Gad: *"We successfully delivered growth in revenue and EBITDA in the third quarter of 2020 despite the coronavirus pandemic, global turbulence, many market challenges and volatile prices of raw materials. All of our 27 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, cleantech, food-related and other demanding industries. We have continued to pursue our dedicated M&A strategy, thereby attracting more customers and new technology, and we are committed to retaining our role as industry consolidators as and when value-creating opportunities arise."*

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

	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Acc. Q3 2020 (urev.)	Acc. Q3 2019 (urev.)	FY 2019 (audited)
DKK '000 (key ratios excepted)					
<b>Income statement</b>					
Revenue	508,029	474,170	1,622,416	1,509,966	2,012,932
Profit before depreciation, amortisation and impairment losses (EBITDA)	80,569	72,942	258,561	236,293	307,510
Depreciation, amortisation and impairment losses	-36,163	-33,040	-105,312	-94,879	-129,681
Profit before net financials (EBIT)	44,406	39,902	153,249	141,414	177,829
Net financials	-6,840	-1,705	-14,509	-3,113	-2,436
Profit before tax	37,566	38,197	138,740	138,301	175,393
Profit for the period	29,088	30,646	108,393	111,406	140,269
Earnings per share (DKK)			9.35	9.96	12.57
Earnings per share, diluted (DKK)			9.32	9.87	12.46
<b>Balance sheet</b>					
Non-current assets			1,282,627	1,161,738	1,218,274
Total assets			2,145,962	1,922,204	2,058,615
Equity including non-controlling interests			980,120	665,180	710,402
Investments in property, plant and equipment (excluding acquisitions)	54,787	26,202	109,343	86,448	154,997
<b>Net working capital (NWC)</b>			427,884	430,412	491,614
<b>Net interest-bearing debt (NIBD)</b>			629,395	801,127	875,677
NIBD/EBITDA (LTM)			1.9	2.6	2.8
<b>Cash flows</b>					
Cash flows from:					
- operating activities	69,701	29,083	253,615	126,782	158,630
- investing activities	-53,089	-25,669	-154,614	-108,248	-180,202
- financing activities	-5,444	-9,328	-33,372	-19,111	8,836
Change in cash and cash equivalents	11,168	-5,914	65,629	-577	-12,736
<b>Key ratios</b>					
EBITDA margin (%)	15.9	15.4	15.9	15.6	15.3
EBIT margin (%)	8.7	8.4	9.4	9.4	8.8
Profit before tax as a percentage of revenue	7.4	8.1	8.6	9.2	8.7
Return on invested capital including goodwill (%)					11.8
Return on invested capital excluding goodwill (%)					11.8
Return on equity, excluding non-controlling interests					21.1
Equity ratio, excluding non-controlling interests (%)			45.6	34.5	34.4
Equity ratio, including non-controlling interests (%)			45.7	34.6	34.5
Financial gearing			0.6	1.2	1.2
Cash flow per share, DKK			21.79	11.23	14.10
Total dividends for the year per share (DKK)					0.00
Market price, end of period (DKK per share)			233.00	236.00	242.00
Net asset value per share, end of period (DKK)			79.87	59.08	63.51
Market price/net asset value, end of period			2.92	3.99	3.81
Number of shares, end of period			12,490,000	11,390,000	11,390,000
of which treasury shares, end of period			247,849	168,959	242,594
Average no. of employees			2,189	2,085	2,114

The financial ratios have been calculated in accordance with "Recommendations & Ratios" issued by CFA Society Denmark. The definitions are listed on page 69 of the 2019 Annual Report.



**MANAGEMENT COMMENTARY**

**PERFORMANCE REVIEW**

We continued to improve sales to many customers across industries and geographies in the first nine months of 2020. Improvements were the most pronounced in our international markets, as sales outside Denmark grew by 17.2% in the 9M period. Sales to our Danish customers were down by 9.2%.

International sales were up by 17.5% in local currencies.

Performance numbers by customer group relative to the corresponding period of 2019:

	Q3 2020	Acc. Q3 2020
Healthcare	3.0%	9.0%
Cleantech	16.0%	4.1%
Food-related	3.2%	3.7%
Automotive	-23.7%	-24.2%
Other demanding industries	10.6%	23.3%
of which own brands	17.1%	11.7%

Most of the change in revenue for the 9M period was due to higher volume sales. Exchange rate developments reduced revenue by about DKK 2.6 million (SEK and RMB depreciating; USD unchanged against DKK), equal to 0.2% of revenue.

Acquired businesses and operations contributed about DKK 85.4 million of the 9M revenue improvement.

Organic growth in local currencies was about 2.0% in 9M 2020. The rate in the Q3 period was about 5.1%.

Sales to the healthcare industry were up by 9.0% year-on-year to DKK 474.7 million and now account for 29.3% of consolidated revenue.

Sales to the cleantech industry were up by 4.1% to DKK 523.3 million and now make up 32.3% of consolidated revenue.

Sales to food-related industries were up by 3.7% to DKK 212.4 million and now make up 13.1% of consolidated revenue.

Sales to the automotive sector declined 24.2% to DKK 63.8 million to make up 3.9% of revenue.

Sales to other demanding industries were up by 23.3% to DKK 348.2 million and now account for 21.5% of consolidated revenue.

Sales of our own brands were up by 11.7% and now account for 22.6% of consolidated revenue.

SP Medical reported a 6.2% decline in guidewire sales.

Ergomat reported a 35.0% improvement in sales of ergonomic products. Ergomat's Q3 growth rate was 35.7%. 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 9.1% decline in sales of farm ventilation components.

MedicoPack reported a 6.3% increase in sales of medical device packaging.

Tinby Skumplast, MM Composite, Dan-Hill-Plast, Ulstrup Plast and Nycopac along with SP Moulding reported combined 8.9% growth in own-brand sales – standard industry components – to a total of DKK 97.4 million.

SP Group continued its intensified marketing efforts towards both existing and potential customers. We won new customers in the first nine months of 2020 and are continuing our proactive approach to developing and marketing a number of new solutions 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 make up 68.7% of revenue (compared with 62.9% in 9M 2019).

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.



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

The Group's headcount grew by 24 in the nine months to 30 September 2020.

The new employees are based in Denmark (34), the USA (15) and Slovakia (7), while there was a net reduction of 32 employees in the rest of the world. The larger headcount in Denmark was due to the acquisition of Dan-Hill-Plast A/S.

At 30 September 2020, SP Group had 2,205 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 9M 2020 period. We expect to pass on the higher prices of raw materials to our customers at a certain time lag.

All our 27 plants in Europe, North America and Asia are operating and have access to the raw materials they require. All sales offices are open, and just over 95% of our employees are working. Everybody is not back at work yet, because Denmark, Poland, the USA, China and Slovakia have or have had schools and day-care facilities partially closed, which means some employees need to stay home to look after their children.

It goes without saying that all locations have taken a number of initiatives to ensure that people observe social distancing and that strict hygiene procedures are followed at all times.

The longest shutdown so far was in China. As planned, we closed our three factory sites in the last week of January in observance of the Chinese New Year, but the authorities extended the closing period to include the following two weeks as well. Production only restarted in the third week of February and with only half of the staff at work, but our factories in China have been running normally since the end of February. We have had challenges – and still do – particularly delays on shipments coming in and out of China, but our customers are intent on catching up on the production lost during the coronavirus crisis.

We have not had production disrupted in other countries due to the coronavirus.

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

Our largest sector, cleantech, accounts for one-third of our consolidated sales and so far, it seems relatively unaffected by the coronavirus. 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 to shut down their operations by the authorities to avoid a spread of the virus.

Sales to the automotive sector on the other hand have been hard hit, because the coronavirus has forced many factories producing cars and other rolling stock to close.

The picture is quite mixed among Other demanding industries.

Geographically, the impact on our customers varies significantly. Our customers in Italy, France and Spain were closed because the authorities implemented general lockdowns. The same goes for a number of customers in the USA, India and Brazil.

Some parts of our Group saw their activity levels go up because of the coronavirus. Ergomats 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 the coronavirus 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 has also been affected by the coronavirus 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 on account of 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. The extension of deadlines for paying VAT and employee income taxes had a positive effect of approximately DKK 26.5 million on our cash and cash equivalents.

However, it is difficult to provide meaningful guidance in a world where different countries are at different stages in their fight against the coronavirus and where the situation is continuously evolving.



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At the end of April 2020, SP Group took out a DKK 50 million loan at market rate with Jyske Bank to fund the acquisition of Dan-Hill-Plast A/S. The loan is scheduled to be repaid over six years.

In addition, SP Group has extended its credit facilities with its primary bankers until spring 2021. 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 2020.

On 3 June 2020, SP Group issued 1.1 million new shares in a directed issue without preemption rights.

The shares were sold at market price (DKK 200 per share), giving SP Group gross proceeds of DKK 220 million and DKK 214.5 million net of issuance costs. The shares were oversubscribed.

In June and August of 2020, the Company sold 134,028 treasury shares to cover the cost of warrants exercised under the 2017 warrant programme. The proceeds added DKK 25.4 million in cash to equity.

As announced in Announcement No. 37/2020, SP Group has launched a DKK 40 million share buy-back programme, which is expected to run until 10 April 2021. The purpose of the programme is to hedge existing warrant programmes.

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 nine months of 2020 amounted to DKK 1,622.4 million, a 7.5% improvement from DKK 1,510.0 million in the year-earlier period. Acquired businesses and operations accounted for approximately 5.3ppts. Exchange rate developments reduced revenue by about 0.2ppt.

The consolidated 9M 2020 EBITDA was DKK 258.6 million compared with DKK 236.3 million in 9M 2019.

Acquired businesses and operations contributed DKK 13.3 million.

The EBITDA margin was 15.9%, against 15.6% in 9M 2019.

Profit before net financials (EBIT) came to DKK 153.2 million in 9M 2020, against DKK 141.4 million in 9M 2019. The 9M 2020 EBIT margin was unchanged at 9.4%.

Net financials were an expense of DKK 14.5 million in 9M 2020, an DKK 11.4 million greater expense than in 9M 2019 that was due to a decline in positive value adjustments.

Profit before tax amounted to DKK 138.7 million in 9M 2020 as against DKK 138.3 million in 9M 2019.

The tax rate rose to 21.9% from 19.5%.

Total assets amounted to DKK 2,146.0 million at 30 September 2020, compared with DKK 1,922.2 million at 30 September 2019 and DKK 2,058.6 million at 31 December 2019. The equity ratio was 45.7% at 30 September 2020 (as against 34.6% at 30 September 2019 and 34.5% at 31 December 2019).

Total assets grew by approximately DKK 87.3 million during the nine months to 30 September 2020. The amount breaks down as follows: DKK 94.0 million relating to the acquisition of Dan-Hill-Plast, a reduction of gross working capital (DKK 63.3 million), an increase in cash and cash equivalents (DKK 65.6 million), a reduction of intangible assets (DKK 4.1 million), a reduction of property, plant and equipment (DKK 4.9 million) and an increase in financial assets (DKK 0.7 million).

Net interest-bearing debt amounted to DKK 629.4 million at 30 September 2020, against DKK 875.7 million at the beginning of 2020 and DKK 801.1 million at 30 September 2019.

Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 1.9 times LTM EBITDA (DKK 329.8 million). NIBD/EBITDA was 2.8 at 31 December 2019. We remain strongly committed to reducing interest-bearing debt by increasing cash flows from operating activities.

Equity was reduced in the 9M reporting period due to exchange rate adjustments of foreign subsidiaries (by DKK 30.2 million) and the value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 19.3 million).



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Equity was also reduced by the purchase of treasury shares in the reporting period for a net amount of DKK 4.2 million.

Equity saw a positive effect from the issue of 1.1 million new shares which produced net proceeds of DKK 214.5 million.

Equity amounted to DKK 980.1 million at 30 September 2020 against DKK 665.2 million at 30 September 2019 and 710.4 million at 31 December 2019.

Equity increased by DKK 269.7 million in 9M 2020.

### Cash flows

Cash flows from operating activities were DKK 253.6 million in 9M 2020, which was DKK 126.8 million more than in the 9M 2019 period.

In the 9M 2020 period, the Group spent DKK 109.8 million on investments, a net amount of DKK 76.5 million on reducing non-current loans, a net amount of DKK 4.2 million on buying treasury shares, DKK -0.8 million on changes in deposits, DKK 44.8 million on a new acquisition, DKK -166.4 million on changes in short-term bank debt, while the issue of new shares produced net proceeds of DKK 214.5 million. The resulting change in cash and cash equivalents was DKK 65.6 million.

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

### OUTLOOK FOR THE REST OF 2020

The global economy is unlikely to grow in 2020. 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 coronavirus in China, which has subsequently spread to the rest of the world, may continue to have considerable adverse effects on the global economy and on our customers and suppliers – and thus on the developments of 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. A permanently weaker US dollar would have an adverse effect on the developments of 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 for the rest of 2020. We expect the largest single investment to be made in our cleantech operations.

Amortisation and depreciation charges are expected to be higher than in 2019, in part due to the substantial investments made in 2019 and 2020 and a company acquisition.

Financial expenses are expected to be higher than in 2019.

Our Group is strongly positioned for the future thanks to tight cost management and swift capacity alignment and by maintaining a strong focus on risk management, cash management and capital management.

Due to geopolitical developments and the spread of the coronavirus and the actions taken by authorities, our levels of activity and cash flows in the coming months are subject to significant uncertainty.

At the present time, we expect to generate FY 2020 revenue in the DKK 2.1–2.2 billion range, an EBITDA margin of 15.5–16.0% and an EBT margin of 8–9%. This upgraded guidance narrows our previous guidance range (of FY 2020 revenue in the DKK 2.0–2.2 billion range and an EBITDA margin of 15–16%).

The level of uncertainty remains very high, and substantial changes to the assumptions underlying our guidance may still occur.

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

SP Group A/S acquired Danish company Dan-Hill-Plast A/S effective from 30 April 2020.

Dan-Hill-Plast A/S is an advanced rotation-moulding company with production and assembly facilities in Hornslyd in Central Jutland. Dan-Hill-Plast dates back to 1957. The company has seen strong growth and is currently among Scandinavia's leading rotation-moulding businesses. Exports account for about 40% of its revenue. As a subcontractor to demanding industrial businesses, Dan-Hill-Plast manufactures products for a wide range of industries. The company also develops,



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manufactures and sells own-brand products, such as fenders for yachts and boats under the Dan-Fender brand which is sold globally. The company is certified to the ISO 9001 standard. The company's highly skilled management and committed employees will be staying on. The acquisition was announced in Announcement no. 25/2020. The acquisition price is specified in a note on page 13.

Accoat's factory in Brazil was shut down at the beginning of 2020 due to a change in market conditions.

The coronavirus situation has prevented us from winding up the company, because the relevant public offices have been closed.

However, discontinuing operations in Brazil did not affect the profit for the period.

Construction of Gibo's new factory in China has been delayed due to the coronavirus pandemic, causing higher costs because the company continues to manufacture products in Europe and shipping them to China. We expect to start up production in China by the end of 2020.

Gibo plans to add rotation moulding facilities to the new factory in China in 2021. The rotation moulding machines are currently being manufactured in the USA and are expected to arrive in China in the first half of 2021.

Ulstrup Plast has completed expanding its facilities in Slovakia for the benefit of existing and new customers, and the company is now able to continue its positive growth.



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### STATEMENT BY MANAGEMENT

The Board of Directors, the Executive Board and the rest of management have today considered and approved the interim report of SP Group A/S for the nine months ended 30 September 2020.

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

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the nine months ended 30 September 2020.

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, 12 November 2020

### 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





## Interim report - Third quarter of 2020

### INCOME STATEMENT (summary)

DKK '000	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Acc. Q3 2020 (unaud.)	Acc. Q3 2019 (unaud.)	FY 2019 (audited)
Revenue	508,029	474,170	1,622,416	1,509,966	2,012,932
Production costs	-352,353	-323,817	-1,115,809	-1,027,329	-1,370,187
<b>Contribution margin</b>	<b>155,676</b>	<b>150,353</b>	<b>506,607</b>	<b>482,637</b>	<b>642,745</b>
<b>Profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>80,569</b>	<b>72,942</b>	<b>258,561</b>	<b>236,293</b>	<b>307,510</b>
Depreciation, amortisation and impairment losses	-36,163	-33,040	-105,312	-94,879	-129,681
<b>Profit before net financials (EBIT)</b>	<b>44,406</b>	<b>39,902</b>	<b>153,249</b>	<b>141,414</b>	<b>177,829</b>
Net financials	-6,840	-1,705	-14,509	-3,113	-2,436
<b>Profit before tax</b>	<b>37,566</b>	<b>38,197</b>	<b>138,740</b>	<b>138,301</b>	<b>175,393</b>
Tax on profit for the period	-8,478	-7,551	-30,347	-26,895	-35,124
<b>Profit for the period</b>	<b>29,088</b>	<b>30,646</b>	<b>108,393</b>	<b>111,406</b>	<b>140,269</b>
<b>Attributable to:</b>					
Parent company shareholders	28,894	30,593	108,430	111,437	140,188
Non-controlling shareholders	104	53	-37	-31	81
Earnings per share (DKK)			9.35	9.96	12.57
Earnings per share, diluted (DKK)			9.32	9.87	12.46

### STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Acc. Q3 2020 (unaud.)	Acc. Q3 2019 (unaud.)	FY 2019 (audited)
<b>Profit for the period</b>	<b>29,088</b>	<b>30,646</b>	<b>108,393</b>	<b>111,406</b>	<b>140,269</b>
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustment relating to foreign companies	-13,308	-4,498	-30,202	-5,511	3,546
Net fair value adjustment of financial instruments acquired to hedge future cash flows	-13,539	-20,186	-19,323	-10,539	12,131
<b>Other comprehensive income</b>	<b>-26,847</b>	<b>-24,684</b>	<b>-49,525</b>	<b>-16,050</b>	<b>15,677</b>
<b>Comprehensive income</b>	<b>2,241</b>	<b>5,962</b>	<b>58,868</b>	<b>95,356</b>	<b>155,946</b>
<b>Allocation of comprehensive income for the period:</b>					
Parent company shareholders	2,143	5,919	58,922	95,424	155,879
Non-controlling shareholders	98	43	-54	-68	67
Earnings per share (DKK)			5.08	8.52	13.98
Earnings per share, diluted (DKK)			5.06	8.44	13.86



## Interim report - Third quarter of 2020

### BALANCE SHEET (summary)

DKK '000	30.09. 2020 (unaud.)	30.09. 2019 (unaud.)	31.12. 2019 (audited)
Intangible assets*	295,368	277,494	264,007
Property, plant and equipment	983,527	879,877	951,355
Financial assets	1,972	1,546	1,152
Deferred tax assets	1,760	2,821	1,760
<b>Total non-current assets</b>	<b>1,282,627</b>	<b>1,161,738</b>	<b>1,218,274</b>
Inventories	444,563	414,642	488,843
Receivables*	304,437	284,959	302,792
Cash	114,335	60,865	48,706
<b>Total current assets</b>	<b>863,335</b>	<b>760,466</b>	<b>840,341</b>
<b>Total assets</b>	<b>2,145,962</b>	<b>1,922,204</b>	<b>2,058,615</b>
Equity including non-controlling interests	980,120	665,180	710,402
Non-current liabilities	588,913	541,065	573,462
Current liabilities*	576,929	715,959	774,751
<b>Equity and liabilities</b>	<b>2,145,962</b>	<b>1,922,204</b>	<b>2,058,615</b>

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



## Interim report - Third quarter of 2020

### CASH FLOW STATEMENT

DKK '000	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Acc. Q3 2020 (unaud.)	Acc. Q3 2019 (unaud.)	FY 2019 (audited)
Profit before net financials (EBIT)	44,406	39,902	153,249	141,414	177,829
Depreciation, amortisation and impairment losses	36,163	33,040	105,312	94,879	129,681
Share-based payment	162	186	518	515	702
Value adjustments, etc.	-12,650	-5,391	-25,782	-5,680	-1,430
Change in working capital	16,789	-26,989	48,567	-53,072	-83,690
Interest expenses paid	-5,055	-6,247	-14,005	-18,506	-23,528
Income tax received/paid	-10,114	-5,418	-14,244	-32,768	-40,934
<b>Cash flows from operating activities</b>	<b>69,701</b>	<b>29,083</b>	<b>253,615</b>	<b>126,782</b>	<b>158,630</b>
Acquisition of subsidiary	0	0	-44,792	-26,139	-17,778
Acquisition of intangible assets	1,698	-1,020	-3,099	-3,164	-8,490
Acquisition of property, plant and equipment, net	-54,787	-24,649	-106,723	-78,945	-153,934
<b>Cash flows from investing activities</b>	<b>-53,089</b>	<b>-25,669</b>	<b>-154,614</b>	<b>-108,248</b>	<b>-180,202</b>
Dividend to non-controlling shareholders	0	0	0	0	0
Dividends paid	0	0	0	-26,892	-26,994
Deposits, adjustment	-75	-12	-820	1,455	170
Acquisition of treasury shares	-3,067	-15,944	-29,590	-50,392	-68,516
Sale of treasury shares	15,081	8,372	25,385	25,490	26,886
Capital increase	-324	0	214,537	0	0
Sale of warrants	0	0	0	1,072	1,072
Raising of long-term loans	38	0	72,401	70,000	156,693
Instalments on non-current liabilities	-21,191	-36,080	-148,889	-113,122	-152,540
Bank debt, adjustment	4,094	34,336	-166,396	73,278	72,065
<b>Cash flows from financing activities</b>	<b>-5,444</b>	<b>-9,328</b>	<b>-33,372</b>	<b>-19,111</b>	<b>8,836</b>
<b>Change in cash and cash equivalents</b>	<b>11,168</b>	<b>-5,914</b>	<b>65,629</b>	<b>-577</b>	<b>-12,736</b>
Cash and cash equivalents at 1 January	103,167	66,779	48,706	61,442	61,442
<b>Cash and cash equivalents at end of period</b>	<b>114,335</b>	<b>60,865</b>	<b>114,335</b>	<b>60,865</b>	<b>48,706</b>



## Interim report - Third quarter of 2020

### CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		Equity attributable to non-controlling interests		Equity including non-controlling interests	
	2020 (unaud.)	2019 (unaud.)	2020 (unaud.)	2019 (unaud.)	2020 (unaud.)	2019 (unaud.)
DKK '000						
<b>Balance at 1 January</b>	<b>707,987</b>	<b>617,683</b>	<b>2,415</b>	<b>2,348</b>	<b>710,402</b>	<b>620,031</b>
<b>Profit for the period</b>	<b>108,430</b>	<b>111,437</b>	<b>-37</b>	<b>-31</b>	<b>108,393</b>	<b>111,406</b>
<b>Other comprehensive income:</b>						
Exchange rate adj., foreign subsidiaries	-30,185	-5,474	-17	-37	-30,202	-5,511
Value adjustment of derivative financial instruments	-19,323	-10,539	0	0	-19,323	-10,539
<b>Total other comprehensive income</b>	<b>-49,508</b>	<b>-16,013</b>	<b>-17</b>	<b>-37</b>	<b>-49,525</b>	<b>-16,050</b>
<b>Comprehensive income for the period</b>	<b>58,922</b>	<b>95,424</b>	<b>-54</b>	<b>-68</b>	<b>58,868</b>	<b>95,356</b>
Share-based payment	518	515	0	0	518	515
Sale of warrants	0	1,072	0	0	0	1,072
Acquisition of treasury shares	-29,590	-50,392	0	0	-29,590	-50,392
Sale of treasury shares	25,385	25,490	0	0	25,385	25,490
Dividends paid	0	-26,892	0	0	0	-26,892
Capital increase	214,537	0	0	0	214,537	0
Addition from acquisitions	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
<b>Transactions with shareholders</b>	<b>210,850</b>	<b>-50,207</b>	<b>0</b>	<b>0</b>	<b>210,580</b>	<b>-50,207</b>
<b>Balance at 30 September</b>	<b>977,759</b>	<b>662,900</b>	<b>2,361</b>	<b>2,280</b>	<b>980,120</b>	<b>665,180</b>



## Interim report - Third quarter of 2020

### Effective 30 April 2020, the Group acquired all shares in Danish company Dan-Hill-Plast A/S, a production business specialising in rotation moulding of technical plastics.

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

	DKK '000
Customer files	12,000
Property, plant and equipment	36,962
Inventories	9,443
Order book	869
Trade receivables	8,528
Other receivables	804
Cash and cash equivalents	3,367
Deferred tax	-5,103
Other provisions	-453
Trade payables	-2,952
Income tax	-1,202
Other payables	-4,177
<b>Acquired net assets</b>	<b>58,086</b>
Goodwill	23,639
<b>Total consideration</b>	<b>81,725</b>
Cash consideration	48,158
Debt instruments	14,442
Lease liability	19,125
<b>Total consideration</b>	<b>81,725</b>

The acquired entity had EBITDA of about DKK 6.2 million in its most recent financial year. After rent on the acquired property and other adjustments are accounted for, EBITDA was approximately DKK 12.5 million.

EBITDA for the first four months of 2020 was approximately DKK 3.4 million.

The consideration amounted to DKK 81,725 thousand, of which DKK 48,158 thousand was paid in cash.

Debt instruments with a total nominal value of DKK 15,000 thousand, which fall due in the period 2021-2022, have been issued. The discounted amount is DKK 14,442 thousand.

Concurrently with the acquisition of the company, an agreement was concluded for the lease and purchase of the production facility where Dan-Hill-Plast operates its business. The property was recognised under property, plant and equipment (lease asset) in the purchase price allocation, and the corresponding lease liability was recognised as part of the consideration.

Acquisition costs amount to DKK 0.75 million in a preliminary estimate, which amount has been recognised in 2020.

In a preliminary estimate, goodwill has been made up at DKK 23,639 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**

No warrants were issued in 2020.

A total of 134,028 warrants were exercised in June and August 2020.

SP Group currently has incentive programmes consisting of 11,535 warrants (2016 programme) that are exercisable as from 2019, 208,200 warrants (2017 programme) that are exercisable as from 2020, 207,500 warrants (2018 programme) that are exercisable as from 2021, and 240,000 warrants (2019 programme) that are exercisable as from 2022.

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 nine months to 30 September 2020 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 2019, 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 2020, SP Group A/S has implemented the following new or amended standards and interpretations:

- Amendments to Reference to the Conceptual framework in IFRS Standards
- Amendments to IFRS 3 on the definition of a business combination
- Amendments to IAS 1 and IAS 8 on the definition of materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7 on the IBOR reform.

SP Group A/S has implemented the standards and interpretations taking effect in the EU for 2020. None of these have affected recognition and measurement in 2020 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 2019. Reference is made to the information provided on estimates and judgments in note 2 to the consolidated and the parent company financial statements for 2019.

**Impairment test**

Management has not identified evidence of impairment of the carrying amount of intangible assets including goodwill at 30 September 2020.



**Note 3. Intangible assets**

**Goodwill**

DKK '000	30.09. 2020 (unaud.)	30.09. 2019 (unaud.)	31.12. 2019 (audited)
Cost at 1 January	200,853	196,071	196,071
Foreign exchange adjustment	-717	693	333
Addition from acquisitions	23,639	12,171	4,449
Additions	0	0	0
Cost at 30 September	223,775	208,935	200,853
Depreciation and impairment at 1 January	1,861	1,861	1,861
Impairment	0	0	0
Foreign exchange adjustment	0	0	0
Cost at 30 September	1,861	1,861	1,861
<b>Carrying amount at 30 September</b>	<b>221,914</b>	<b>207,074</b>	<b>198,992</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	30.09. 2020 (unaud.)		30.09. 2019 (unaud.)		31.12. 2019 (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	4,565	4,565	770	770	27,777	27,777

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, hedging 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 2020 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 OMX Copenhagen and had some 2,200 employees and about 2,200 registered shareholders at 30 September 2020.

*Tinby casts seat and backrest for this DRY chair for Randers+Radius. The DRY chair was awarded German Design Award Gold 2020.*



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