

A close-up photograph of medical tubing and a syringe. The tubing is white and curved, with two white plastic clamps. A clear syringe with a needle is attached to the tubing. The background is a gradient of purple and blue.

Annual report
2021

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The photo on the front page shows SP Medical's next generation of the Champion PTCA Guide Wire, which was introduced in December 2021. The Champion Guide Wire is an important tool if a patient e.g. is going to have a balloon angioplasty in the heart region.

Company details

Company details

Company

SP Group A/S
Snavevej 6-10
DK-5471 Søndersø
Tel.: +45 70 23 23 79
Fax: +45 70 23 23 52

CVR no.: 15 70 13 15
Financial year: 1 January – 31 December
Registered office: Municipality of Northern Funen
Website: www.sp-group.dk
E-mail: info@sp-group.dk

Board of Directors

Hans Wilhelm Schur (Chairman)
Erik Preben Holm (Deputy Chairman)
Hans-Henrik Eriksen
Bente Overgaard

Executive Board

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

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting will be held on Wednesday 27 April 2022 at 12.00 o'clock at MedicoPack A/S, Industrivej 6, 5550 Langeskov

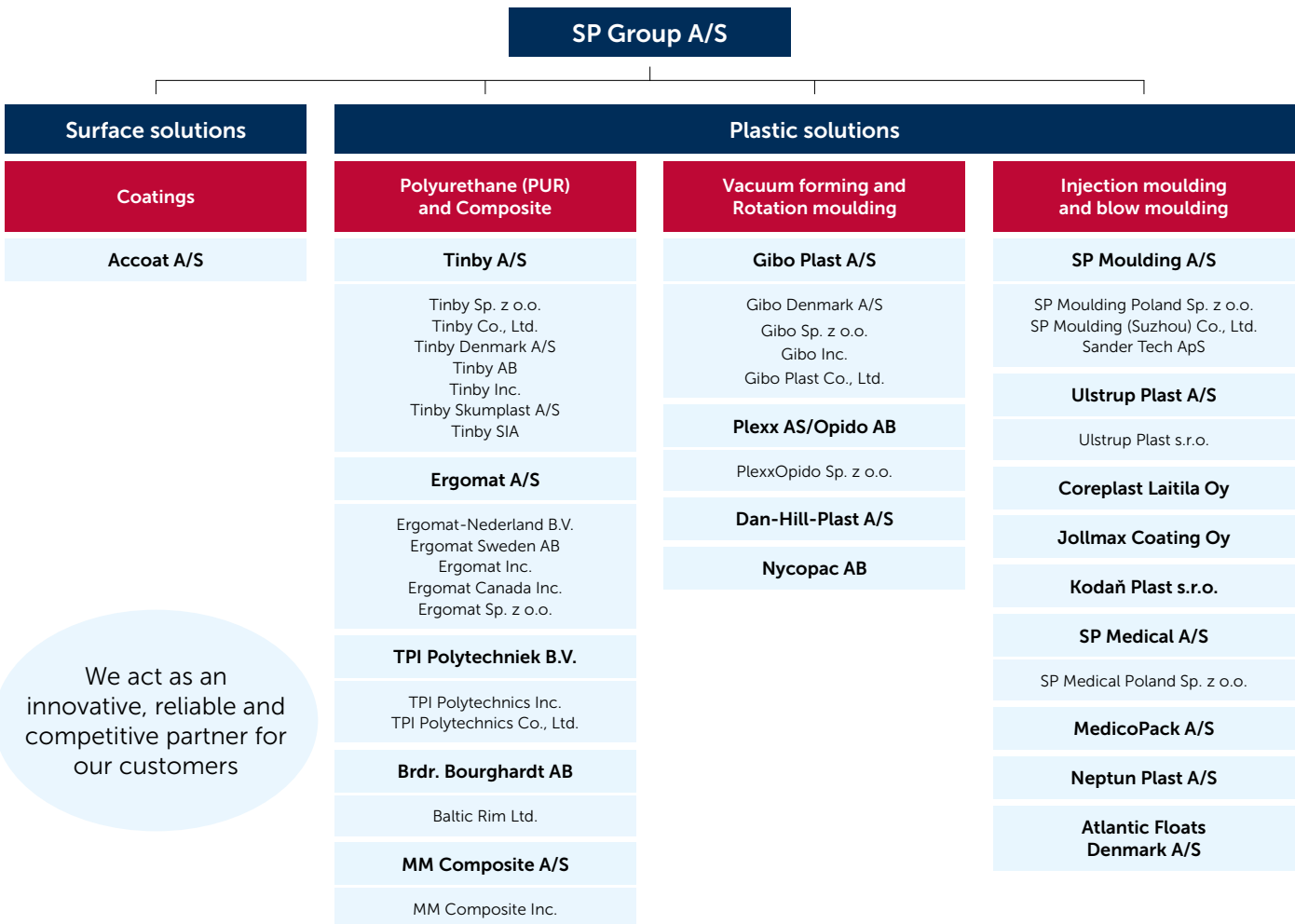
The English annual report is a translation of the original Danish annual report. The original Danish annual report is the governing text for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

Group chart

Activities

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

SP Group is a leading supplier of plastic-manufactured products to the manufacturing sector and has increasing sales and growing production from own factories in Denmark, China, the US, Latvia, Slovakia, Sweden, Finland and Poland. In addition, SP Group has sales and service companies in Sweden, Norway, the Netherlands and Canada. SP Group is listed on NASDAQ Copenhagen, employed an average of 2,509 people at year end 2021 and had approx. 3,000 registered shareholders.



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

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

Plastic and composite solutions: Are created by using one or more of the below technologies: Reaction injection moulding (Polyurethane and Telene), vacuum forming, extrusion, injection moulding, rotational moulding and blow moulding – which are explained below.

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

SP Group in brief

Headquarters in Denmark

established
in 1972



Products are marketed and sold in

98
countries



Subsidiaries in

11 countries
in
3 continents



Average number of employees
increased in 2021 from 2,214 to

2,380
committed
employees



In 2021, revenue increased
by 13.9% to

DKK 2,481 million



In 2021, revenue from own
trademarks increased by 27.1% to

DKK 644 million



EBITDA increased by 18.7%
in 2021 to

DKK 423 million



In 2021, EPS, diluted,
increased by 28.9% to

DKK 16.44

Financial highlights for the Group

DKK '000	2021	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	2,480,869	2,178,189	2,012,932	1,965,028	1,884,144
Profit/loss before depreciation and amortisation (EBITDA)	422,912	356,381	307,510	285,619	274,994
Depreciation, amortisation and impairment losses	-153,848	-141,550	-129,681	-89,695	-81,477
Profit/loss before net financials (EBIT)	269,064	214,831	177,829	195,924	193,517
Net financials	-11,290	-21,064	-2,436	4,189	-17,801
Profit/loss before tax	257,774	193,767	175,393	200,113	175,716
Profit/loss for the year	203,217	150,841	140,269	160,083	132,259
Earnings per share, DKK per share (EPS)*	16.63	12.85	12.57	14.37	11.84
Diluted earnings per share, DKK per share (EPS diluted)*	16.44	12.75	12.46	14.10	11.42
BALANCE SHEET					
Non-current assets	1,470,872	1,332,107	1,218,274	938,668	873,977
Total assets	2,530,017	2,264,875	2,058,615	1,640,509	1,515,159
Equity, including non-controlling interests	1,084,022	1,007,379	710,402	620,030	537,687
Investments in property, plant and equipment, excluding acquisitions	198,107	143,378	154,997	123,648	182,341
Working capital (NWC)	545,924	453,525	491,614	376,469	308,297
CASH FLOW STATEMENT					
Cash flows from operating activities	237,701	320,435	158,630	173,401	180,767
Cash flows from investing activities, including acquisitions	-221,930	-203,392	-180,202	-124,647	-204,793
Cash flows from financing activities	-56,300	-43,057	8,836	-62,917	45,906
Changes in cash and cash equivalents	-40,529	73,986	-12,736	-14,163	21,880
FINANCIAL RATIOS					
Net interest-bearing debt (NIBD)	821,986	686,142	875,677	576,598	509,123
NIBD/EBITDA	1.9	1.9	2.8	2.0	1.9
Operating income (EBITDA margin), %	17.0	16.4	15.3	14.5	14.6
Profit margin (EBIT margin), %	10.8	9.9	8.8	10.0	10.3
Profit/loss before tax and non-controlling interests in % of revenue	10.4	8.9	8.7	10.2	9.3
Return on invested capital, including goodwill, %	14.2	12.3	11.8	15.8	18.8
Return on invested capital, excluding goodwill, %	16.1	14.0	13.5	18.6	22.3
Return on equity (ROE), excluding non-controlling interests, %	19.4	17.6	21.1	27.8	27.4
Equity ratio, excluding non-controlling interests, %	42.7	44.4	34.4	37.7	35.4
Equity ratio, including non-controlling interests, %	42.8	44.5	34.5	37.8	35.5
Financial gearing	0.8	0.7	1.2	0.9	0.9
Cash flow per share, DKK*	19.27	27.10	14.10	15.24	15.63
Total dividends for the year per share, DKK*	3.00	5.00	0.00	2.40	2.00
Listed price, DKK per share, year end*	441.00	271.00	242.00	197.50	219.00
Net asset value per share, DKK per share, year end*	88.77	82.35	63.51	55.35	48.03
Listed price/net asset value, year end*	4.97	3.29	3.81	3.57	4.56
Average number of employees	2,380	2,214	2,114	1,994	1,852
Number of shares, year end*	12,490,000	12,490,000	11,390,000	11,390,000	11,390,000
Amount relating to treasury shares, year end*	310,761	286,430	242,594	230,351	217,460

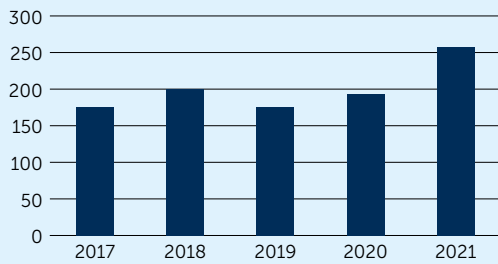
Financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios".

See page 89 for definitions. The key figures for 2017 have not been restated to reflect the effect of the implementation of IFRS 9 and 15. The key figures for 2017-2018 have not been restated to reflect the effect of the implementation of IFRS 16.

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

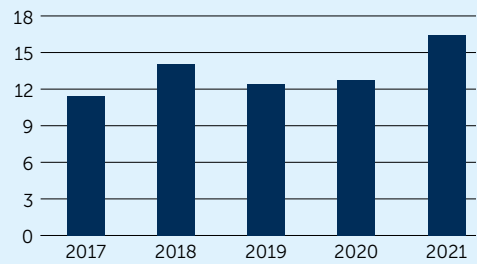
In 2021, profit/loss before tax increased by 33.0% to DKK 257.8 million

DKKm



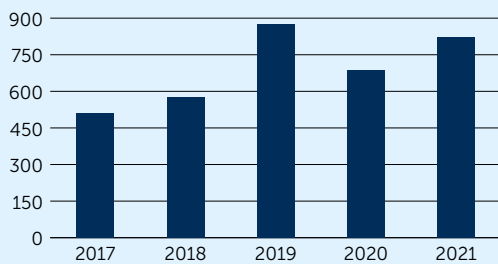
EPS, earnings per share, diluted, increased by 28.9% to DKK 16.44

DKK



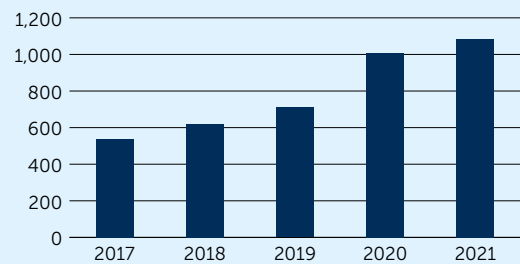
Net interest-bearing debt (NIBD) increased by DKK 136 million to DKK 822 million

DKKm

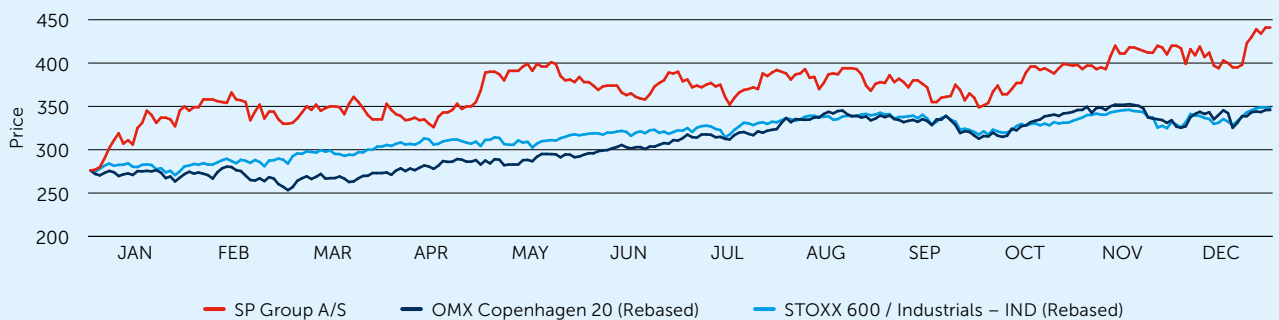


Equity increased by DKK 77 million to DKK 1,084 million

DKKm



Development in the share price in 2021



An interesting and eventful year

Dear shareholders and other stakeholders

2021 was the second year with the COVID-19 pandemic, but also the year during which vaccines were rolled out globally. Global economy increased by approx. 5.7% according to the OECD's most recent estimate. This caused bottlenecked necks in the value chains which resulted in increasing commodity prices, energy costs and transport costs.

Continued lockdowns, travel restrictions making travelling impossible, political uncertainty, Brexit, trade war threats, exchange rate fluctuations and rising commodity prices affected developments for our customers and for SP Group.

The increasing commodity prices, energy costs and transport costs have been passed on to our customers with delay and implied an increase in revenue.

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

Total revenue amounted to DKK 2,481 million, which is up 13.9% on 2020. Organic growth amounted to 11.8% in local currencies. Measured in Danish kroner, organic growth amounted to 12.0%. In Q4, the growth rate was 15.5%, of which 12.0% was organic growth. Measured in DKK, there was a positive currency effect in Q4 as USD and RMB increased against DKK. Organic growth measured in DKK was 13.4%.

Sales of our proprietary products rose by 27.1% and now account for 26.0% of revenue.

Sales to our international customers increased by 19.2% and now account for 72.3% of total sales.

The highest growth was noted in the Americas of 38.6% and in Europe (outside of Denmark) of 23.7%. In Asia, a zero growth rate was noted and our sales in Africa and Australia decreased.

Revenue in Denmark increased by 2.1%.

EBITDA increased by 18.7% to DKK 422.9 million, which was the first time EBITDA exceeded DKK 400 million. EBITDA margin was 17.0%. EBIT increased by 25.2% to DKK 269.1 million.

Profit before tax increased by 33.0% to DKK 257.8 million.

EPS, diluted, increased by 28.9% to DKK 16.44 per share.

Cash flows from operating activities were positive by DKK 237.7 million.

Net interest-bearing debt went up by DKK 135.8 million to DKK 822.0 million at the end of 2021, which corresponds to 1.9 times EBITDA for the year as against 1.9 in 2020.

In 2021, we thus achieved new records in revenue, EBITDA and EBT.

In connection with the preparation of this annual report, we reclassified seven of our customers from "other demanding industries" to "cleantech" where these customers rightfully belong. The comparative figures have been restated.

2021 was an eventful year where:

- Our sales to the cleantech industry increased by 0.6% and now account for 31.8% of revenue
- Our sales to the healthcare industry increased by 20.5% and now account for 31.2% of revenue

- Our sales to the food-related industry increased by 12.9% and now account for 12.5% of revenue
- Our sales to the automotive industry increased by 54.4% and now account for 5.7% of revenue
- Our sales to 'other demanding industries' increased by 21.1% and now account for 18.8% of revenue
- We entered into a number of contracts and partnership agreements holding a good potential for the future
- We aspire to be an innovative, reliable and competitive partner for our customers, also when they decide to outsource their own production
- Through Coreplast Laitila Oy SP Group A/S acquired all the shares in Jollmax Coating Oy in Finland on 18 February 2021. Jollmax Coating Oy is specialised in wet painting, printing, water printing and other kinds of decoration on plastics and other materials. EBITDA totalled approx. DKK 2.2 million in the most recent financial year before the acquisition. Management and the committed employees stay on
- Through SP Moulding A/S SP Group acquired all the shares in Neptun Plast A/S and Atlantic Floats Denmark A/S on 14 July 2021. The companies manufacture their own products which are sold globally to the fish industry. EBITDA totalled approx. DKK 4.6 million in the most recent financial year before the acquisition. Management and the committed employees stay on
- We expect that the acquired companies will continue to grow together with the other companies in SP Group
- In December, SP Group entered into a loan agreement with Jyske Bank amounting to DKK 100 million with a term of seven years to finance new acquisitions. The interest rate of the loan is the market rate, and the margin is competitive
- Ergomat grew by 61.5% globally and by as much as 66.5% in North America. The growth was driven by new innovative products and a committed team in close cooperation with the customers
- In Iowa, MM Composite, Tinby, TPI Polytechnics and Gibo Plast developed as planned
- In China, the manufacturing of vacuum-formed components on Gibo's new factory of 11,244 sqm increased steadily throughout the year. The factory commenced local production in the end of 2020 and now runs as intended. In 2021, the factory was expanded with new production lines for rotational moulding. The factory will be expanded again in 2022. The factory achieved a sound influx of customers in 2021
- In Suzhou, China, SP Moulding and Tinby saw a sound influx of new customers and projects
- In Finland, Coreplast performed well and achieved a sound influx of new customers and projects. In February 2021, Coreplast acquired all the shares in Jollmax Oy, which specialises in coating
- Tinby united its Danish activities in Sønderød and closed the factory in Tjæreborg. In Denmark, Tinby acquired selected activities and customers from Dupont Plastic ApS, which went bankrupt
- In Poland, all the companies performed well. We concluded a few new lease agreements of approx. 2,000 sqm and initiated the construction of a new factory of approx. 11,000 sqm which is expected to be ready for production in Q3 2022. We also acquired an industrial site of 50,000 sqm on which we expect to build in 2023 and 2024
- In Slovakia, Ulstrup Plast and Kodaň Plast grew and performed well with a sound influx of new customers and projects
- We won a number of new major customers and did not lose any major customers in 2021
- We launched a number of new and improved products in 2021 (guide wires, ergonomic mats, industrial standard components, medical device packaging, fenders and farm ventilation equipment). Moreover, we have developed new products to be launched in 2022. We further developed our medical device expertise in Denmark, Poland, Slovakia, Finland and China
- We made historically high net investments of DKK 198.1 million in new equipment and properties
- We sold more new moulds to our customers than ever before



Through its subsidiary Coreplast Oy, on 18 February 2021 SP Group A/S acquired all shares in Jollmax Coating Oy, Finland

- The price of the SPG share increased from 271 at the end of the year 2020 to 441 at the end of 2021, resulting in a capital gain of 62.7% for our shareholders
- Dividend of DKK 5.00 per share has been distributed in 2021. The total return on the shareholders' investment came at 64.6%, which is better than the market
- In the period from 1 January 2010 to 31 December 2021, the SPG share yielded a return of 5,627%, which is the second highest among listed Danish shares
- Last, but not least, we got many new shareholders: 15% more shareholders than at the beginning of 2021

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

The outbreak of COVID-19 in China in 2020 resulted in negative growth globally in 2020. The roll-out of vaccines in 2021 made it possible to travel again to a number of destinations from mid-2021; however, most fairs and trade shows were cancelled in 2021, which complicated our marketing efforts and close contact with a number of customers. We hope that the vaccines will prove effective and be rolled out quickly so that we can return to our normal work routines, travel, host fairs and visit new customers.

The Board of Directors recommends dividend distribution of DKK 3.00 per share for 2021 to the annual general meeting.

In February 2022, Russia brutally attacked their neighbouring country Ukraine and invaded the country militarily. There is a risk of great losses of human lives, material, dignity and future prospects for all of us.

SP Group has no factories, sales offices or other direct investments in Russia, Belarus or Ukraine. We have no employees or suppliers in the three countries. We have no investors or creditors in the three countries. Our direct trade with customers in the three countries accounted for approx. DKK 1 million in 2021, but our indirect sale through other customers has naturally been higher.

We will no doubt be negatively affected by increasing energy prices and lower growth in global economy. Therefore, investments are urgently needed in more wind turbines, solar cells and other equipment for Europe to become independent of Russian oil and gas. SP Group supports EU's decision to promptly expand the production of electricity from onshore and offshore wind turbines.

The central banks' low-interest policy and the fiscal relief packages continue to have a positive and stabilising effect on the global economy, and we only hope that the authorities will not overreact once they begin to tighten again.

In 2021, our tax expenses amounted to DKK 54.6 million, corresponding to an effective tax rate of 21.2%. We pay tax in the country where the income is earned in accordance with national and international transfer pricing rules, and it is our goal to act as a responsible member of society in all areas where we operate. Our tax policy is available on the website www.sp-group.dk. In 2021, we paid tax in all foreign jurisdictions in which we operate perma-



On 14 July, 2021 SP Group A/S acquired all shares in Neptun Plast A/S and Atlantic Floats Denmark A/S, Denmark

nently except for Latvia, where the corporate income tax is 0 when no dividends are distributed. We therefore make long-term investments in Latvia and expand our facilities and activities. The tax payment in the individual countries is disclosed in note 13.

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

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

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

Together with three partners, we have established the company Juelsmindehalvøens Solar A/S, which will establish a solar cell farm on the Juelsminde peninsula with a capacity of 60 million kWh, corresponding to SP Group's global consumption of electricity. We will purchase 50% of the production and our three partners will purchase the other 50%. When the solar cell plant is put into operation in 2024, it will cover our entire consumption of electricity in Denmark. In Poland and in Finland, we have invested in local solar cell installations on our rooftops. These plants have been put into operation in 2021.

In 2021, we started purchasing certified green electricity in Poland and will do so in Denmark from the beginning of 2022. By doing so we have reduced our carbon footprint in Scope 2.

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

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

Frank Gad
CEO

The year in outline

COVID-19

In 2021, SP Group experienced disruptions in supplies, production and sales due to the COVID-19 pandemic. However, this did not materially affect activities and profit/loss for the year for 2021. In the beginning of 2022, disruptions continued, but the situation is expected to normalise in 2022 as vaccines are rolled out globally.

We have not received aid from the Danish relief packages as we did not need it.

Ukraine

We have no factories or sales offices in Ukraine, Russia or Belarus. We have no employees or suppliers in the three countries. We have no lenders, creditors or investors in the three countries. Directly and indirectly we have customers in the three countries, which are assessed to account for less than 1% of our sales in 2021; however, a war in the middle of Europe can have considerable negative consequences for all of us. We have stopped all sales to Russia and Belarus.

2021 in outline

The Group's revenue increased by 13.9% to DKK 2,480.9 million from DKK 2,178.2 million in 2020. The change is primarily due to a higher volume. The organic growth in local currencies amounted to 11.8%. Changed exchange rates, the increase in RMB and USD increased our revenue by approx. DKK 4 million. The currency effect accounts for approx. 0.2% of revenue growth of 13.9%. Acquired activities and businesses account for 2.3%.

International sales increased by 19.2% and now account for 72.3% of revenue (against 69.1% in 2020). Revenue growth was particularly high in the Americas and Europe. This is the first year that our direct international sales make up more than 70% of revenue. Sales outside Europe decreased from 28.0% to 27.6% of revenue.

Sales to our Danish customers increased by 2.1%.

Sales to the health care industry increased by 20.5%. Sales to the health care industry now account for 31.2% of our sales (against 29.5% in 2020).

Sales from proprietary products increased by 27.1%. SP Group realised an increase in the sale of ergonomic products (+61.5%). Sales of farm ventilation components decreased by 7.8%. Sales of guide wires decreased by 7.6%. Sales of medical packaging decreased by 15.3%, and sales of industrial standard components increased by 22.2%. The improvement in sales from proprietary products contributed to the improved earnings. Own trademarks now account for 26.0% of the Group's total sales.

Sales of guide wires, farm ventilation components and medical packaging were adversely affected by corona restrictions as all trade fairs were cancelled.

The Group's operating income – EBITDA – increased by 18.7% to DKK 422.9 million. EBITDA margin was 17.0% which was an improvement of 0.6 percentage points compared to 2020. During the year, considerable resources were dedicated to the commissioning of new production facilities, adversely impacting operating profit.

At the end of the year, we had 2,509 employees, including 32 employees in Jollmax Coating Oy, Neptun Plast A/S and Atlantic Floats Denmark A/S, which were acquired during the year. Investments in property, plant and equipment amounted to DKK 198.1 million, net, including leased assets. Increasing commodity prices and frequent force majeure claims from our suppliers also adversely affected EBITDA. We expect to pass on energy and commodity price increases to our customers with delay.

Depreciation, amortisation and impairment losses amounted to DKK 153.8 million, which is an increase of DKK 12.3 million on 2020.

EBIT amounted to DKK 269.1 million, corresponding to 10.8% of revenue. EBIT increased by DKK 54.2 million relative to 2020. DKK 5.8 million thereof relates to acquired businesses.

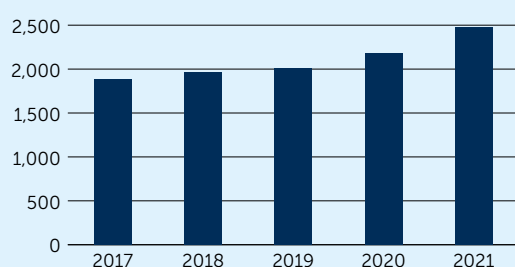
The Group's financial net expenses decreased by DKK 9.8 million from 2020 to 2021, where it was a net expense of DKK 11.3 million. The net expense is affected by foreign exchange adjustments and capital gains on other payables. Lending margins and the interest rate levels remained largely unchanged. Liabilities were slightly higher than last year.

Diluted earnings per share amounted to DKK 16.44, which is an increase of 28.9% compared to 2020.

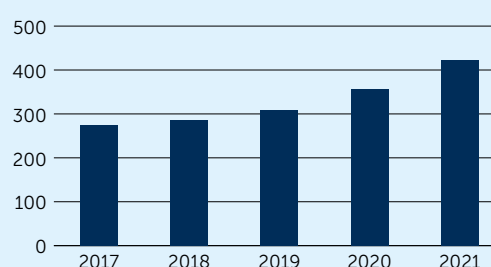
At the end of 2021, interest-bearing debt can be specified by currency as follows:

		After IFRS 16	Before IFRS 16
DKK	DKK	-579 million	-569 million
EUR	DKK	-195 million	-152 million
PLN	DKK	-67 million	-22 million
USD	DKK	42 million	42 million
NOK	DKK	4 million	5 million
SEK	DKK	0 million	2 million
RMB	DKK	-27 million	7 million
Total	DKK	-822 million	-687 million

Consolidated revenue 2017-2021 (DKKm)



Operating profit EBITDA 2017-2021 (DKKm)



Cash flows

Cash flows from operating activities fell to DKK 237.7 million (against DKK 320.4 million in 2020), primarily due to increased net working capital and increased operating income.

Cash flows from investing activities amounted to DKK 221.9 million relating to capacity and competency development within healthcare (approx. DKK 69 million), cleantech (approx. DKK 76 million), food-related industries (approx. DKK 10 million), automotive (approx. DKK 10 million), other (approx. DKK 8 million) and investments in properties and land (DKK 32 million). Furthermore, all of the shares in Jollmax Coating Oy, Neptun Plast A/S and Atlantic Floats Denmark A/S were acquired at price of DKK 17.2 million in cash.

DKK 163.5 million was repaid on long-term debt. New loans of DKK 103.7 million were raised in cash.

Dividends totalling DKK 61.3 million were distributed to the shareholders, and treasury shares were acquired for DKK 44.8 million, net. No new shares were issued in 2021.

The change in short-term bank debt had an adverse effect on liquidity totalling DKK 40.5 million.

Balance sheet

The balance sheet total increased from DKK 2,264.9 million to DKK 2,530.0 million, which is attributable to the acquisition of new machinery, acquisition of entities, acquisition of properties and an increase in the gross working capital as well as a decrease in cash and cash equivalents.

Equity increased from DKK 1,007.4 million to DKK 1,084.0 million.

Net interest-bearing debt (NIBD) rose to DKK 822.0 million from DKK 686.1 million, accounting for 1.9 times the year's EBITDA.

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

The capital structure changed in the year, meaning that the current interest-bearing debt has increased from 13.4% to 16.9% of the balance sheet total, and that the long-term interest-bearing debt has decreased from 22.3% to 18.8% of the balance sheet total. The equity interest has

decreased from 44.5% to 42.8%, and non-interest-bearing debt's share of the balance sheet total increased from 19.8% to 21.4%.

Net interest-bearing debt increased from 30.3% to 32.5% of the balance sheet total.

In 2021, equity was negatively affected by the purchase of treasury shares for a net amount of DKK 44.8 million. Value adjustments of financial instruments held to hedge future cash flows, primarily forward contracts (PLN against EUR), had a negative effect on comprehensive income and, thus, equity in the amount of DKK 43.7 million. The currency adjustment of the foreign entities had a positive effect on equity of DKK 20.2 million. Equity is negatively affected by DKK 61.3 million from the dividend distribution.

Q4 2021

In Q4 2021, SP Group's sales totalled DKK 642.1 million, which is 15.5% higher than in the same period the year before. 12.0% relates to organic growth measured in local currencies. There was a positive currency effect of 1.4%.

EBITDA totalled DKK 106.1 million, which is up 8.5% on the same period the year before. EBIT totalled DKK 65.8 million, which is up DKK 4.2 million on the same period the year before.

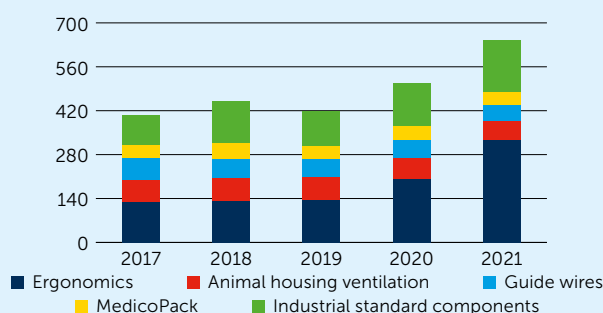
Profit before tax amounted to DKK 65.4 million, which is an increase of DKK 10.4 million compared to the same period the year before. The EBITDA margin in the quarter totalled 16.5%, and profit before tax amounted to 10.2% of revenue.

Depreciation, amortisation and impairment losses amounted to DKK 40.3 million, which is an increase of DKK 4.1 million compared to the same period the year before.

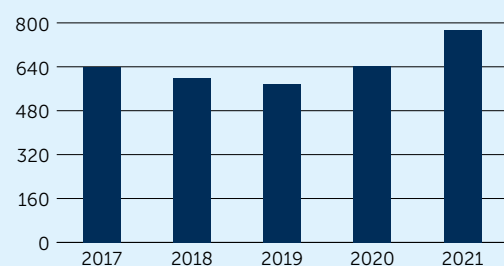
In Q4, cash flows from operating activities amounted to DKK 40.0 million (2020: DKK 66.8 million). Cash flows from investing activities were negative by DKK 60.3 million (2020: negative by DKK 48.8 million). Cash flows from financing activities were positive by DKK 11.4 million (2020: negative by DKK 9.7 million). Accordingly, the change in liquidity was negative by DKK 9.0 million (2020: positive by DKK 8.4 million).

Q4 brought market opportunities and organic growth of 12.0%, which had a positive impact on earnings. Increasing energy and commodity prices adversely affected our margins. We expect to pass on the price increases to our customers in 2022.

Revenue under own trademarks 2017-2021 (DKKm)

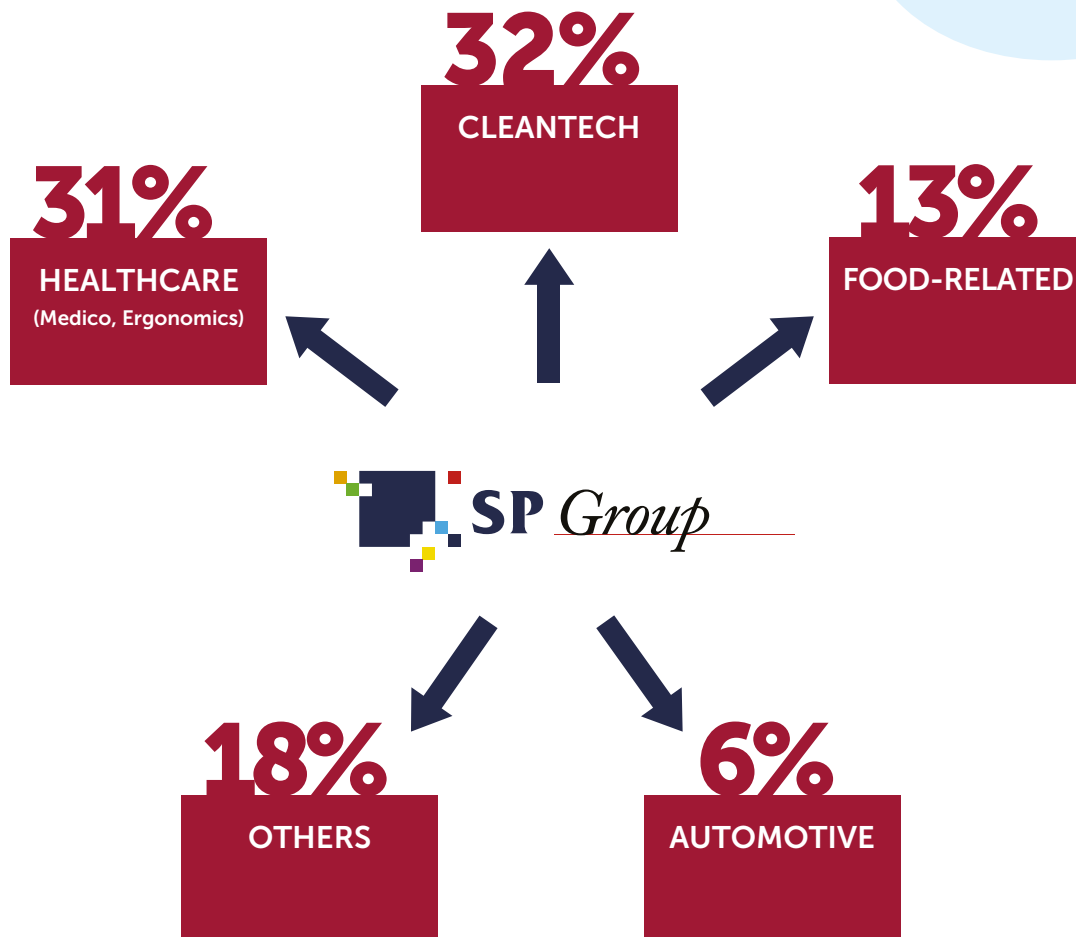


Revenue from healthcare products 2017-2021 (DKKm)



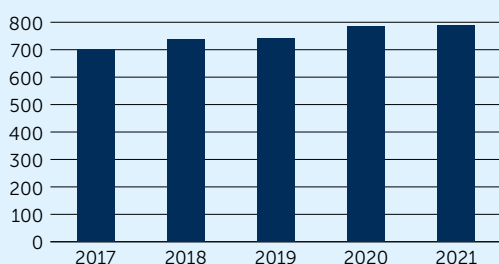
SP Group's sales in 2021 broken down by customer group:

Our Purpose =
Value Creation for
our Customers

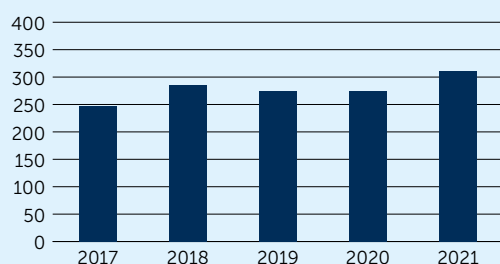


- More than 1,000 customers in total
- The largest customer accounts for 11% (2020: 17%)
- The 10 largest customers account for 51% (2020: 53%)
- The 20 largest customers account for 61% (2020: 62%)

Revenue from cleantech products 2017-2021 (DKKm)



Revenue from food-related industries 2017-2021 (DKKm)



Follow-up on previously announced expectations

Revenue for the year of DKK 2,480.9 million and profit before tax of DKK 257.8 million correspond to the latest expectations announced on 11 November 2021 as to revenue growth of 11-15% (realised 13.9%), an EBITDA margin of 17-18% (realised 17.0%) and an EBT margin of 10-12% (realised 10.4%).

Previously announced expectations in 2021:

- 26 March: Due to the coronavirus outbreak and authorities response, our level of activities and cash flows in the coming months are subject to great uncertainty. At present, we expect to realise revenue growth in the range of 3-10% with an EBITDA margin of 16-17% and an EBT margin of 9-10%.
- 20 April and 26 May: Due to the coronavirus outbreak and authorities response, our level of activities and cash flows in the coming months are subject to great uncertainty. At present, we expect to realise revenue growth in the range of 4-12% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.
- 26 August: Due to the coronavirus outbreak and the authorities response together with the bottle neck issues that several supply chains experience globally imply that our level of activity and cash flows in the coming months are subject to considerable uncertainty. Based on the high growth in Q2, expectations of the entire annual revenue increase to 8-14% (previously 4-12%) with an EBITDA margin of 16-18% (unchanged) and an EBT margin of 9-12% (unchanged).
- 11 November: Due to the coronavirus outbreak and the authorities response together with the bottle neck issues that several supply chains experience globally imply that our level of activity and cash flows in the coming months are subject to considerable uncertainty. Based on the high growth in Q3, expectations of the entire annual revenue increase to 11-15% (previously 8-14%) with an EBITDA margin of 17-18% (previously 16-18%) and an EBT margin of 10-12% (previously 9-12%).

Events after the balance sheet date

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

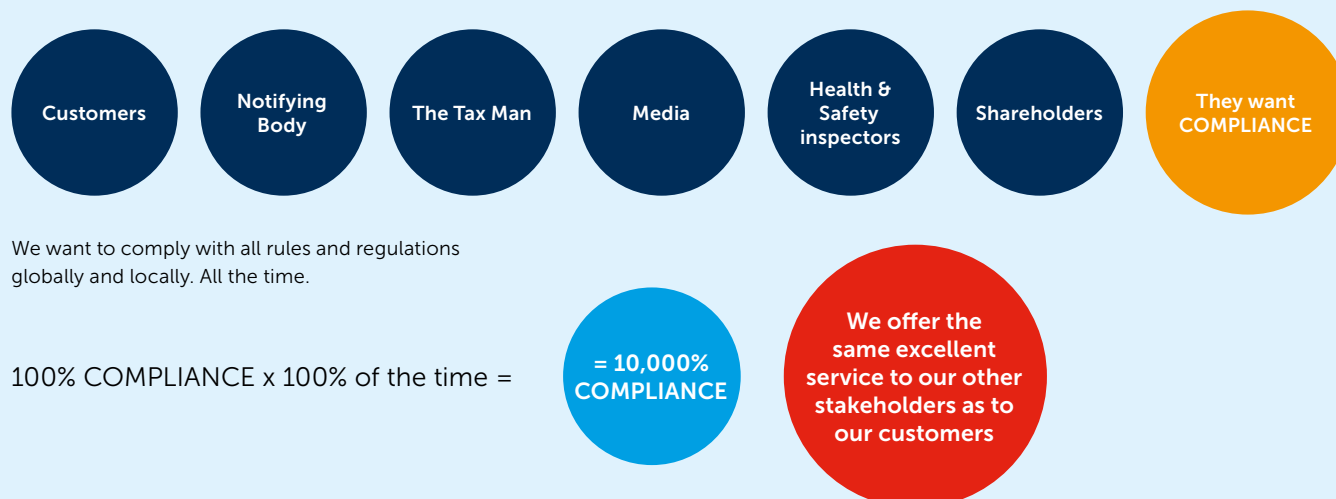
On 4 February 2022, SP Group acquired Davinci 3D A/S (announced in company announcement no. 06/2022). Davinci 3D is one of Denmark's leading companies within state-of-the-art Additive Manufacturing (3D print). The company services approx. 250 customers in Denmark and abroad with its 3D printed items.

On 9 March 2022, SP Group acquired Bovil ApS (announced in company announcement no. 13/2022). Bovil is one of Denmark's leading companies within state-of-the-art CNC processing of plastics. Bovil services approx. 150 customers in Denmark and abroad with its CNC processed components.



Dan-Fender and Neptun Plast/Atlantic Floats Denmark had a joint stand on the Dan-Fish International fair in Aalborg in October 2021

Compliance



Outlook for 2022

Hopefully, the global economy will grow in 2022, but it is still fragile and marked by political and economic uncertainty. The neighbouring markets in Europe have grave government budget deficits and high indebtedness. The outbreak of the coronavirus, which has subsequently spread throughout the world, can still have considerable adverse effects on the global economy and on our customers and suppliers – and thus on the development in SP Group.

Russia's invasion of Ukraine may also have a considerable negative impact on the global economy and on our customers and suppliers, and thus on the development in SP Group.

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

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

A high investment level will be maintained in 2022. The largest investment is expected to be made in the health care activities.

Depreciation and amortisation are expected to be realised at a higher level than in 2021, among other things due to heavy investments in 2021.

Financial expenses are expected to be realised at the same level as in 2021.

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

The war in Ukraine, the spread of the coronavirus and the authorities' response together with the bottle neck issues that several supply chains experience globally imply that our level of activity and cash flows for the coming months are subject to considerable uncertainty. At present, we expect to realise revenue growth in the range of 5-15% with an EBITDA margin of 16-18% and an EBT margin of 9-12%.

Going towards 2024

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

With the results in 2018 (revenue of DKK 2.0 billion, an EBITDA margin of 14.5% and profit before tax of 10.2% of revenue), we met our 2020 goals as soon as in 2018. Therefore, we launched our 2022 ambition. The low growth rates in 2018 and 2019 and the coronavirus outbreak in 2020 have delayed the realisation of our ambitions. We assess that we will be delayed by 2 years and has therefore renamed our 2022 ambitions to 2024 ambitions, primarily due to the coronavirus outbreak.

Up to 2024, it is our ambition to generate revenue in the range of DKK 3.3-4.0 billion in 2024 through continued customer focus and organic growth combined with acquisitions ("buy and build" strategy, preferably with own products and trademarks). To attain this, we need to achieve annual growth (CAGR of 10-17% p.a.) in the period 2022-2024. In 2010-2021, our growth was 10.2% p.a. (CAGR) and in the period 2014-2017, our growth was 16% p.a. (CAGR).

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

By increasing the share of own products in total sales from the current 26.0% to 28-30% in 2024, continuing the internationalisation and increasing efficiency further as well as by making massive investments in new technologies and people, it is our ambition to improve the EBITDA margin to 17-19% by 2024 (or more if we do not make large acquisitions) and increase profit before tax to 10-12% of revenue, as the share of own products and advanced solutions is expected to increase more relative to the rest of revenue.

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

It is therefore our ambition to increase profit before tax to approx. DKK 400 million by 2024 (12% of DKK 3.3 billion or 10% of DKK 4.0 billion as high growth in connection with acquisitions is expected to reduce the margin). To achieve this, EBT must increase by 16% p.a. in 2022-2024. In the period 2010-2021 EBT increased by 22% on average (CAGR). In 2021, EBT grew by 33.0%.

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

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

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

SP Group aims at providing its shareholders with a fair return through increases in the share price. It is the ambition that earnings per share (EPS) should increase by an average of 20% annually over a five-year period. In 2021, EPS increased by 28.9%. In the period 2010-2021 EPS increased by 20.7% on average (CAGR).

In recent years, dividends distributed have totalled 15-20% of the profit after tax. Every year before the annual general meeting, Management assesses whether the level is adequate. Proposed dividends for 2021 corresponding to 18.0% of profit after tax.

Customers

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

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

SP Group's offers to its customers are based on the ambition of being the best local partner within plastics, composites and coatings in relation to

product supply, competitiveness, availability and value creation. Often, SP Group succeeds in accommodating customers' global needs through local presence or by coming up with a globally competitive solution from one factory. In 2010, Tinby's local presence was established in China. Our sales and service activities in North America were expanded with production activities in 2013.

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

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

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

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

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

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

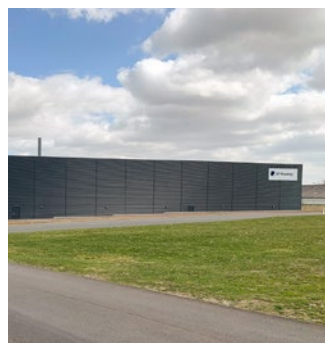
With the acquisition of Tinby Skumplast A/S and MM Composite A/S in 2017, we expanded our product range with 'block foaming' in PUR and PIR and a number of advanced composite solutions. Our local presence in USA has been expanded with composite production and was further expanded in 2019 with the production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

In 2019, local presence in Finland was expanded by the acquisition of Coreplast, which is a state-of-the-art injection-moulding company. It is our ambition that Coreplast can also sell a number of our other services in Finland. In 2021, local presence in Finland was expanded by the acquisition of Jollmax, which offers state-of-the-art coating solutions such as water printing that can add decorative surfaces to plastic, which is a new technology for SP Group.

In China, Tinby moved to new and larger premises in 2018. Activities were expanded in 2021.

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

Advisory services within plastics, composite and surface treatment are becoming increasingly important, and SP Group is using the Group's expertise and technologies to create value for our customers. In 2022, SP Group acquired Davinci 3D A/S by which SP Group has obtained specialist expertise within Advanced Additive Manufacturing. In 2021, co-operation with leading universities in the EU was extended and so was co-operation



SP Moulding's new facility in Stoholm



In 2021, Ulstrup Plast in Slovakia got more production facilities

with a number of suppliers' research centres and laboratories. Among our suppliers are the world's leading chemical groups.

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

Growth must also be generated from customers and growth industries. An obvious example is the healthcare industry. Sales to this industry totalled DKK 773 million in 2021. Growth in healthcare sales will be further increased with the committed business units SP Medical, MedioPack and Ergomat as the primary drivers. The figure on page 9 shows the development in total healthcare sales, which accounted for 31.2% of revenue in 2021. Sales to the healthcare industry increased by 20.5% in 2021.

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

The figure on page 10 shows the development in sales to the cleantech industry, which accounted for 31.8% of revenue in 2021. Sales to the cleantech industry increased by 0.6% in 2021.

A number of our customers are food manufacturers or suppliers to food manufacturers. This area is called "food-related industries". Sales to food-related industries accounted for 12.5% of revenue in 2021 and amounted to DKK 311 million. Development in sales to food-related industries are shown on page 10. In 2021, sales to food-related industries increased by 12.9%.

The healthcare, cleantech and food-related industries accounted for approx. 76% of total revenue in 2021.

Sales to the automotive industry increased by 54.4% to DKK 141 million and now account for 5.7% of revenue.

Sales to other demanding industries increased by 21.1% to DKK 466 million.

In connection with the preparation of this annual report, we reclassified seven of our customers from "other demanding industries" to "cleantech" where these customers rightfully belong. The comparative figures have been restated.



Post processing of composite parts at
Baltic Rim, Latvia

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

Efficiency and rationalisation

In 2021, the Group's production structure was further streamlined and optimised, and heavy investments were made in new machinery, robots and vision systems.

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

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

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

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

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

In Finland, Coreplast has invested in new machinery to increase capacity and operational reliability. Coreplast offers 3K injection moulding (three-component) with machinery with a closing pressure of up to 500 tonnes and 1K injection moulding (one-component) with machinery with a closing pressure of up to 1,500 tonnes.

In Latvia and Sweden, Brdr. Bourghardt has increased capacity and enhanced efficiency. In 2022, the company established in Thailand.

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

In Denmark, SP Moulding, MM Composite, Accoat, Tinby, MedioPack, SP Medical, Gibo Plast and Dan-Hill-Plast have all enhanced efficiency and increased capacity. Tinby has united its Danish activities in Sønderød and closed the factory in Tjæreborg.



Michael Yang, General Manager of Laerdal Medical – Suzhou, presenting SP Moulding the award as A-Supplier to Laerdal Medical. Managing Director Jan R. Sørensen received the award along with the certificate of donating 33 trees to be planted in the northwest of China under the Million Forest Plan. The Million Forest Plan is an initiative to improve the eco-environment and help the local people increasing their income

In China, Tinby and SP Moulding have increased capacity and enhanced efficiency. SP Moulding also offers 2K moulding in China and has invested in a 1,600 tonnes 1K machine. In 2018 and 2019, Tinby doubled its capacity in China. In China, TPI has established a sales company, and Gibo Plast has established a large sales and logistics company, which was expanded with the production of vacuum-formed components in 2020 and in 2021 also with rotational moulding.

In the Netherlands, TPI has expanded its business based on a larger organisation, which has increased capacity. TPI established sales companies in USA and China in 2019, which are having trouble gaining traction due to the coronavirus situation; however, sales in both China and the USA have increased.

In USA, Gibo Plast has established a sales company at MM Composite to be closer to customers for vacuum-formed components in North America. Production was initiated in 2019. Tinby's North American sales company has also been relocated to MM Composite's facilities.


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

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

Apart from capacity adjustments, we focus on adjusting general costs on an ongoing basis. SP Group's goal is for all production facilities to manufacture and deliver better, cheaper and faster. Steps are taken on an ongoing basis to reduce the consumption of materials and resources (reduction of CO2 emissions, etc.) and to reduce break-in periods and switch-over times in production. The current Lean process will continue with focus on improving processes and flows and strengthening our employees' competencies.

Many customers want new products made from recycled plastics or biobased plastic to reduce their carbon footprint. For several customers, we replaced raw materials from virgin plastics to recycled plastics in 2021. The products are still fit for purpose and are now even more sustainable. In 2021, "recycled" or "re-used" plastics accounted for 13.5% of our consumption of plastics.

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



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

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

Coatings

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

2021 in outline

The corona pandemic and its consequences have again in 2021 had major impact on Accoat A/S.

As in 2020, Accoat A/S' production activities fluctuated in 2021.

More of our existing customers' revenue has generally been lower, and thereby also Accoat A/S' revenue, whereas other customers have reported status quo and others again a slight increase.

The level of absence among the employees due to sickness and isolation has been high in 2021.

In 2021, the raw material situation was extremely difficult. Prices increased dramatically, and there has been shortage of several raw materials for long periods in the year.

The organisation at Accoat A/S was increased in 2021 to meet the demand from current as well as future customers within our core competencies such as non-stick, low friction and corrosion protection.

Accoat A/S performs tasks within a broad range of industries, including the medical device, cleantech, food-related and chemical industries. The production covers a broad range of coatings within our core competencies and can handle anything from very small to very large components. Accoat A/S has one of Europe's largest furnaces for sintering of polymeric coatings and ceramic/sol-gel coatings.

Name:	Accoat A/S
Website:	www.accoat.dk
Location:	Kvistgård in North Zealand
Executive Board:	CEO Susie-Ann Spiegelhauer
Activities:	Accoat manufactures coatings for a number of industries' products and production facilities. The components that are coated cover a wide field from very small needles to large tank installations
Description:	Accoat develops and manufactures environmentally friendly technical solutions for industrial and pharmaceutical purposes, including fluoroplastic coatings (Teflon®), PTFE and other high-performance polymers
Environment/quality:	Reference is made to the list of certificates on page 42

Markets and products

Accoat A/S coats a range of different products such as medical device equipment, chemical reactors, tanks, thermocouples, ovens, baking machines, filling machines, engine components, ventilation equipment as well as equipment for the oil and gas industry.

In principle, Accoat is able to coat all kinds of items, but has decided to focus especially on items that require high-build (multiple layers) corrosion-protective coatings as well as non-stick and low-friction coatings.

The penetration barriers on the high-build coating market are high, as it requires great expertise and costly facilities to manufacture coatings in high-end polymeric materials. Accoat A/S develops and tests coatings in its own laboratory to be able to document properties and product life. The market is driven by the ability of fluoro polymeric coatings to improve the application, strength and life of a number of products as the properties of these polymeric are very distinctive.

Accoat A/S adds value to its customers

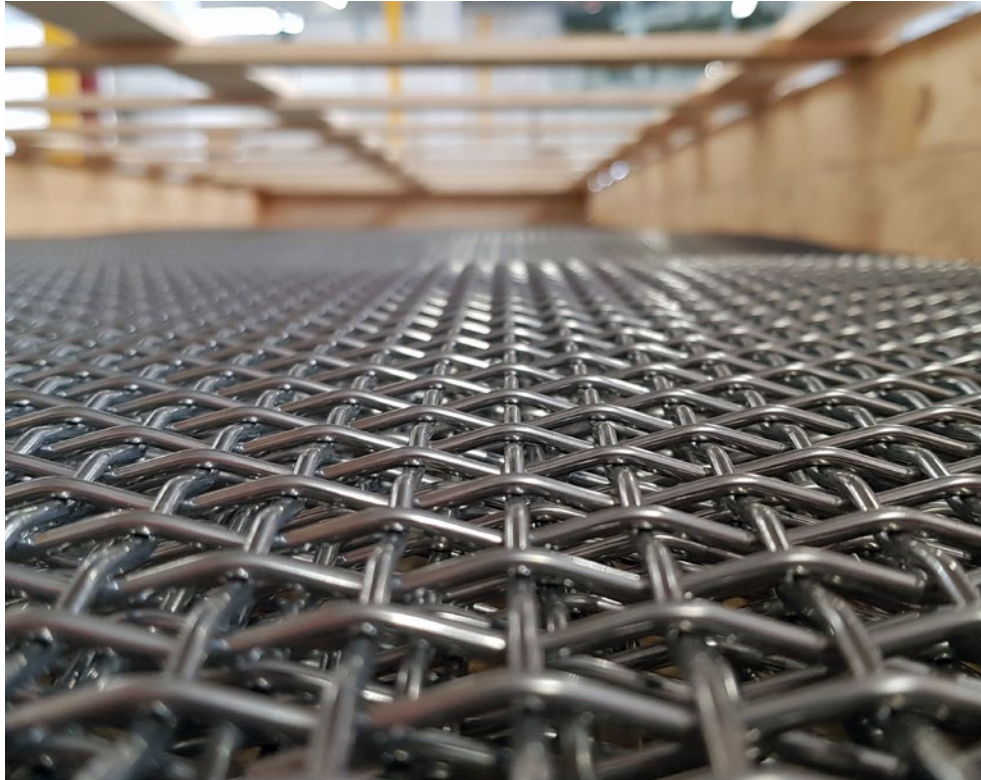
The penetration barriers in the medical device market are also high, as it requires a high degree of validation before a product can be put into service. The production of the components is subject to strict requirements subsequently.

Use of non-volatile non-stick fluoropolymer coatings ease the cleaning of surfaces, which helps reduce the consumption of cleaning agents, water and time. For our customers, this means shorter interruptions of production due to cleaning and lower consumption of resources.

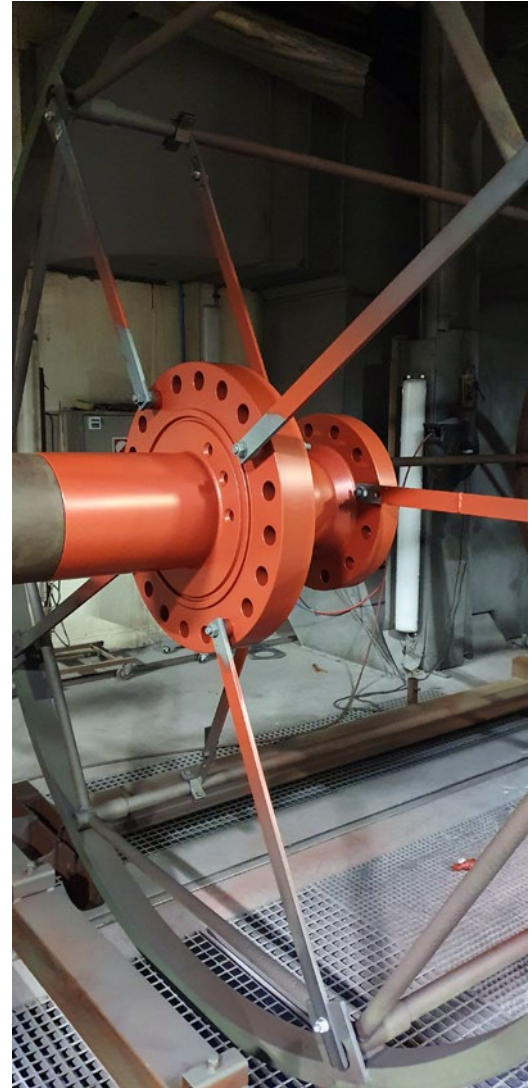
Coatings may also make products and production equipment oil- and water-repellent, heat insulating, electrically insulating or resistant to chemicals. In some industries, coatings are necessary to comply with safety requirements.

Customers also experience that they can replace expensive materials such as titanium or alloyed steel with other, less costly surface-treated materials. Consequently, the overall demand for coatings is expected to increase in future.

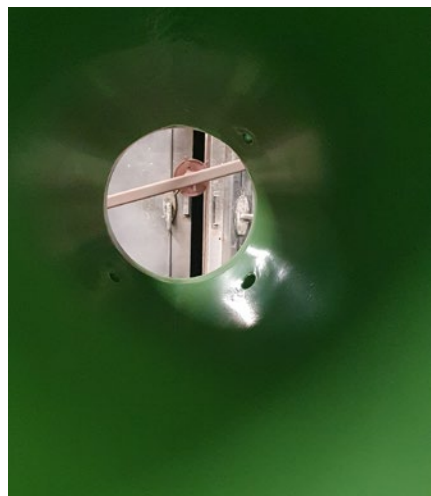
As Accoat has been approved by the Danish Veterinary and Food Administration to manufacture food contact materials, it meets the requirements in relation to coatings approved for food.



Filter material coated with Accolan Silver for non-stick purposes



Spool Piece coated with Accoshield RF for corrosion protection – piece used in Geothermal heating project



Pipe coated with Accopon HBA for good non-stick and for some extent of corrosion protection. Pipe used in manufacturing equipment for flocculant and coagulant polymers

Strategy

Accoat A/S will continue its efforts to strengthen both products and processes. They will do so in cooperation with customers and suppliers as well as external parties such as universities, etc.


In 2021, Accoat A/S initiated the automation of production processes, and this development will continue in 2022.

At present, Accoat A/S participates directly in an innovation fund-subsidised research project as well as indirectly in another subsidised project (under SP R&D) of which the latter was finalised in 2021.

This way, Accoat keeps updated on and at the forefront of state-of-the-art materials and processes, including new flour-free sol-gel coatings.

Accoat A/S is in contact with the different industry segments that use our products. Generally, the penetration barrier is very high, especially for high-build corrosion coatings.

In recent years, Accoat A/S has initiated several development projects together with new customers to test coating potentials in various industries. Some of these resulted in orders in 2021, and Accoat A/S expects demand for these solutions to increase in the coming years.

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

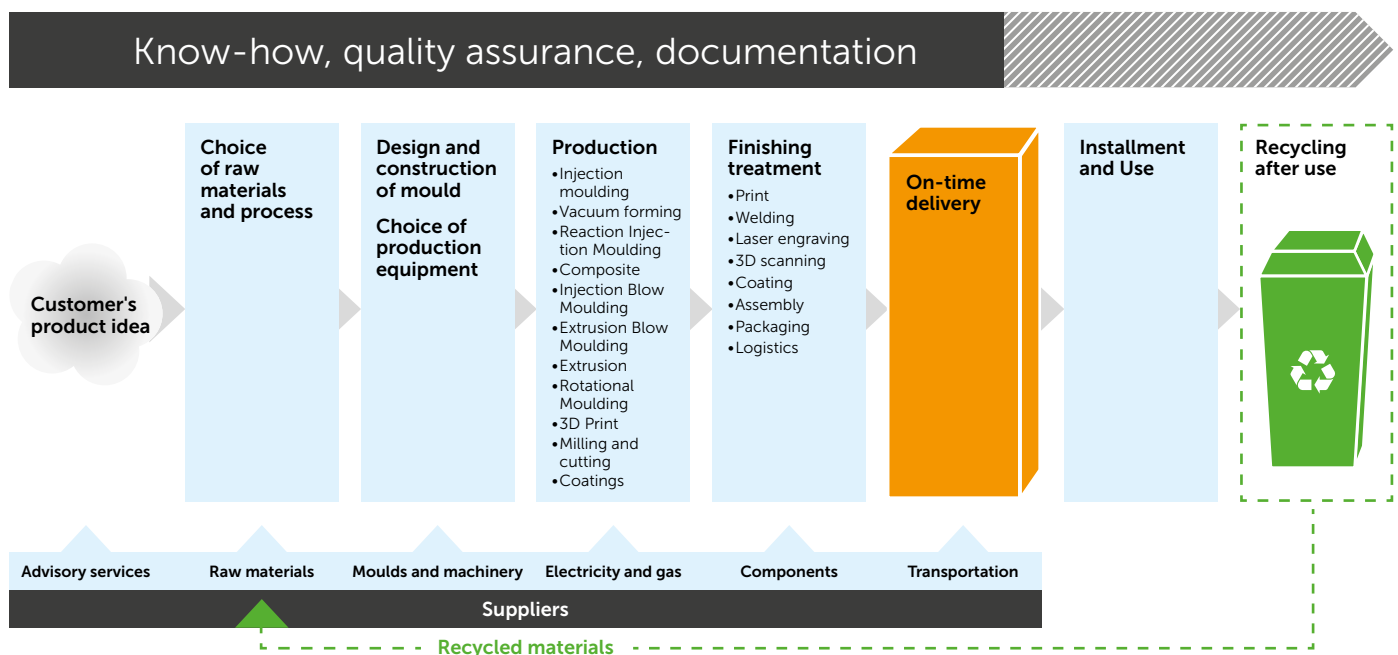
SP Moulding
in Poland has more
than 100 injection
moulding machines

Plastics and composites

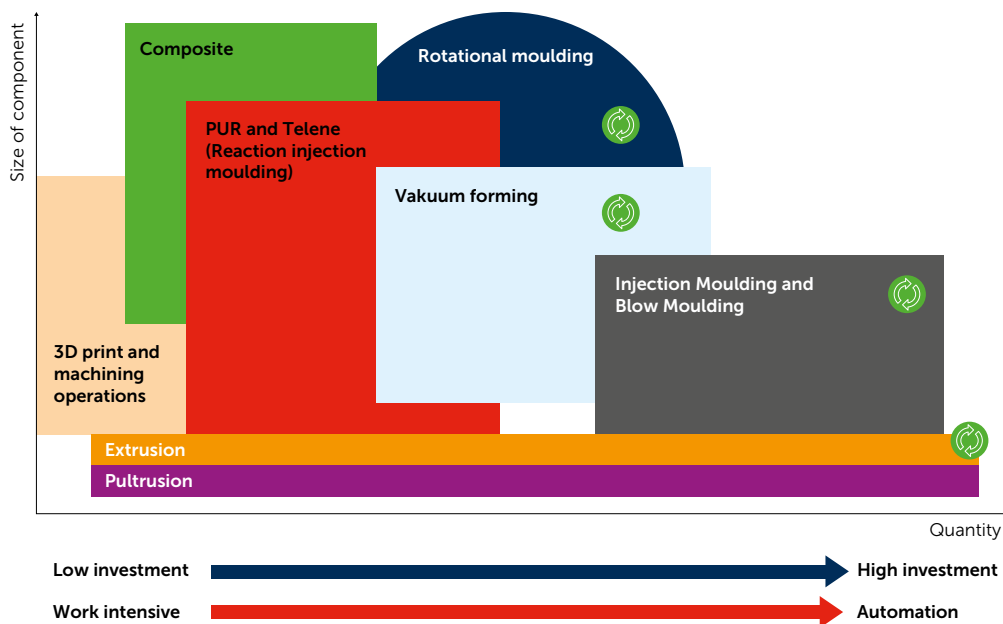
- New tasks in the healthcare industry
- New tasks in the cleantech industry
- More tasks in food-related industries

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

SP Group's value creation



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



Proto types are 3D printed or machined.

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

Heavy investments were made in 2021, adversely affecting earnings. The investments are expected to contribute positively to results of operations from 2022 onwards.

Injection moulding and Blow moulding

- Global progress
- Many new tasks

2021 in outline

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

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

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

Name:	SP Moulding A/S, Sander Tech ApS, Coreplast Laitila Oy, Ulstrup Plast A/S, SP Medical A/S, MedicoPack A/S, Jollmax Coating Oy, Neptun Plast A/S and Atlantic Floats Denmark A/S
Website:	www.sp-moulding.dk, www.coreplast.fi, www.up.dk, www.sp-medical.dk, www.medicopack.com, www.kodanplast.eu and www.neptunplast.com
Location:	Juelsminde, Stoholm, Karise, Lyngø, Langeskov, Vordingborg, Sieradz (Poland), Zdunska Wola (Poland), Laitila (Finland), Pobe-dim and Zilina (Slovakia) and Suzhou (China)
Executive Board:	Søren Ulstrup, CEO of SP Moulding A/S and Ulstrup Plast A/S; Jens Birklund Andersen, CEO of Sander Tech ApS; Mikko Toivonen, Managing Director of Coreplast Laitila Oy, Mogens Laigaard, Director of SP Medical A/S and Torben Bruhn, Managing Director of MedicoPack A/S, Aimo Jollman, Managing Director, Jollmax Coating Oy, Finland, Laila Ertman Lundsgaard, CEO of Neptun Plast A/S and Cecilie Ertman Lundsgaard, Director of Atlantic Floats Denmark A/S
Activities:	SP Moulding, Sander Tech, Coreplast and Ulstrup Plast are leading manufacturers of injection-moulded plastic precision components for a wide range of industrial entities. SP Moulding (Suzhou) Co., Ltd. in China, SP Moulding Poland Sp. z o.o. and Ulstrup Plast s.r.o. manufacture technical plastics and perform assembly work. In Karise and Zdunska Wola (Poland), the business unit SP Medical develops, manufactures and sells medical devices and components to customers in the medical device industry. MedicoPack develops, manufactures and sells packaging material and pharmaceutical disposable equipment within injection and infusion therapy to the global pharmaceutical and healthcare industries
Description:	In addition to the actual moulding, which is carried out in modern production facilities, the business area handles all finishing such as 3D scanning, laser engraving, laser welding, ultrasound welding, surface treatment and compression. SP Moulding, Coreplast and SP Medical also handle partial or full assembly, packaging and shipment for a large number of customers. MedicoPack's production technology is based on blow moulding, IBM (Injection Blow Moulding) and EBM (Extrusion Blow Moulding), and the entity has a leading position in the area of production of packaging material for pharmaceutical purposes.
Environment/quality:	Reference is made to the list of certificates on page 42

In 2021, considerable investments were made in new advanced production equipment including many new injection-moulding machines with state-of-the-art robotic solutions, large energy saving projects and even more IT as well as implementing new customer projects.

SP Moulding, SP Medical, Coreplast and Ulstrup Plast have entered into agreements to purchase injection-moulding machines for delivery in 2022. The machines will be used to expand activities with existing and new customers. We have expanded our production facilities in several factories, and further construction is ongoing to enable us to meet the increased demand.

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

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

Markets and products

With approx. 478 injection-moulding machines (including more than 40 two- and three-component machines), SP Moulding, SP Medical, Coreplast, Ulstrup Plast and Neptun Plast are, combined, the largest independent injection-moulding business in Denmark and rank among the largest two in the Nordic region. The market is still characterised by many small suppliers and excess capacity in certain areas, and a number of customers are turning to low-wage areas. However, several groups with own production of injection-moulded plastics choose to outsource activities to specialists such as SP Moulding.

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

SP Medical addresses a potential market of approx. DKK 15 billion with annual growth of 5-7%. SP Medical ranks among the two or three largest Nordic suppliers of injection-moulded plastics to the medical device industry, and in the niche of PTFE-coated guide wires for cardiology, radiology and urology, etc., SP Medical is among the three largest suppliers in Europe. SP Medical also manufactures medical components and equipment and coats products with function-enhancing coatings. With



SP Moulding manufactures these hanging feeding stations for birds for Rosendahl Design Icons®. The feeding stations are made from 100% recycled plastics from households

its expertise and quality standards, SP Medical's opportunities to increase its market shares are good.

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

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

Strategy

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

SP Moulding, Coreplast and Ulstrup Plast must win market shares in all markets by offering better customer service, intensifying participation in customers' product development and by targeting their efforts at growth industries. Competencies are strengthened continually to allow us to dif-

Bobbins from Atlantic Floats Denmark



Atlantic Floats manufactures this orange basket with moulded handles and this blue bucket. Available in various colours

MedicoPack's DivibaX® is a unique mixing transfer device with focus on staff and patient safety. The device provides a 100% safe mix of powders and fluids between vials and containers

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

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

In China, "white room production" has been established. SP Medical focuses on upgrading the quality system and product certificates for the new Medical Device Regulation (MDR) to ensure continued patient safety and meet customers' increasing need for authority documentation.

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

The strategy of Neptun Plast and Atlantic Floats Denmark is to be the preferred manufacturer of equipment for the part of the fish industry that they service and to maintain the leading role in the market by developing new products and to further develop existing products.

Polyurethane and Composite

- Higher activity
- New products
- Expansion in the Netherlands, Poland, USA, China and Latvia

Name:	Five activities with Polyurethane (PUR) and Composite as common denominator: Ergomat A/S, Tinby A/S, TPI Polytechnik B.V., Brøderna Bourghardt AB and MM Composite A/S
Website:	www.ergomat.com, www.tinby.dk, www.tpi-polytechnik.com, www.bourghardt.se, www.mmcomposite.dk
Location:	Søndersø, Nørre Aaby, Ejby, Sieradz (Poland), 's-Hertogenbosch (Holland), Helsingborg (Sweden), Cleveland and Mt. Pleasant (USA), Montreal (Canada), Suzhou (China) and Liepaja (Latvia)
Executive Board:	Claus Lendal, CEO of Ergomat A/S; Michael V. Therkelsen, Managing Director of Tinby A/S and MM Composite A/S; Loic van der Heijden, Managing Director of TPI Polytechnik B.V. and David Bourghardt, Managing Director of Brøderna Bourghardt AB
Ergomat A/S	develops and sells ergonomic solutions under own brands – Ergomat® mats and DuraStripe® striping tape – to global corporate customers. Ergomat has sales companies in Europe and North America. Its products are manufactured in Poland and USA.
Tinby A/S	manufactures moulded products in solid, foamed and flexible PUR as well as laminated plastics and elastomers in Sønderød for e.g. the graphics, medical device, furniture and cleantech industries as well as block foaming solutions. In Poland, Tinby Sp. z o.o. also manufactures light-foam products for TPI. The companies in USA and China manufacture light-foam products and other plastic solutions primarily for the cleantech industry. In Latvia, components are manufactured using a pultrusion process
TPI Polytechnik B.V.	develops and sells components for ventilation of industrial buildings as well as pig and poultry houses, primarily products under the TPI brand, which are manufactured by Tinby in Poland. Global sales are handled from the Netherlands
Brdr. Bourghardt AB	manufactures large plastic components in DCPD (Telene) and composite for the truck, wind energy and satellite communication industries. Brdr. Bourghardt delivers worldwide from its factories in Latvia and Thailand and the head office in Sweden
MM Composite A/S	develops and sells high-quality composite components to cleantech and other industries. The products are manufactured using different production technologies such as hand lay-up and vacuum infusion. MM Composite's head office is located in Denmark where the company also has two production facilities. Moreover, MM Composite also has production facilities in USA
Description:	PUR is manufactured by first mixing two special liquids, which react, and then moulding them, forming the required component. Expertise comprises knowing the scope for variation and making the best of the materials. The process is also called Reaction Injection Moulding – or just RIM.
Environment/quality:	Reference is made to the list of certificates on page 42

2021 in outline

Ergomat had an amazing 2021 where it focused on its core business, sale of ergonomic mats and DuraStripe® striping for the automotive industry and distribution centres supporting online trade as well as COVID-19-related solutions and products, including social distancing signs. Ergomat is operating actively in approx. 60 countries and sales in the primary markets, USA and the EU developed extremely positively in 2021.

Tinby expanded its capacity to support global growth. Tinby has moved the Pentan foam production in Poland to new facilities and production now takes place in three locations totalling 17,000 sqm. In China, new production facilities of 5,300 sqm were also established. In USA, the servicing of customers from the 1,000 sqm facilities in Iowa continues. In Latvia, new production halls have been established for the production of glass fibre profiles and sheets. A hall of 2,000 sqm has been erected and a hall of 1,300 sqm is being erected for the production of PUR cabinets. In Denmark, Tinby has production facilities of approx. 7,900 sqm. Tinby Skumplast has been moved to new premises in Sønderød of 2,900 sqm.

TPI realised lower revenue in 2021 due to the corona pandemic. It was impossible to travel, and expos and fairs were cancelled. Despite these challenges, TPI saw positive trends in the North American markets.

The Asian markets did not develop as expected, and therefore, we have expanded our sales team to enhance our possibilities. In 2020, TPI established an office in China to support the continued development in the region. The European market is still stable.

Several new products were launched in 2021 to strengthen our market position.

Brøderna Bourghardt, with its sales organisation in Sweden and production in Latvia, realised some of the big sales projects in 2021 which were initiated in 2019 and 2020 and demand in ongoing projects was sound. Brøderna Bourghardt therefore experienced increasing revenue and improved results of operation compared with previous years. During the year, we further increased our production capacity in Latvia and verified new RF transparent materials which are now ready for production.

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

Markets and products

2021 turned out to be a challenging year for Ergomat, externally as well as internally. Externally, COVID-19 put a damper on our proactive sales strategies as it was difficult to travel and to meet; however, we still sold many solutions to combat the infection. Internally, we were extremely



Tinby's own product insulating caps made in Polyurethane

Baltic Rim, Latvia manufactures and coats radomes



Tinby manufactures this MATTY™ changing mat in flexible PUR for Leander



TPI Polytechnik's chimneys installed on a pig farm in China



TPI Polytechnik's OmniFlux inlets installed in Dutch poultry farm

busy expanding our capacity to be able to service the heavily increasing demand from our customers. Many of the world's largest distributors have decided to change to our ergonomic solutions within the past two-three years, and therefore, the demand in particular for Ergomat mats as well as Lean Manufacturing tools has increased significantly. We noted a modest growth in our special LED solutions and in our striping product DuraStripe®. In terms of logistics, the UK posed a significant challenge at the beginning of 2021. The same applied to our cross Atlantic transport where prices and delivery times increased significantly.

Tinby is Scandinavia's leading supplier of moulded and block foaming components in solid, foamed, flexible polyurethane and combinations thereof. Tinby's components are used for cleantech tasks, in medical device products, instruments, furniture, graphic machines, ventilation, coatings, window and construction profiles, insulation caps, panels, sheets, fillets and cabinets. Tinby develops special raw materials aimed at narrow and broad product solutions and masters a number of technologies for product refinement, including combination technologies, in-mould coating, varnishing and coatings. In addition to the PUR activities, Tinby has a vast number of special productions aimed at the cleantech industry. In 2017, Tinby acquired LM Skumplast, which subsequently changed its name to Tinby Skumplast. It manufactures PUR and PIR foam, primarily for insulation purposes. In 2020, we acquired the activities in Isotec AB and have now established Tinby AB from which we service our Swedish customers. In 2021, Tinby acquired selected activities and customers from Dupont Plastics ApS, which went bankrupt. Considerable resources

were used for moving the activities to Tinby's factories in Denmark, Poland and Latvia.

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

TPI is the leading supplier in Europe of light-foamed chimneys, air intake and ventilation components for the agricultural and industrial sectors. PUR is especially suitable for these purposes, as the material is light, well-insulating and does not develop condensation when the temperature changes. Eastern European markets are still interesting, and sales in the Middle East, Asia and North America are expected to increase in the coming years. Once again, TPI has launched several new products to expand and broaden its existing product range. With these new products, TPI will be able to increase its position in the global market for ventilation equipment in pig and poultry houses.

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

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

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

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

Strategy

Ergomat's traditional product lines showed immense progress in 2021, and thus, the company cemented its position as the world's leading manufacturer of ergonomic mats. Our focus on innovation will continue and new mat solutions as well as Lean Manufacturing Tools are expected to be launched in Q1 2022. Our success builds on our strategy to focus on direct alliances with the world's largest manufacturers and distributors, and will therefore continue in 2022.

In Denmark, Tinby manufactures moulded components and block foaming solutions in Sønderød. The factory in Tjæreborg was decommissioned in 2021.

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

Tinby's factory in China, which was established in 2010, is still developing positively and has 5,300 sqm at their disposal. In 2021, additional activities were initiated, including production of light-foam products.

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

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

TPI expects increased sales in Europe, Asia and North America in 2022 as a result of its launch of a number of new products. Strong focus on developing new products will be maintained. TPI will focus mainly on North America to strengthen our market share in the region.

Brdr. Bourghardt was established in South East Asia in 2022 to be able to service its customers locally. Moreover, Brdr. Bourghardt has increased their production in thermoplastic as an alternative to conventional thermoset plastics and composite.

RePURpose – a research project funded by Innovation Fund Denmark

As a company manufacturing plastic, it is important for SP Group to act responsibly in terms of how the plastic we use to manufacture components to our customers is used and repurposed to cause as little environmental damage as possible.

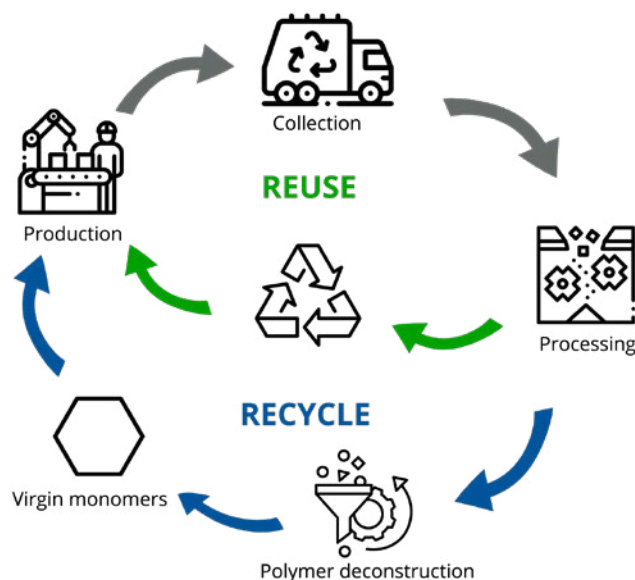
In future, SP Group and the Danish plastic industry will be dependent on their ability to make a green transition, and therefore, we are looking for new technological possibilities in co-operation with Aarhus University, the Danish Technological Institute and other companies. As the current technologies are not good enough, the majority of PUR material ends up in combustion facilities for purposes of energy recovery or in landfill sites after use. However, with new technology we will not only use less oil with manufacturing PUR; we will also gain considerable carbon emission reductions as the plastic will no longer be incinerated to the same extent.


Tinby is part of an initiative that will help ensure a reduction of the amount of plastic manufactured in the world. Together with five of the leading Danish companies in relation to the Danish PUR industry, Tinby thus participates in the RePURpose project, which has a total budget of DKK 19 million, of which Innovation Fund Denmark has provided DKK 11 million.

By bringing together the world's best researchers, technology developers and leading companies, the RePURpose project aims to bring polyurethane (PUR) into a brand new circular economy so we can address the issue for good.

PUR is an essential material found in anything from insulation, mattresses and shoe soles to components for the wind turbine industry and medical equipment that saves lives. The current ways of handling end-of-life PUR is not durable or sustainable. More than 16 million tonnes of PUR is used every year, and the consumption is expected to soar in future. RePURpose will therefore develop technologies designed to ensure a more sustainable production and processing of PUR in future.

Specifically, the researchers of the project will develop two technologies. One technology focuses on the material going to waste when manufacturing PUR products (ReUSE), and the other technology will degrade PUR waste – including PUR that has been used by consumers – to its original building blocks, called monomers (ReCYCLE):





Ergomat's silver coloured ergonomic mats mounted in LUCID's factory that manufactures electric cars. Ergomat® develops and sells ergonomic solutions under own brands, including mats.

Vacuum forming, Rotational moulding, Extrusion and CNC machining

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

2021 in outline

Activities have increased, and Gibo Plast succeeded in ensuring an improvement in revenue and activities. 2021 was an eventful year, as Gibo Plast worked intensely on implementing efficiency-enhancing measures in Denmark, Sweden, Norway and Poland. Large amounts and many efforts were invested in increasing the production capacity in Poland, China, Sweden and Denmark within vacuum-forming and rotational moulding.

Moreover, the use of recycled plastics has been increased again this year, and resources were dedicated to new business models building on closed-loop principles where plastic components and scraps are taken back from the customers to ensure direct repurposing in new products.

Name:	Gibo Plast A/S, Dan-Hill-Plast A/S, Plexx AS, Opido AB, Nycopac AB and Kodaň Plast s.r.o.
Website:	www.giboplast.com, www.dhp.dk, www.plexx.no, www.opido.se, www.nycopac.se, www.kodanplast.eu
Location:	Skjern, Hornsyld, Ljungby (Sweden), Fredrikstad (Norway), Sieradz (Poland), Nyköping (Sweden), Zilina (Slovakia), Mt. Pleasant (USA) and Tianjin (China)
Executive Board:	Managing Director Lars Ravn Bering (Gibo Plast, Dan-Hill-Plast); CEO Arild S. Johnsen (Plexx) and Managing Director Andreas Lagestig (Opido, Nycopac) and CEO Jens Møller and Peder Hyldegaard (Kodaň Plast)
Activities:	Gibo Plast, Dan-Hill-Plast and PlexxOpido develop, design and produce thermo-formed plastic, extruded and rotational-moulded plastic components. The components are among others used in refrigerators and freezers, buses and cars (automotive) as well as in the medical device, lighting equipment and cleantech industries. Gibo Plast and Opido are specialised in both traditional vacuum forming and the advanced forming methods High-Pressure and Twinsheet. Opido is also specialised in ORS (Opido Reinforced System) with fortified and sound-absorbing vacuum-formed components as well as laser cutting and hot bending. Dan-Hill-Plast develops, designs and manufactures rotational-moulded plastic components, often in the form of shielding, ventilation components and liquid containers. The components are used in stable components, buses and cars (automotive) and in the cleantech industry. Kodaň Plast is specialised in rotation and milling of plastic materials as well as bending, gluing and welding of plastics. Nycopac develops, designs and sells plastic packaging solutions for industrial transportation, both in the form of a number of standard products and customised solutions for specific tasks
Description:	Vacuum forming means that plastic sheets are heated and then formed using vacuum and/or high pressure. Rotational moulding means that a mould is filled with plastic beads and then heated. When sufficient heat is applied, the beads melt on the surface of the mould. Rotation of the mould ensure uniform coverage. The products are then processed by way of cutting, milling (CNC milling) and, eventually, assembled to the finished product
Environment/quality/working environment:	Reference is made to the list of certificates on page 42

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

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

In China, Gibo Plast Co., Ltd. established its own rotational moulding production and started delivery of locally manufactured goods to the Chinese market.

Nycopac has increased its development, design and sale of packaging for industrial transportation. The main part of these solutions are manufactured in recycled plastics using vacuum forming. Nycopac does not have its own production but uses subsuppliers, including Gibo Plast and Opido.

Sales in Kodaň Plast s.r.o. in Slovakia also develops positively. Kodaň Plast manufactures and sells complex technical plastic components for various industries, which are manufactured by using rotation, milling, bending, bonding and welding processes.

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

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

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

Markets and products

The market is undergoing drastic change, as a number of traditional users of vacuum-formed, rotational-moulded, extruded and processed plastics wish for less suppliers, a higher level of delivery reliability and lower prices.

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



Examples of twinsheet vacuum-formed products manufactured by Opido in Sweden.

Plexx in Norway has these components machine-made by the sister company Kodaň Plast in Slovakia.

Dan-Hill-Plast develops, manufactures and sells own products such as fenders for ships and boats under the trademark Dan-Fender which are sold worldwide



An example is Gibo Plast's and Nycopac's transport trays, which are used by automotive, food and electronics businesses to transport particularly sensitive goods or semi-manufactured products both internally and over long distances. The boxes, which are often manufactured from recycled plastics, are lighter than wooden trays, easier to clean and designed so that the components do not touch each other and can easily be moved by industrial robots. Another example is wind turbines where the design qualities of plastics are pronounced. Plastic components come in all colours and with a countless number of different surfaces. Moreover, the components may be provided with technical properties, e.g. the ability to resist heat, cold temperatures, wind, weather and blows.

Within traditional vacuum forming, Gibo Plast and PlexxOpido are together market leader in Scandinavia and rank among the largest suppliers in Europe. The location of the facilities give a global footprint which ensures a short distance to the customers' factories. This reduces time, transport and the environmental impact.

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

Strategy

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

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

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

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

More land was acquired in 2021 in order to further increase our capacity and to start up rotational moulding locally in Poland during 2023.

In USA, production has been established to service the American market. In China, production has been established to service the Chinese market, which has been further expanded during 2021.

In Sweden, Opido has expanded its forming and punching capacity for plastic components in 2021, and based on the increased activity, this development is expected to continue in 2022.

Together with a continued improvement of the productivity in Skjern, these initiatives have contributed to improving Gibo Plast's profitability in 2021, which is expected to continue in 2022.

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

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

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

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

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

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

Gibo Plast has developed new projects for customers in the automotive and cleantech industries, which are expected to contribute positively to sales and earnings in 2022.

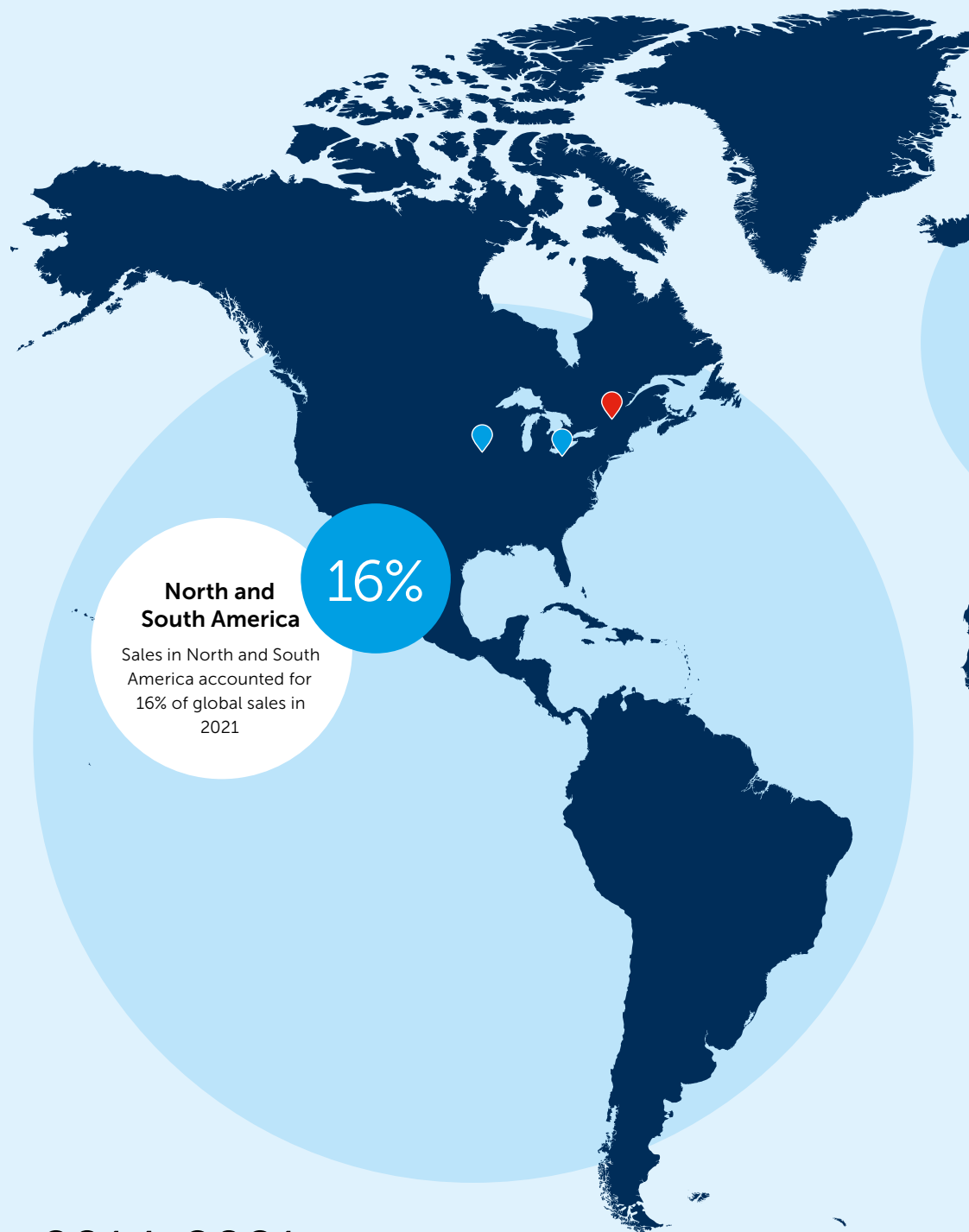
SP Group's locations

Sale and production

- Denmark (12)
- Poland (6)
- China (3)
- USA (2)
- Latvia (1)
- Slovakia (2)
- Sweden (1)
- Finland (2)

Sale and distribution

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



Acquisitions in 2014-2021

2014

24 February 2014
Bröderna
Bourghardt AB

2015

1 January 2015
Scanvakuum ApS
(activities)

13 March 2015
Sander Tech ApS

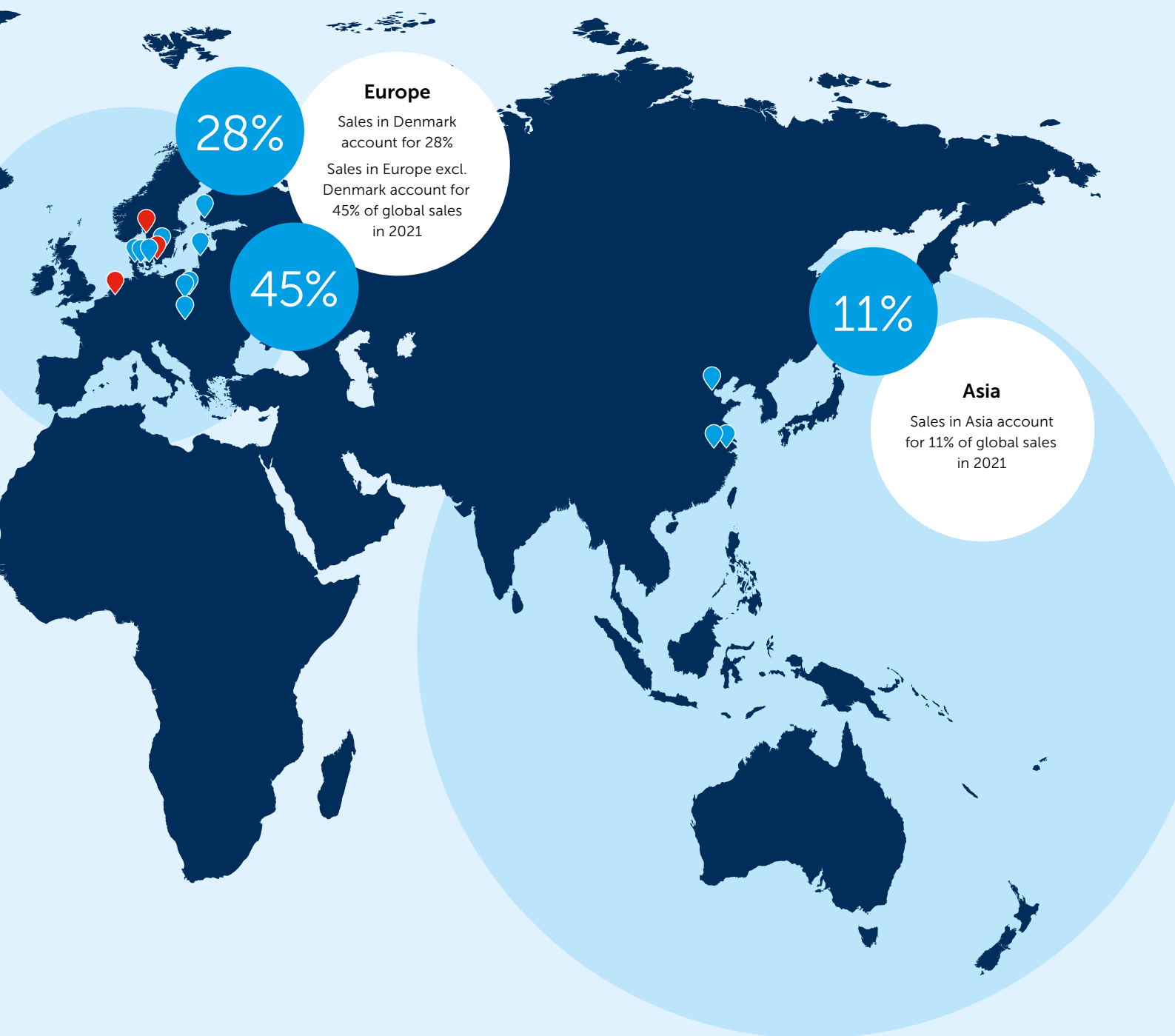
1 July 2015
Ulstrup Plast A/S

2016

14 July 2016
MedicoPack A/S

15 October 2016
Aasum Plast
& Metal A/S
(plastics activities)

21 November 2016
Plexx AS /
Opido AB



2017

6 January 2017
Tinby
Skumplast A/S

2018

21 March 2017
MM Composite
A/S

25 April 2018
Nycopac AB

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

2019

25 June 2019
Coreplast
Laitila Oy

2020

30 April 2020
Dan-Hill-
Plast A/S

2021

18 February 2021
Jollmax
Coating Oy

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

Risk management

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

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

Commercial risks

Market and competitor risks

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

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

First, exports are increased on an ongoing basis. The Group focuses in particular on other Northern European markets, whereas selected niche products are sold globally. The international share of revenue amounted to 72.3% in 2021 (2020: 69.1%). In 2021, SP Group billed its services directly to customers in 98 countries.

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

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

New production line at Gibo in Skjern



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

Free trade

SP Group sells its goods in 98 countries and purchases its raw materials from a number of countries. Therefore, SP Group depends on free and unrestricted access to the markets and that the authorities respect international agreements.

Customers

SP Group has more than 1,000 active customers, the ten largest of whom account for 50.5% of consolidated revenue, which is down 2.1 percentage points on 2020. The 20 largest customers account for 61% of revenue (62% in 2020). The 20 largest customers are large, consolidated, internationally operating industrial groups.

The largest single customer accounts for 10.7% of consolidated revenue (2020:17.2%). All other customers account for less than 10% of revenue. At factory level, the dependence on individual customers is higher as a result of the individual factories' specialisation and focus on specific industries.

The concentration on the 20 largest customers remained largely unchanged in the year despite the acquisition of Jollmax Coating, Neptun Plast and Atlantic Floats Denmark, which implied limited customer overlap with the existing business and an inflow of new, interesting customers.

32% of the Group's sales are effected to the cleantech industry, which is thus the largest single industry. SP Group has deliberately cultivated this industry because it is a growth sector offering a variety of opportunities for utilising SP Group's expertise across its business areas. The exposure to the cleantech industry is therefore desired, and risks are reduced by the Group supplying components to a number of different entities in different segments and on all continents. Increasing climate effects have increased the global demand for cleantech products (insulation, energy-saving products, renewable energy, clean water, clean air, green hydrogen and the environment). At group level, SP Group is not over-exposed to specific sectors.

A growing global population expecting a good life and a longer lifetime increases the demand for effective health care and better foods. The healthcare industry is our second largest sector accounting for 31% of revenue. The food industry is the third largest sector accounting for 13% of revenue.

One of Gibo's new vacuum forming machines in Poland



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

Finally, the Group works to develop more niche products and products under own trademarks, allowing it to control sales to a wider extent. Products under own trademarks accounted for 26% of consolidated revenue in 2021, including medical device products (guide wires, Clear Vials™ and DivibaX®), ergonomic products from Ergomat and animal welfare products from TPI Polytechniek, fenders from Dan-Hill-Plast and floats from Atlantic Floats Denmark.

Free movement

SP Group sells its goods in 98 countries and purchases its raw materials and production equipment from a number of countries.

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

Epidemics

Outbreaks of epidemics or illnesses that fully or partially close down parts of the world are a risk that we were reminded of in early 2020.

War

Outbreaks of wars that fully or partially close down parts of the world are a risk that we were reminded of in early 2022.

Raw material prices and suppliers

SP Group's earnings depend on the prices of energy (including taxes), raw materials (plastics) and other materials to be used in production. SP Group enters into hedges relating to electricity, gas and raw materials on an ongoing basis and has agreed on sales price adjustments with a number of customers in case of changes in energy and raw material prices. The Group has centralised its purchase of critical raw materials to increase the level of delivery reliability and to achieve a better bargaining position by purchasing larger bulks.

At the same time, SP Group regularly examines the possibility of sourcing critical raw materials globally. The exposure to oil price-driven changes in raw material prices can be reduced, but will fundamentally persist.

Restructuring the production system

Production systems are changed on an ongoing basis, partly by investing in new production equipment and partly by modifying the systems and distribution of tasks. This means that the Group gradually obtains improved specialisation of the production at each plant and that efficiency is enhanced. There is a risk that implementing these changes may cause delays and disruptions and thus inflict extra expenses on the Group or affect business volumes. There is also a risk that relocating production equipment and production tasks may cause delays and price increases.

Through careful planning, SP Group aims to minimise expenses and the time spent restructuring the production systems. A smooth and swift implementation of these processes is necessary to increase the Group's profitability.

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

Key personnel

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

Insurance

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

Dan-Hill-Plast develops, manufactures and sells own products such as fenders for ships and boats under the trademark Dan-Fender which are sold worldwide. Fenders used for collection of plastics in the oceans (Source: The OceanCleanup)



Environmental matters

The production plants are subject to a number of environmental requirements in all countries, and further, a number of environmental and quality assurance systems have been implemented at the plants on a voluntary basis. SP Group complies with applicable environmental requirements, but cannot guarantee – in spite of extensive safety procedures – that the external as well as the working environment will not be affected in case of accident. (Moreover, reference is made to pages 44-62 on CSR and ESG and to page 42 on environmental certification).

Financial risks

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

Interest rate risks

Interest rate risks primarily relate to net interest-bearing debt, i.e. mortgage debt, lease liabilities, 'IFRS 16 debt' and bank debt less cash and cash equivalents. At year end, the net interest-bearing debt amounted to DKK 822.0 million. Approx. 27.4% of the debt carries fixed interest for minimum 1 year. A one percentage point increase in the general interest level will result in an increase in the Group's annual interest expenses before tax of approx. DKK 5.9 million.

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

Credit risks

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

Currency risks

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

In autumn 2021, Coreplast was awarded Subcontractor of the Year in Finland. Managing Director Mikko Toivonen to the right and Sales Director Kauko Kämäräinen to the left. Photo: Tampereen Alihankintamessut



In general, there is a sound balance between income and expenses as most sales are settled in DKK or EUR and most of the Group's fixed costs are incurred in DKK or EUR.

The most critical commercial currency risk is indirect and relates to the customers' sales outside Europe. Similarly, purchases are primarily conducted in DKK and EUR.

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

Moreover, there is a currency risk between PLN and EUR and between RMB and USD, as the Group has increasing exports from Poland and China, which are settled in EUR and USD, respectively. In order to hedge the currency risk between PLN and EUR, EUR is sold against PLN on forward contracts for up to 48 months (hedging). At year end 2021, the Group had hedged approx. 96% of the expected net cash flows for the coming 48 months.

22% of the Group's financing has been raised in EUR, 3% has been raised in PLN, and 75% has been raised in DKK. The Company has bank deposits in USD, RMB, NOK and SEK.

Liquidity risks

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

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

At year end 2021, SP Group had undrawn credit facilities in banks totalling approx. DKK 237 million as well as bank deposits of approx. DKK 82 million.

At year end 2021, SP Group had sold non-recourse invoices in the amount of DKK 161 million (year end 2020: DKK 158 million) to reduce credit risks.

IT risks

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

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

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

Moreover, SP Group faces the threat of security breaches (viruses, ransomware, etc.) such as hacking attempts on our IT systems.

SP Group has chosen a decentralised IT structure where the individual companies have their own IT networks, which minimises the risk that crashes and interruptions affect the entire Group simultaneously.

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

Corporate governance and remuneration report

Proper and decent management

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

The Board of Directors and the Executive Board strive to act openly in relation to their work and their approach to management. Management follows the recommendations for corporate governance issued by the Committee on Corporate Governance in December 2020 based on the "comply or explain" principle. At <https://sp-group.dk/investor-relations/corporate-governance/>, the Board of Directors systematically describes "the Company's position on the recommendations on corporate governance of March 2022" in the Corporate governance section. SP Group complies with the majority of the recommendations but has chosen a different practice in some areas that is more suitable for SP Group. The main deviation involves the following:

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

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

Duties of the Board of Directors

In 2021, the Board of Directors held 10 meetings, two of which focused on strategy and budgets, respectively. At the strategy meeting in December, the Board of Directors also discussed business risks and the management of such risks at group level. Once a year, the Board of Directors determines the framework for managing interest rate, credit and currency risks and risks related to raw materials and energy prices, and the Board of Directors follows up on the implementation of this framework on an ongoing basis. Discussion and revision of the rules of procedure are routine at the board meeting in June. All board members attend to the functions of the Audit Committee. Separate meetings in the Audit Committee are held in connection with board meetings.

The Board of Directors regularly assesses the Group's financial position, goals, dividend policy and share structure. The dividend policy is specified in the "Shareholder information" section, and the financial goals are specified in the "Going towards 2024" section. The Board of Directors assesses that the financial structure is appropriate for the present size and challenges of SP Group, and the Board of Directors targets an equity ratio of 25-45% to ensure an efficient capital structure. It is expected that the equity ratio will have increased to 25-45% by the end of 2022. If the equity ratio increases, any excess capital is expected to be paid out to the shareholders.

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

Composition of the Board of Directors

The board members elected by the shareholders are up for election each year. 4-5 members is an appropriate number, as the Board of Directors can thus work efficiently and gather quickly while at the same time being diverse enough to represent different experiences.

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

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

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

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

All four board members accept renomination at the annual general meeting in 2022.

Provided that the Board of Directors is re-elected at the annual general meeting in 2022, its composition and structure will remain unchanged.

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

At the annual general meeting in 2017, Erik Christensen retired after 15 years' committed and competent effort as board member.

At the annual general meeting in 2017, Bente Overgaard was elected for the position as new independent member of the Board of Directors.

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

At the end of April 2020, CFO Jørgen Nielsen resigned after 33 years' committed and competent effort.

The Board of Directors appointed Søren Ulstrup and Lars Ravn Bering as executive vice presidents and Tilde Kejlhof as Group CFO.

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

Remuneration of Management

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

The Board of Directors has no incentive programmes but receives ordinary remuneration determined by the annual general meeting. As announced at the general meeting in 2021, the Board of Directors proposed that directors' fees for 2021 should be changed to DKK 600,000 for the chairman, DKK 350,000 for the deputy chairman and DKK 300,000 for other board members. Moreover, the chair of the Audit Committee should receive a separate fee of DKK 50,000 in addition to the directors' remuneration. The members of the Board of Directors will not receive any remuneration for ad hoc tasks, but will be reimbursed for travelling expenses in connection with meetings, etc.

For 2022, it is proposed to maintain the remuneration at DKK 600,000 for the chair, to DKK 350,000 for the deputy chair and to DKK 300,000 for other board members. The separate fee for the chair of the Audit Committee will remain DKK 50,000.

Remuneration of the Executive Board is negotiated by the chairman and adopted by the Board of Directors. Remuneration comprises a basic rate and usual services such as company-paid telephone, company car, etc. Remuneration of the Executive Board totalled DKK 11.1 million in 2021 against DKK 7.7 million the year before. Members of the Executive Board make pension contributions themselves.

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

Members of the Executive Board are not eligible for any short-term incentive schemes such as bonus schemes, but the Board of Directors has decided to distribute discretionary bonuses in 2017, 2018, 2019 and 2021. No bonus was paid to the Executive Board in 2020.

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

In 2016, the Board of Directors issued 59,000 warrants to the Executive Board and executive officers in the Group. Frank Gad received 6,000 warrants, and Jørgen Nielsen received 4,000 warrants. The remaining 49,000 warrants were distributed between 29 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2019 – 31 March 2022; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 390 based on the listed price immediately before the publication of the annual report on 30 March 2016 and up to 27 April 2016. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2016 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2016 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year

end 2021, 1,307 warrants under the 2016 programme were outstanding, corresponding to 6,535 shares after share split. All warrants are hedged by means of treasury shares.

In 2017, the Board of Directors issued 70,000 warrants to the Executive Board and executive officers in the Group. Frank Gad received 6,000 warrants, and Jørgen Nielsen received 4,000 warrants. The remaining 60,000 warrants were distributed between 37 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2020 – 31 March 2023; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 775 based on the listed price immediately before and after the publication of the annual report on 30 March 2017. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2017 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2017 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year end 2021, 4,640 warrants under the 2017 programme were outstanding, corresponding to 23,200 shares after share split. All warrants are hedged by means of treasury shares.

In 2018, the Board of Directors issued 41,500 warrants to the Executive Board and executive officers in the Group. Frank Gad received 3,000 warrants, and Jørgen Nielsen received 2,000 warrants. The remaining 36,500 warrants were distributed between 41 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2021 – 31 March 2024; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 1,250 based on the listed price immediately before the publication of the annual report on 22 March 2018. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2018 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2018 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year end 2021, 18,329 warrants under the 2018 programme were outstanding, corresponding to 91,645 shares after share split. All warrants are hedged by means of treasury shares.

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

In 2019, the Board of Directors issued 240,000 warrants to the Executive Board and executive officers in the Group. Frank Gad received 15,000 warrants, and Jørgen Nielsen received 15,000 warrants. The remaining 210,000 warrants were distributed between 42 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2022 – 31 March 2025; however, exercise can only take place during the first two weeks in

(continues on page 38)

TPI Polytechnik's booth at IPPE fair in Atlanta, January 2022



Management remuneration

DKK '000	Remuneration	Remuneration, committee members	Bonus	Company car	Pension*)	Share-based payment**)	Total
2021							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Frank Gad	4,200	0	1,000	198	0	110	5,508
Søren Ulstrup	2,040	0	500	127	0	110	2,777
Lars Ravn Bering	2,040	0	500	131	0	110	2,781
	9,830	50	2,000	456	0	330	12,666
2020							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	188	0	0	0	0	0	188
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4200	0	0	197	0	0	4,397
Jørgen Hønnerup Nielsen 1/1-30/4 2020	567	0	0	22	0	0	589
Søren Ulstrup 1/5-31/12 2020	1,280	0	0	99	0	0	1,379
Lars Ravn Bering 1/5-31/12 2020	1,280	0	0	87	0	0	1,367
	8,690	50	0	405	0	0	9,145
2019							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	225	0	0	0	0	0	225
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,200	0	1,000	126	0	0	5,326
Jørgen Hønnerup Nielsen	1,700	0	200	77	0	0	1,977
	7,300	50	1,200	203	0	0	8,753
2018							
Hans Wilhelm Schur	375	0	0	0	0	0	375
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	300	0	0	0	0	0	300
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,000	0	1,000	119	0	0	5,119
Jørgen Hønnerup Nielsen	1,650	0	200	102	0	0	1,952
	7,050	50	1,200	221	0	0	8,521
2017							
Niels Kristian Agner	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Hans Wilhelm Schur	225	0	0	0	0	0	225
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Erik Christensen	75	0	0	0	0	0	75
Bente Overgaard	150	0	0	0	0	0	150
Frank Gad	3,780	0	1,000	141	0	0	4,921
Jørgen Hønnerup Nielsen	1,590	0	200	117	0	0	1,907
	6,770	50	1,200	258	0	0	8,278

*) Members of the Executive Board make pension contributions themselves

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

Further details on CEO pay ratio on page 62.

Directorships in Danish and foreign companies, etc., at 1 March 2022



	Hans Wilhelm Schur	Erik Preben Holm	Hans-Henrik Eriksen	Bente Overgaard
Title	CEO	MSc Economics & Business Administration, CEO	MSc Economics & Business Administration, CEO	MSc Political Science
Member of the Board of Directors	Member of the Board of Directors since 1999 and chair since April 2018	Member of the Board of Directors since 1997, deputy chair	Member of the Board of Directors since 2013. Chair of the Audit Committee	Member of the Board of Directors since 2017
Residence and year of birth	Horsens, born in 1951	Hellerup, born in 1960	Risskov, born in 1960	Hellerup, born in 1964
Gender and nationality	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen
Independence	Not independent	Not independent	Independent	Independent
Other directorships	Danmarks Industrimuseum (BF), Konsul Axel Schur og Hustrus Fond (BF), Konsul Axel Schur og Hustrus Mindefond (BF), Schurs Støttefond (BF), Schurs Fond (BM), Schur Finance a/s (BM), AXRU Invest a/s (BF), Schur International Holding a/s (D And BM), Schur International a/s (BM), Schur Pack Denmark a/s (BF), Schur Pack Sweden AB (BF), Schur Pack Germany GmbH (BF), Schur Technology a/s (BF), Schur Star Systems GmbH (BF), Schur Star Systems Inc. (BF), Schur Star Systems Australia Pty. Ltd. (BF), Schur Conference Center (D og BM), Schur Labels a/s (BF).	Sovino Brands Holding ApS (BF), Sovino Brands ApS (BF), Sovino Administration ApS (BF), Ferm Living ApS (BF), Sticks 'N' Sushi UK Ltd., Great Britain (BF), ScanCom Nternational A/S (BF), Hotel Koldingfjord A/S (BF), ScanCom International A/S (BF), Arvid Nielsens Fond (NF), Sticks 'N' Sushi Holding A/S (BM), Sticks 'N' Sushi A/S (BM), AO Invest A/S (BM), Brødrene A & O Johansen A/S (BM), Wendelbo Møbel Design A/S (BM), Wendelbo Interiors A/S (BM), Genan Holding A/S (BM).	Vissing Fonden (BF), Ovenvande Skanderborg ApS (BF), Advice House A/S (BF), Vikan A/S (NF), Exact Brazil A/S (BM), EB Præference A/S (BM), Green Tech Center A/S (BF), Green Tech Houses ApS (BF), Green Tech Group A/S (BF), Food Innovation House ApS (BF), Food Innovation Group ApS (BF), Food Innovation Center ApS (BF), Bagger-Sørensen Fonden (D) (BM), Limb Holding Ltd. (BM), Michael Limb Holdings Ltd. (BM), Jamabi ApS (BM), Jamabi PE ApS (BM), Ejendomsanpartsselskabet MT 04 (BM), Bricks A/S (BM), Bricks Development A/S (BF), Bricks Ejendomme A/S (BM), Ejendoms-selskabet SF44 A/S (NF), Nicolinehus A/S (BM), Arcedi Biotech ApS (BM), AI Innovation Center A/S (BF), Bagger-Sørensen & Co. A/S (D), Bagger-Sørensen Invest A/S (D), Bagger-Sørensen Equity A/S (BM), Vecata Ejendomme A/S (D), Vecata Invest A/S (D), Liposome Pharma ApS (BM og D), 4 Best Invest ApS (D), J-Flight ApS (D), Idekra ApS (D), SoLoCa ApS (D), Gumlink A/S (D), Okono A/S (D), Okono Holding ApS (D), Chew Invest ApS (D), Vissing Holding A/S (BF), CCC3 Holding (D), Tablet 1 ApS (BM), BS HQ ApS (D), Tablet 2 ApS (BM), Tablet 3 ApS (BM), Tablet 4 ApS (BM).	Holberg Fenger Holding ApS (BF), AES Erhvervssikring (BF), Den Danske Naturfond (NF), Johannes Fogs Fond (BM), Jyske Bank (BM), MovieStarPlanet (BM), Programdirektør CBS Bestyrelsesuddannelserne, Overgaard Advisory (D).
Special skills	Comprehensive management and board experience in international businesses within plastics and packaging industries.	Comprehensive management and board experience in international businesses within various industries and from listed Danish companies. Comprehensive experience with acquisition and disposal of entities.	Broad experience in finance and accounting practice as well as auditing and investments. state authorised public accountant.	Managerial background and comprehensive experience from the finance sector in connection with financial, HR and IT matters as well as ESG.
Attendance	100%	100%	100%	100%
No. of shares	0 personally owned and 1,896,110 (-190,000) through related parties.	64,160 personally owned (0) and 5,714 through his own company (0).	17,500 personally owned (0) and 4,279 through his own company (0).	6,465 personally owned (0), 1,461 through his own company (0) and 113 through related parties (0).

BF = Chair of the Board

D = Director

NF = Deputy Chair

BM = Board member

MI = Member of investment committee

Executive Board and Group Management



	Frank Gad	Søren Ulstrup	Lars Ravn Bering	Tilde Kejlhof
Title	CEO	Executive Vice President	Executive Vice President	Group CFO
Education	MSc Economics & Business Administration	Plastic engineer	MSc Engineering and B.Com.in Supply Chain	Master of Economics
Employed since	Frank Gad took up his position as CEO in November 2004 and is also chair of the Boards of Directors of the most significant subsidiaries in SP Group.	2015 – was appointed to the Executive Board in 2020. Also CEO of SP Moulding and Ulstrup Plast, also chair of the board in Coreplast and member of other Boards of Directors in the subsidiaries.	2008 – was appointed to the Executive Board in 2020. Also CEO of Gibo Plast A/S and Dan-Hill-Plast A/S and responsible for Group IT.	In SP Group since 2016 – CFO from 2020. Employed in the subsidiary MedioPack from 2009-2019 as CFO.
Residence and year of birth	Frederiksberg, born in 1960	Holte, born in 1966	Silkeborg, born in 1976	Odense, born in 1978
Gender and nationality	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen
External directorships	Director of Frank Gad ApS, Gadinvest A/S, Gadplast ApS and Gadmol ApS. Investeringsselskabet Damhaven A/S (BF).	Chair of the Danish Plastics Federation, chair of Ad-Client A/S, chair of Ulstrup Invest ApS, chair of the Executive Committee of DI, member of the Central Board of DI, board member of Roll-omatic A/S, board member of LBT Ejendomme and Lynge Uggeløse Brugsforening – also director of Søren Ulstrup Invest ApS.	None.	None.
Previous employment	CEO of FLSmith A/S (1999-2004), CEO of Mærsk Container Industri A/S (1996-1999) and employment at Odense Staalskibsværft A/S (1985-1999), Executive Vice President at the time of resignation.	CEO of Ulstrup Plast A/S since 1993.	Nilfisk: 2016-2017, Gibo Plast: 2011-2016, Vestas: 2011 Gibo Plast: 2007-2011, Dansac: 2004-2007	Harald Halberg Holding 2006-2009. Employed in the subsidiary MedioPack from 2009-2019 as CFO.
Attendance	100%	90%	100%	100%
No. of warrants	22,500	22,500	22,500	10,000
No. of shares	133,830 personally owned (-40,000) and 279 (-80,000) held through own company. Related parties 1,293,500 (-55,000).*	Shares in SP Group: 29,831 personally owned (+7,331) and 172,094 through related parties (-62,187).	Shares in SP Group: 6,725 personally owned (-10,100) and 15,405 through related parties (+15,405).	3,000 personally owned (+1,500).

* Frank Gad's shares (personally owned and related parties) account for 11.4% of the shares issued in SP Group. If warrants are included, the holding accounts for 11.6% of the shares issued.

Other executive officers in SP Group

Claus Lendal, CEO of Ergomat A/S

Susie-Ann Spiegelhauer, CEO, Acccoat A/S

Michael Vinbeck Therkelsen, Managing Director, Tinby A/S and CEO of MM Composite A/S (from 01.08.2021).

Loïc van der Heijden, Managing Director of TPI Polytechniek B.V., the Netherlands

David Bourghardt, Managing Director, Brdr. Bourghardt AB, Sweden

Torben Bruhn, CEO of MedicoPack A/S

Arild S. Johnsen, CEO of Plexx AS, Norway

Andreas Lagestig, CEO of Opido AB and Nycopac AB (since 01.08.2021), Sweden

Kent Bøllingtoft Madsen, CEO of MM Composite A/S (until 31.07.2021)

Mikko Toivonen, CEO of Coreplast Laitila Oy, Finland

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

Mia Mørk, Executive Assistant, SP Group A/S

Mogens Laigaard, Director of SP Medical A/S

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

Jens Birklund Andersen, Director, SP Moulding A/S and Sander Tech ApS

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

Anie Simard, Vice President, Ergomat Inc., USA

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

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

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

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

Anna Szymczak, CFO, SP Group's Polish companies

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

Kim Holm Hansen, Director, Tinby Skumplast A/S (until 31.07.2021)

Gusten Bergmark, Managing Director, Nycopac AB, Sweden (until 31.07.2021)

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

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

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

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

Lotte Burmølle Andersen, ESG Manager, SP Group A/S (from 15.08.2021)

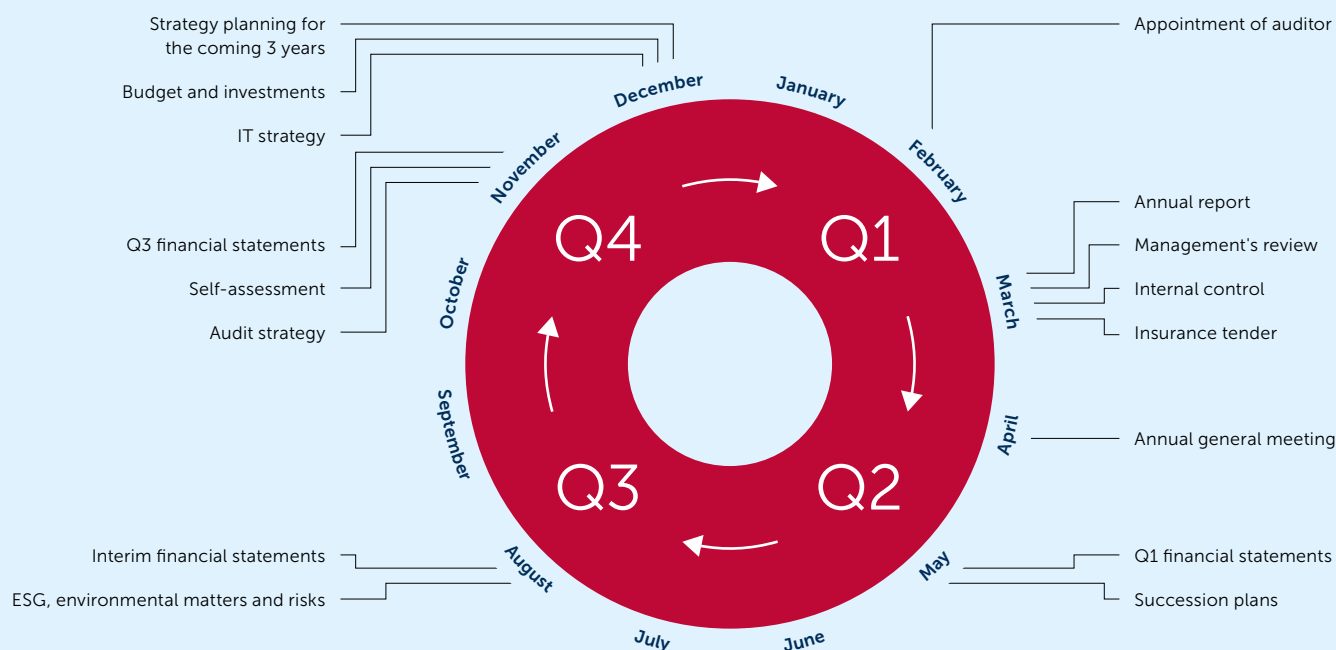
Aimo Jollman, CEO, Jollmax Coating Oy, Finland (in SP Group from 18.02.2021)

Laila Ertman Lundsgaard, CEO, Neptun Plast A/S, Denmark (in SP Group from 14.07.2021)

Cecilie Ertman Lundsgaard, Director, Atlantic Floats Denmark A/S, Denmark (in SP Group from 14.07.2021)

SP Group's annual wheel

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



those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 210.00 based on the listed price immediately before the publication of the annual report on 27 March 2019. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2019 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2019 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. All warrants are partially hedged by means of treasury shares.

The Board of Directors issued no warrants in 2020.

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

The Board of Directors believes that share-based arrangements are necessary to ensure that SP Group will be able to attract and retain qualified executive officers and other key personnel. The Board of Directors wishes to

tie the executive officers closer to the Group, reward them for their contribution to the long-term value creation and establish that executive officers and shareholders have a common interest in increasing share prices, which helps support the Company's long-term earnings ambition as described in the "Going towards 2024" section on page 12.

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

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

Financial reporting process

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

Control environment

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



In June 2021, SP Group co-founded Juelsmindehalvøens Solar A/S together with Palsgaard®, JUAL Group and Aarstiderne. From 2024, the solar farm is expected to generate 60 million kWh green power to the companies per year. SP Group is to take 30 million kWh of the output covering our entire power consumption in Denmark

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

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

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

Whistle-blower programme

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

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

Matters can be reported to the whistle-blower programme by sending an e-mail to hhe@sp-group.dk. The e-mail is sent directly to Hans-Henrik Eriksen, who is chair of SP Group's Audit Committee and independent member of SP Group's Board of Directors elected by the general meeting. Executives and employees in SP Group do not have access to this e-mail.

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

The whistle-blower programme is also described on the Company's website. No matters were reported by stakeholders in 2021.

Risk assessment

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



Good spirit in the assembly department at Gibo's plant in Poland. From left: Lukasz Tomczyk, Mateusz Jozefiak, Iwona Marciniak and Dariusz Marciniak

Ownership interests at mid-March 2022:

Board of Directors & Group Management:	Private	Own company	Related	Total	% of share capital
Hans Wilhelm Schur	0	0	1,896,110	1,896,110	15.2
Erik Preben Holm	64,160	5,714	0	69,874	0.6
Hans-Henrik Eriksen	17,500	4,279	0	21,779	0.2
Bente Overgaard	6,465	1,461	113	8,039	0.1
Frank Gad	133,830	279	1,293,520	1,427,629	11.4
Søren Ulstrup	29,831	172,094	0	201,925	1.6
Lars Bering	6,725	0	15,405	22,130	0.2
Tilde Kejthof	3,000	0	0	3,000	0.0
Total	261,511	183,827	3,205,148	3,650,486	29.2

Audit Committee

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

Auditor

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

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

Shareholder information

Overall objective

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

Share capital

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

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

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

The subscription provided the Company with DKK 220 million gross and DKK 215 million net.

No changes were made to the share capital in 2021.

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

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

Share split

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

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

Change of control

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

Shareholders' return

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

During the year, the SPG share was traded at prices between 273 and 447. The price closed at 271 in 2020 and opened at 273 on 4 January 2021. The price closed at 441 on 31 December 2021.

Consequently, the price increased by 62.7%. The return from 1 January 2021 to 31 December 2021, inclusive of dividend of DKK 5.0 per share thus totalled 64.6%, which is somewhat better than the market return. Market Cap at 31 December 2021 totalled DKK 5,508 million, an increase of DKK 2,123 million over the year. In addition, the shareholders received dividend of DKK 62 million.

In the period from 1 January 2010 to 30 December 2021, the SPG share yielded a total return of 5,627%, including dividend, which is the second highest among listed Danish shares.

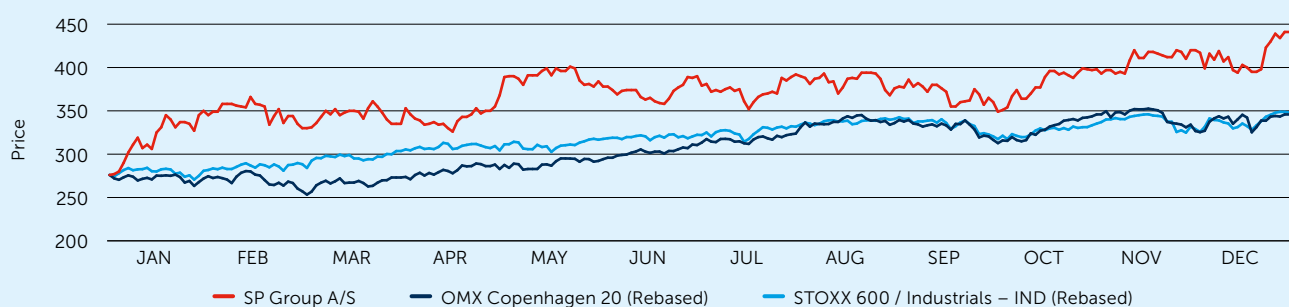
Share buy-back programme

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

A total of 277,075 SPG shares were sold in 2021, corresponding to DKK 66.9 million outside Nasdaq in connection with the excise of warrants.

On 15 September 2020, SP Group A/S launched a share buy-back programme, see company announcement 37/2020. In connection with the share buy-back programme, which runs in the period from 15 September 2020 up to and including 10 April 2021, SP Group will purchase shares for a maximum consideration of DKK 40 million. The share buy-back programme was expanded by DKK 25 million to DKK 65 million on 25 January 2021, see company announcement no. 06/2021. A total of 179,904 shares were acquired at an average price of 298.22 under the programme, and DKK 53.7 million had been used (company announcement no. 24/2021).

Development in the SPG share 1 January – 31 December 2021. Index 1 January 2021 = 271.0



On 11 April 2021, SP Group A/S launched a share buy-back programme, see company announcement 24/2021. In connection with the share buy-back programme, which runs in the period from 11 April 2021 up to and including 10 April 2022, SP Group will purchase shares for a maximum consideration of DKK 40 million. The share buy-back programme was expanded on 27 April 2021 by DKK 10 million (company announcement 33/2021) to DKK 55 million. The share buy-back programme was expanded on 26 August 2021 by DKK 40 million (company announcement 54/2021) to DKK 90 million.

At year-end 2021, DKK 76.7 million had been used. At year-end 2021, the holding of treasury shares totalled 310,761 shares, corresponding to 2.49%.

Ownership and liquidity

In mid-March 2022, six shareholders reported a holding of more than 5% of the shares: Schur Finance a/s, Odin Fund Management, ATP, Universal Investment GmbH, Lannebo Fonder AB and Frank Gad (including his related parties) with a total of 51.9%. During the year, the number of registered shareholders increased from approx. 2,670 to approx. 3,066, and the registered shareholders' total ownership interest now amounts to 97.0% of the share capital.

The known shareholder base outside Denmark is still modest, but increasing. 108 international shareholders holding a total of 36.4% of the shares have become registered (95 at the end of March 2020 and 31.7% of the shares at the end of March 2020).

A total of 2,510,653 SPG shares were traded at Nasdaq during the year.

Information

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

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

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

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

Additional shareholder information is available on the website www.sp-group.dk

Published stock exchange announcements for the past five years: Announcements are available on SP Group's website: www.sp-group.dk

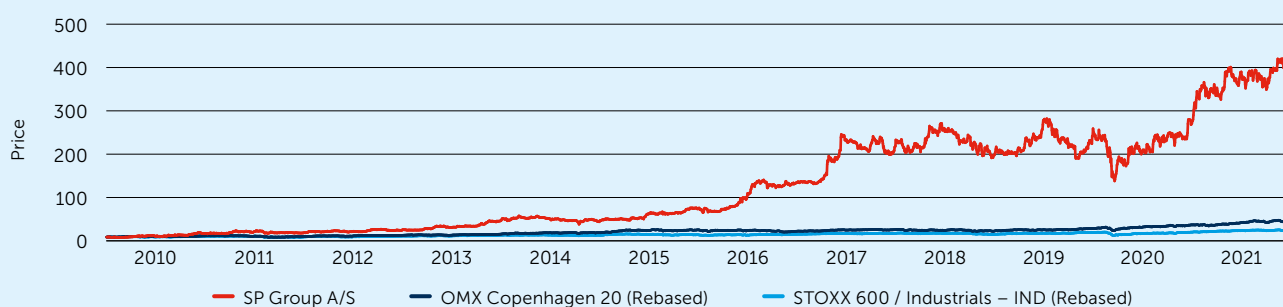
Financial calendar for 2022

25 March	Announcement of financial statements for 2021
27 April	Annual general meeting
24 May	Interim report for Q1 2022
26 August	Interim report for H1 2022
15 November	Interim report for Q3 2022

Share information – SP Group A/S – mid-March 2022

Name	Domicile	No.	Interest (%)
Schur Finance a/s	Horsens	1,896,110	15.2
Frank Gad, incl. related parties	Frederiksberg	1,427,629	11.4
Odin Fund Management	Oslo	1,159,307	9.3
Lannebo Fonder AB	Stockholm	717,465	5.7
Universal -Investment-Gesellschaft mbH	Frankfurt	648,478	5.2
Arbejdsmarkedets Tillægspension	Hillerød	630,130	5.1
		6,479,119	51.9
Distribution of other shares			
SP Group (treasury shares)		337,517	2.7
Registered shares below 5%		5,299,926	42.4
Non-registered shares		373,438	3.0
Total		12,490,000	100.0

Development in the SPG share 1 January 2010 – 31 December 2021. Index 1 January 2010 = 8.7



Management systems

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

Site	ISO 9001	ISO 14001	ISO 45001	Other
Gibo				
– Denmark	x	x	x	
– Poland	x	x	x	IATF 16949 planned
– China	x	x	x	
– USA				ISO 9001, ISO 14001 and ISO 45001 planned
Plexx Opido				
– Sweden	x	x		
– Norway	x	x		
SP Moulding				
– Juelsminde	x	x		
– Stoholm	x	x		IATF 16949
– Poland	x	x		
– China	x	x	x	
SP Medical				
– Karise		x	x	ISO 13485
– Poland		x	x	ISO 13485
Brdr. Bourghardt				
– Sweden	x	x		
– Latvia	x	x		
Tinby				
– Denmark	x	x	x	
– Poland	x	x	x	
– China	x	x	x	
Accoat				
– Kvistgaard	x	x		
Ulstrup Plast				
– Lyngø	x			ISO14001 planned for Q2 2022
– Slovakia	x	x		
MedicoPack				
– Denmark		x		ISO 15378
MM Composite				
– Denmark	x	x		ISO 45001 planned
– USA	x	x		ISO 45001 planned
Coreplast				
– Finland	x	x		ISO 13485 and IATF 16949
Dan-Hill-Plast				
– Denmark	x			ISO14001 and ISO 45001 planned
Kodaň Plast				
– Slovakia	x			

Management systems

In SP Group, most companies have now organised their management and control of the companies in a systematic manner. The majority is based on quality, environmental or working environment management systems, collectively referred to as a management system.

The management systems are based on a mapping of the companies' stakeholders, internal and external circumstances and an assessment of the companies' risks and opportunities in this respect.

The management systems comprise preparation and adoption of policies and setting up objectives, goals and action plans and also imply that the companies implement and maintain a management system of procedures and instructions for the most significant activities.

The companies' management systems are inspected and controlled annually by external auditors that represent an independent body, accredited certification agencies that assess the companies' actual performance compared to the procedures in the management systems and the requirements of applicable ISO standards.

Quality management certified in accordance with ISO 9001 and 13485

As is the case for the management systems related to the companies' environment and working environment, a quality system means that the companies ensure through procedures and instructions that they work determinedly and systematically on regularly improving the internal business processes that are to ensure appropriate management of resources, suppliers, productions and products to achieve customer satisfaction.

Environmental management certified in accordance with ISO 14001

An environmental management system means that companies can document the mapping of their environmental matters, that environmental matters are handled appropriately and that applicable environmental legislation is complied with.

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

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

Working environment management certified in accordance with ISO 45001

A working environment management system means that the companies can document the mapping of their working environment matters and that these matters are handled appropriately.

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

A continuous focus on employees' physical and mental working environment ensures employees' well-being and safety in the companies, which aim to reduce absence due to illness and work-related accidents and to ensure personal and professional development of the individual employees.



MedicoPack A/S participated in the CPhI worldwide pharma exhibition in Milan, Italy, November 2021

R & D

Things are still moving really fast when it comes to development of plastics and plastics technologies. Demand for environmentally friendly plastics solutions is growing in line with the continual improvement of the qualities of plastics. Plastic is often chosen due to its many unique properties.

A good example is the wind turbine industry, which uses composites, a combination of plastics and other materials.

At SP Group, we optimise our production technologies, aiming at staying competitive on a global scale based on high-volume and low-volume production. Our R & D department takes part in this development, but our focus is on composites where materials are combined. Together with our customers, universities and producers of raw materials, we constantly strive to push the boundaries and creating value for everybody.

IT and personal data security

SP Group has set up a central IT and personal data security function to ensure strong efforts in this area. This relates to both SP Group's own subsidiaries and IT networks and to future acquisitions.

General policies have been drawn up describing how subsidiaries are to act in relation to the protection of personal data and IT security.

All subsidiaries and IT networks in SP Group are reviewed at least once a year by the IT Security Officer in relation to these policies, and in case of deviations, action plans with specific deadlines are prepared. Once a year, an overall status report is prepared for SP Group's Board of Directors.

Corporate Social Responsibility

Our global joint responsibility

SUSTAINABLE DEVELOPMENT GOALS



In 2021, SP Group focused on our joint responsibility to contribute to a more sustainable world. In co-operation with our customers, we have developed and manufactured products promoting quality of life and resource efficiency for the benefit of the climate, environment and people.

We also took a forward-thinking approach to our operations and production to improve resource consumption and promote sustainable processes. It benefits both our communities and our employees' health and safety.

With our presence in 11 countries and sales in all parts of the world, we are able to provide favourable conditions to the environment, people and animals in many types of communities. Thus, we contribute to directly and indirectly meeting all the UN's 17 Sustainable Development Goals. To highlight SP Group's commitment to global sustainability, the Group joined the UN Global Compact in 2020 and thus builds on the efforts of SP Moulding, which has been a member of the Global Compact since 2012.

To best contribute to the green transition, we have set the following strategic goals to be achieved by 2030:

- No negative environmental impact from operations
- Entire global production powered by renewable energy
- Entire Company is carbon neutral in Scope 1 and Scope 2
- Support the transition to a world powered by renewable energy by manufacturing state-of-the-art plastic and composite solutions.

This report is SP Group's Statutory report on corporate social responsibility, gender distribution in Management and diversity as well as on data ethics under sections 99a, b and d and 107d of the Danish Financial Statements Act. The report also provides details on our activities in relation to EU's Taxonomy Regulation. It is also our Communication on Progress report to the UN Global Compact.

COMMUNICATION
ON PROGRESS



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

We welcome feedback on its contents.

Our business model integrates sustainability considerations

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

Acknowledging that our products increase the consumption of plastics, we actively assume responsibility for developing our business and production in a manner which increasingly reduces any adverse impact on the environment and contributes to sustainable development and the transition to circular economy.

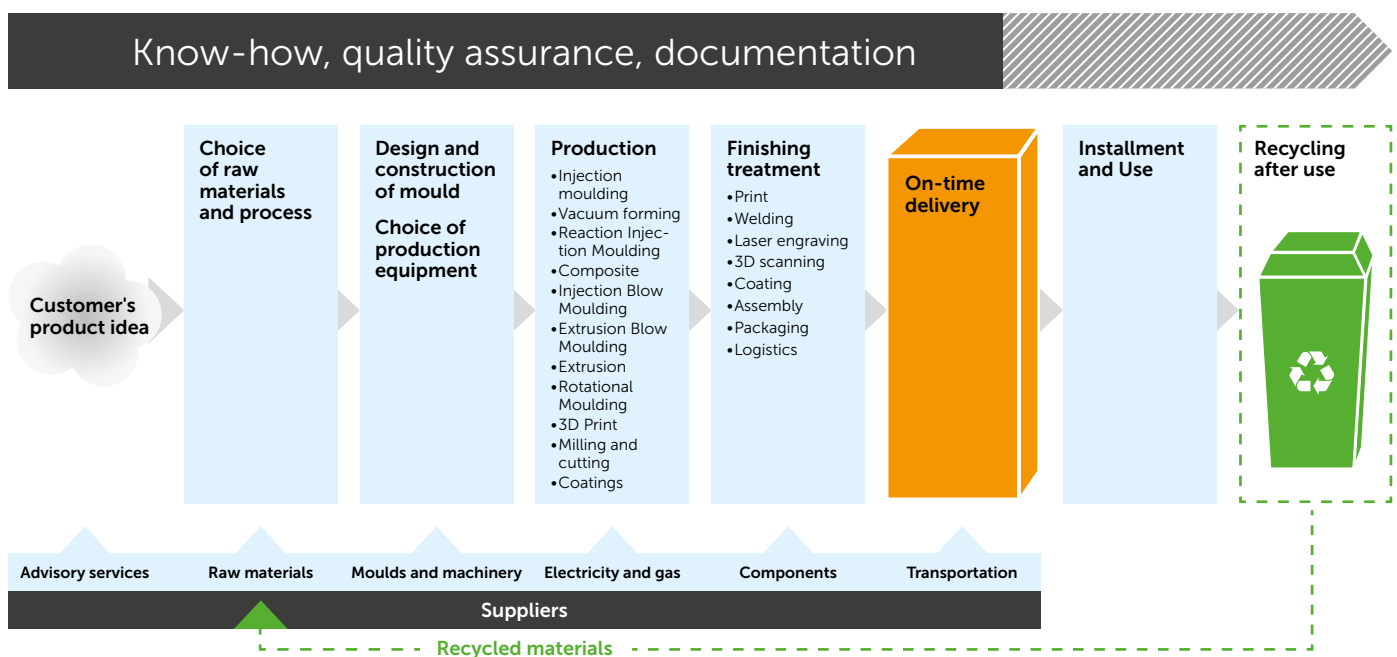
It is also our goal that the Group can contribute financially to the communities of which we are part by being innovative and creating workplaces.

In the past year, we have strengthened our efforts to integrate sustainability into our business model. In particular, we have focused on adding value by recycling plastics in our production and using both our own excess production materials and recycled plastics and raw materials from external suppliers.



Figure 1 – SP Group – Business model

SP Group's value creation



Our CSR organisation

To ensure that we deliver on our ambition regarding corporate social responsibility, we have established an organisation where roles and responsibilities for our CSR efforts have been determined. In 2021, the organisation was expanded by one ESG Manager to ensure that all entities in the Group are more integrated in the CSR efforts.

The Board of Directors has the overall responsibility for our CSR efforts. It oversees the overall strategy and approves policies and reports. In addition, the chair of the Audit Committee is responsible for our whistleblower hotline and for handling any complaints.

In the day-to-day operations, the responsibility for our sustainability efforts has been delegated to the individual plants and sites. Plant Management is responsible for the efforts, which are carried out systematically in accordance with our management systems and in dialogue with working environment and safety organisations.

Internal regulation

Sustainability is integrated in our production and administrative entities by means of internal regulation. We have adopted a CSR policy that reflects SP Group's fundamental value proposition: to create optimum plastic solutions to the benefit of both our customers, employees and society at large. Thus, the CSR policy constitutes a framework for all our activities and our profile as a responsible business partner and place to work.

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

SP Group has adopted independent policies on female executives, data protection, information security as well as tax.

Also, we have adopted a Supplier Code of Conduct, which forms the basis for positive co-operation with our suppliers with a view to promoting responsibility and sustainability in the supplier chain.

Aleksandra Kebernik (CNC operator) at Gibo plant in Poland controlling the quality of a transport tray



Management systems

In SP Group, all companies have now organised their management and control of the companies or have active plans in place to do so. The methodology is based on quality, environmental or working environment management systems, collectively referred to as a management system.

The management systems are based on a mapping of the companies' stakeholders, internal and external circumstances and an assessment of the related risks and opportunities.

The management systems comprise preparation and adoption of policies and setting up objectives, goals and action plans and also imply that the companies implement and maintain a management system of procedures and instructions for the most significant activities.

The companies' management systems are inspected and controlled annually by external auditors that represent an independent body, accredited certification agencies that assess the companies' actual performance compared to the procedures in the management systems and the requirements of applied ISO standards. See the overview on page 42 of the annual report.

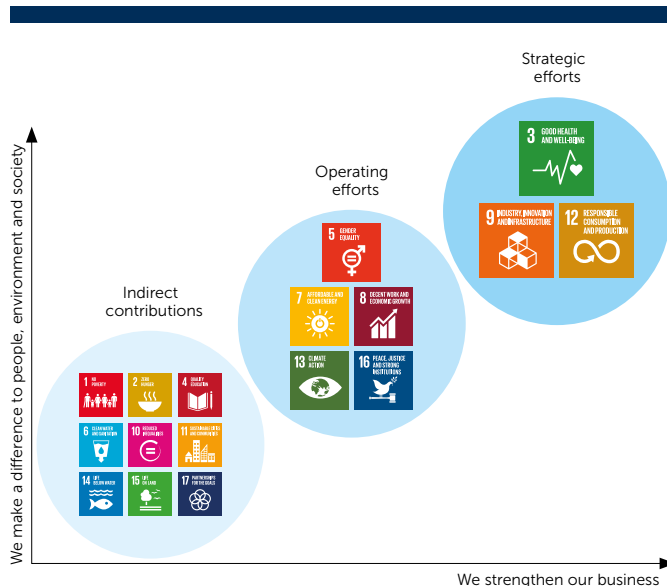
Materiality assessment

Since 2018, SP Group's goal has been to contribute to the Sustainable Development Goals through our products and operations, but also through specific projects, which make a difference locally and globally.

In 2021, we performed a preliminary materiality assessment to identify those Sustainable Development Goals where we have the highest possibility of positively affecting them and those where we can reduce our negative impact. We have also assessed the areas where our efforts can benefit our business as well as society.

We assess that the Sustainable Development Goals where we through our core business can obtain the best possible sustainable societal effect are the Goals 3, 9 and 12. The effect is in particular obtained through the strategic work unfolding in our cooperation with our customers and partners.

Figure 2 – Materiality assessment of the Sustainable Development Goals



Strategic efforts



Sustainable Development Goal 3 on good health and well-being

SP group manufactures several products for the health care industry, comprising Ergomat mats, Accoat coatings, SP Medical medical device equipment and MedioPack pharmaceutical packaging. These products help prevent and cure diseases and at the same time increase the quality of the health care services to which all people have access. The share of health care products accounts for 31.2% of SP Group's total production.

In SP Group we contribute to health and well-being by ensuring and creating work places with sound communication, possibility of personal development and continuous focus on safety i.a. through secure use and disposal of chemicals from our production.

It is important to SP Group that our entities are located geographically in areas where people can thrive both physically and mentally, can take an education and do not live in poverty.



Sustainable Development Goal 9 on industry, innovation and infrastructure

Through the products that SP Group manufactures for the Cleantech industry, we are able to contribute to reducing energy consumption, producing renewable energy, effectively treating waste water and purifying waste gas, etc. This part of our production accounts for 31.8%.

By applying better technological equipment and machines we contribute to less waste of raw materials thereby reducing our impact on the environment and climate. SP Group thus requires that investments are made in energy-efficient equipment and machines which reduce the waste of raw materials.

SP Group is dependent on transport of manufactured goods across continents and that we have electricity, internet and continued access to raw materials. We gladly engage in partnerships that support the development of processes that can contribute to positive changes and a sustainable development of the world.



Sustainable Development Goal 12 on responsible consumption and production

Throughout the entire Group SP Group aspires to reduce waste by measures such as waste sorting in fractions and by repurposing excess materials from our production. Together with our customers we emphasise the manufacturing of products from regenerated materials.

Our point-of-use sorting supports global recycling efforts and transition to circular economy. Thermoplastic industry scrap is thus included in a circular consumption flow by which the waste of natural resources is mitigated.

Efforts are made possible by systematic monitoring and reporting on our consumption of raw materials and by continuously making an effort to

increase the volume of excess materials from our own production as well as industry scrap in the manufacturing of new products.

The share of regenerated materials accounts for 13.5% of the total volume of plastics used for production purposes in 2021.

Operating efforts

A number of the Sustainable Development Goals set the framework and goals for the operation of the SP Group entities. It is important to us that we reduce our energy and electricity consumption and ensure the supply of renewable energy. This forms the basis for fulfilling our goal to become carbon neutral in Scopes 1 and 2 by 2030.

Through our efforts, we also focus on establishing safe and sound working conditions for our employees and to promote the representation of women on the supreme governing bodies and diversity among our employees.

Operating a sustainable business is to us also to operate our entities in accordance with certified management systems for quality and environmental safety, and to observe legislation in general. Through our corporate governance we work on transparency and clear structures to ensure efficiency and responsibility, and we have established avenue for complaint for internal as well as external stakeholders.



Indirect contributions

SP Group contributes to several Sustainable Development Goals through the development of products and methods that promote sustainability. We do that among others together with customers or organisation with particular know-how within a specific area.

SP Group co-operates with educational institutions, researchers, authorities and other players, both as a workplace and as a company. We are happy to share knowledge of our products and processes to contribute to a positive change and sustainable development of our community.



ESG Environment and climate

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

We therefore systematically strive to reduce our impact on the environment and promote a higher level of environmental sustainability. We do so by working with specific efforts that affect the climate positively and sustainably and by reducing and mitigating any adverse effects from our production and operation. Environmentally friendly technologies and materials are therefore applied using a certified environmental management system.

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

CSR Policy – Environment and climate

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



Risk

SP Group's primary environmental risk is associated with the consumption of resources, wasted material and carbon emission from our production plants and the waste management, including the accumulation of granulated plastic in nature. Locally, there is a risk of odour and noise to the inconvenience of our surroundings.

The risks are addressed through our certified efforts and management systems as well as through specific operational and investment-related measures that ensure quality and environmental protection in the production processes.

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

The risk outlook is affected by the fact that electricity and energy are purchased from suppliers whose circumstances SP Group has no control over (Scope 2). Therefore, SP Group has decided to invest in a solar park and to purchase energy certificates which this year compensate for our total consumption in Poland, and from 2022 we will also compensate for the Danish consumption (see further details in the section Energy and electricity).

SP Group believes that the Group complies with all current environmental regulations. In 2021, there were no active enforcement orders anywhere in our production.

Environmental management system

It is still SP Group's strategy that all production entities must implement a certifiable environmental management system that ensures use of environmentally friendly products in the production and development processes, minimisation of waste and refuse as well as resource consumption to the widest extent possible and recycling of materials and products. (see page 42 for a list of environmental certifications).

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

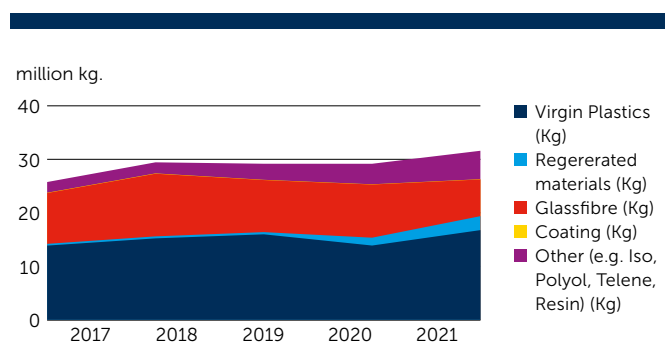
The environmental management systems also contribute to ensuring that all our factories comply with the environmental requirements of legislation and EU directives, including the REACH Directive, the Candidate list of Substances of Very High Concern and the RoHS Directive.

Raw materials

The amount of raw materials purchased correlates to the size and number of products that we manufacture for our customers. The Company's growth rate since 2017 thus reflects the development in the purchase of raw materials in the period 2017-2021.

As shown in figure 3, our purchase of raw materials has increased in 2021. In particular the purchase of virgin and regenerated materials as well as coating and other materials increased due to increased production and the acquisition of new factories in 2021. The purchase of glass fibre is the only group of materials that decreased in the past year due to a decreasing demand.

Figure 3 – Purchase of raw materials 2017-2021

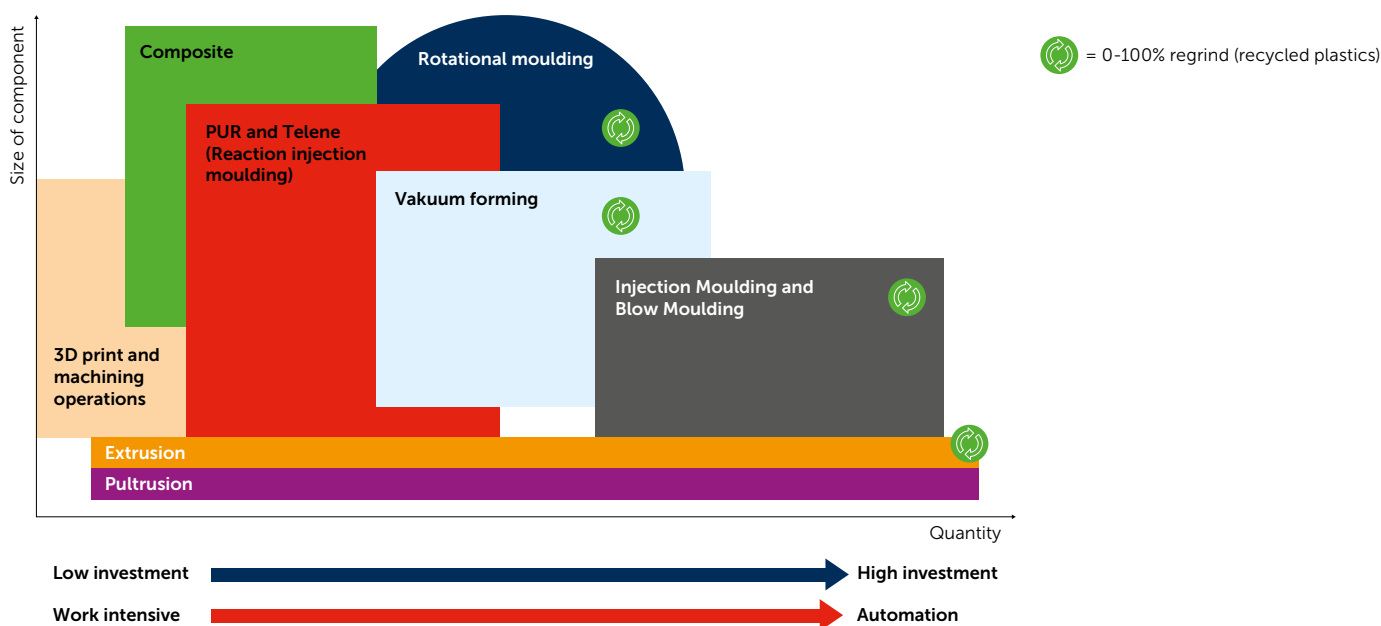


In recent years, SP Group has increased its focus on the use of recycled plastics and regenerated materials when manufacturing plastic components. We have achieved great results both in terms of component type, size, volume and complexity in investments and intensity of work. As illustrated in figure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

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

Figure 4 – Use of recycled plastics

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



Products and regenerated materials

In 2021, we also worked on developing own products of regenerated materials, for instance Nycopac's pallet lids made from 100% regenerated materials and TPI's wind hoods made from 90% regenerated materials and 10% virgin plastics for UV protection.



Repurposing of plastics

Products made from repurposed plastics are a major focal point to SP Group where sustainability is an integral part of our business model. SP Group's subsidiary, Dan-Hill-Plast, manufactures for SMALLrevolution a beautiful product line in repurposed plastics. The line which, among others, includes stools, vases and wine coolers, is made from repurposed plastic waste of the type PE. The plastic waste is delivered as granulate directly to Dan-Hill-Plast by the customer.





Controlled use of pesticide spray

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

Waste and recycling

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

At SP Moulding's and Ulstrup Plast's factories, this is done by use of decentralised grinders on all machines to ensure that excess material from the production of each component is grinded immediately and led down a closed system together with the plastic material for the next component. Gibo Plast, MedicoPack, PlexxOpido and SP Medical use central grinders to ensure reuse of excess material in other product components. Tinby and Ergomat have also enhanced process efficiency so that the extent of use has increased and the amount of waste has gone down.

In 2022, our aim is to focus on reducing the volume of by-products deposited and incinerated in the countries that primarily handle their waste in this manner. Moreover, we will work on strengthening our overview of our waste sorting fractions in the entire group.



Plastic waste replaces rainforest wood

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



New life to household waste

Since the establishment of the extruder line in 2012, SP Group has manufactured plastic planks from sorted household waste. The recycled plastic is used as planks for product types such as table and bench sets, raised beds and fences, thus contributing to a distinctive reduction of the environmental impact – both in the production phase and in connection with the customer's subsequent use and disposal of the product. The plastic planks replace traditional wood solutions and are distinguished by being maintenance-free solution.

Energy and electricity

The most considerable impact on the environment occurs when SP Group entities consume energy, particularly power, during production. To SP Group, it therefore makes sense to reduce the consumption of energy and electricity and to invest in the production of renewable energy. As part thereof, SP Group and three partners plan to establish a solar park located close to SP Moulding's factory in Juelsminde.

In addition, SP Group has invested in solar cells on the rooftop of our factories in Finland and in Poland to increase the volume of renewable energy used for production purposes. Similar initiatives will still be a focal point going forward and charging points for company cars, customer cars and employee cars are installed at several factories.

We focus on the energy consumption when operating our factories. We primarily use natural gas to heat ovens and premises and only use oil to a very limited extent, and we never use coal. The production processes are powered by electricity and gas. Moreover, we use district heating at factories in Denmark and in Poland, and we have a minor diesel and petrol consumption for our company cars.

Our electricity consumption increased by more than 6,000 MWh in 2021 which is the highest increase in several years, which again, is attributable to increased production and the acquisition of new factories. We have thus noted an increase in the purchase of raw materials and electricity. The intensity of electricity consumption relative to the consumption of raw materials has also increased as we have manufactured more energy-intensive products.

We noted a modest decrease of our consumption of fuel oil for heating. Given our efforts to reduce the consumption of fuel oil in the past few years, we obtained a reduction of more than 65% since 2018. We will continue to strive to reduce the consumption of fuel oil through electrification and use of alternative heating methods.

In 2021, we saw an increase in our consumption of natural gas due to increased production in rotational moulding and coating and the acquisition of several factories. The ovens used for these production methods are powered by natural gas.

In addition, we have noted an increase in our consumption of diesel and petrol for company cars as the number of cars and kilometres driven have increased.

Figure 5 – Electricity consumption 2017-2021 (kWh)

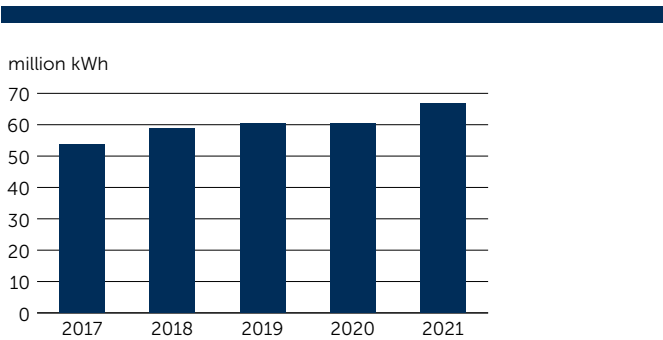


Figure 6 – Electricity consumption (intensity) 2017-2021 (kWh)

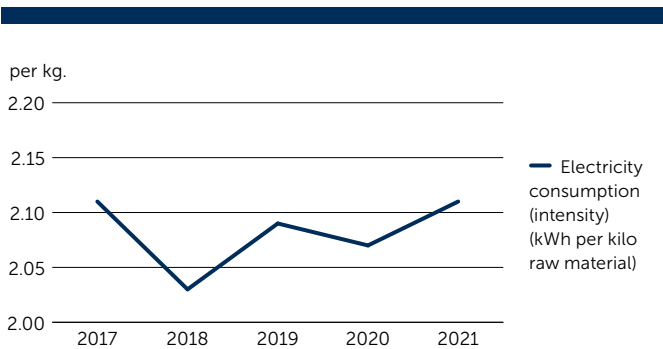
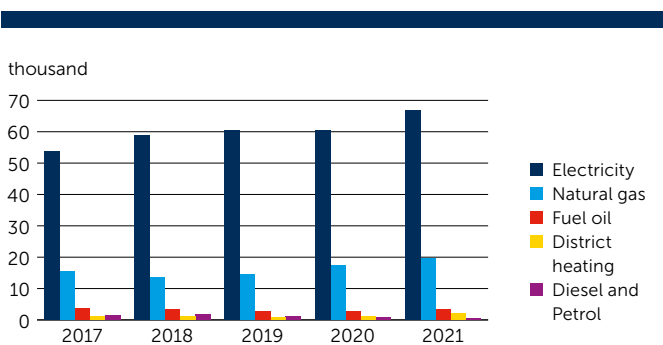


Figure 7 – Total energy consumption 2017-2021 (MWh)



We monitor developments in key consumption indicators at all our plants and thus ensure that we can control and reduce resource consumption and costs on an ongoing basis. By implementing resource-reducing measures, the individual plants contribute to both cost reduction and a positive environmental impact in their local community.

Our goal is to increase the share of renewable energy so that our entire electricity consumption is covered by renewable energy by 2030 at the latest. We will also invest in energy-saving equipment.



Solar park Juelsminde

In 2021, SP Group announced together with the companies Palsgaard A/S, Jual Group A/S and Aarstiderne A/S that together we have established the company Juelsmindehalvøens Solar A/S. Together, we wish to establish and operate a solar park at Juelsmindehalvøen in the municipality of Hedensted.

The park can deliver 60 million kWh a year, which corresponds to the power consumption of more than 15,000 households or the four companies' total power consumption in Denmark.

Together, the four companies represent approx. 1,100 workplaces at Juelsmindehalvøen and the project will thus imply that a large part of the local private workplaces will become carbon neutral through locally produced green power. The project awaits final sign-off by the authorities.



Solar cells and charging points

In 2021, we worked on establishing solar cells on factory rooftops and fronts as well as charging points for our customers' and employees' electric cars. At our factories in Poland and in Finland, we have mounted solar cells which produce electricity which forms part of our electricity consumption for production purposes. In Denmark, we have established charging points at four locations which can be used by our guests and employees with electric cars and plug-in hybrids.



Efficient insulation

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

Carbon emissions

Even though SP Group's direct carbon emissions are modest, we still seek to further the positive environmental impact by purchasing electricity certificates for the power we use and by mounting solar cells at our factories.

This year, we have decided to report two figures for our Scope-2 emissions, market-based and location-based emissions. The figures show the carbon emission level when consuming electricity by including certificates on green power and by excluding the certificates, respectively, from the figures. As we have purchased certificates this year for our consumption of electricity in Poland and plan to do so in future for our consumption in Denmark, we will also report those two figures going forward.

Due to our increased consumption of energy, our carbon emission in Scopes 1 and 2 (location-based) also increased in 2021. The level is, however, lower than in 2019 which is mainly attributable to improved carbon emissions from the energy production in the countries in which we manufacture. As shown in the figure below, our emissions, based on market-based calculations, are lower due to energy certificates on the consumption at our factories in Poland.

In recent years, we have managed to keep the carbon intensity (location-based) relative to raw materials purchased below one kilo emission per kilo raw materials, but noted a slight increase in 2021. The slight increase is attributable to the production of more energy-intensive products. As shown in the figure below, we have for the first time included the intensity based on market-based emissions to show the effect of the energy certificates purchased.

Figure 8 – Carbon emission (intensity) 2017-2021 (Scopes 1+2)

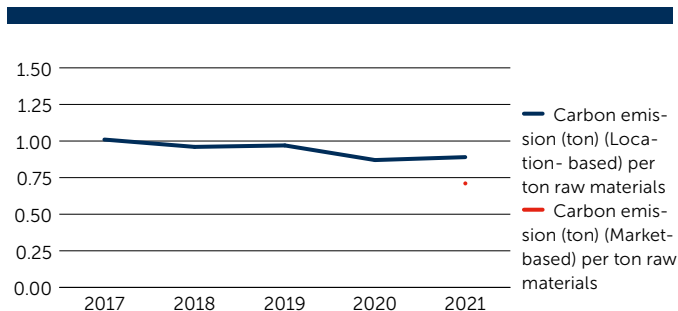
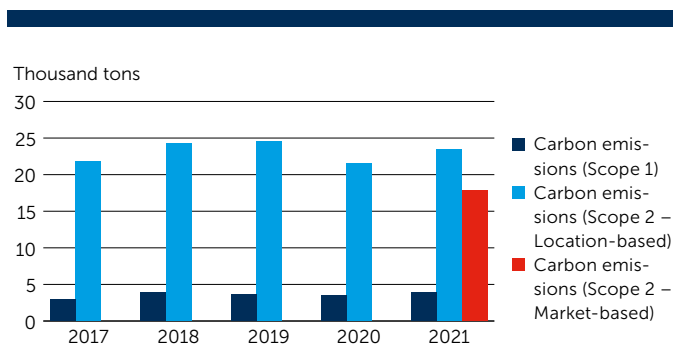


Figure 9 – Carbon emissions 2017-2021



SP Group has set up a strategic goal to be carbon neutral in 2030 in Scopes 1+2, which we will support i.a. by establishing our own solar cells and solar parks, investing in wind turbines and purchasing certificates for renewable energy.



Purchase of green power

To support the renewable energy transition, we have decided to purchase green power for our entire consumption in Poland, and we have a certificate stating that the Danish power used in Denmark going forward comes from renewable energy sources. In Poland, Veolia Energy Contracting Poland is the supplier of the renewable energy on which the certificates are based, which guarantee the energy source. The certificates are issued by Poland's Energy Regulatory Office. In Denmark the certificates are administered by Energinet.dk.



Control of sulphuric acid pollution

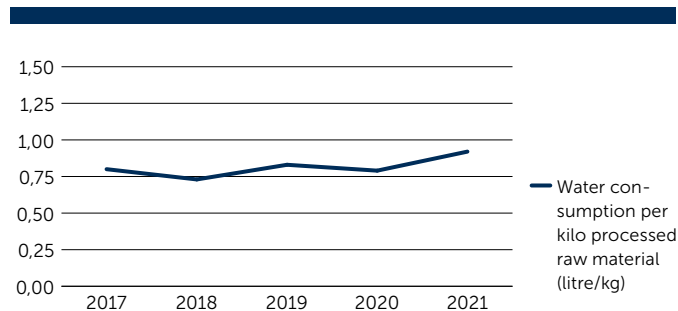
Environment-improving industrial processes can be obtained by using fluoroplastic coatings as corrosion protection, e.g. in waste gas purifying plants at coal-fired power plants. Other coatings of surfaces with fluoroplastics can generate savings on cleaning materials and solvents as well as water.

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

Water

SP Group monitors the water consumption for production and continuously strives to reduce the amount consumed. Again this year, we noted an increase in the water consumption, which resulted in a higher intensity of litre of water per kilo raw materials processed. The increase mainly relates to an increased workforce and the acquisitions of new entities with increased water intensity.

Figure 10 – Water consumption (intensity) 2017-2021





Clean drinking water in developing countries

At SP Moulding's factory in China, we manufacture various water purification products that people in developing countries use to clean filthy water from rivers and lakes. These products from Vestergaard® ensure clean drinking water and meet the NSF's requirements. For each pitcher sold, LifeStraw's Give Back program provides a child in need with clean drinking water for one year.



Cleaning of waste water

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



Fighting ocean plastic pollution

SP Group contributes to reduce ocean pollution when we coat oil pipes with non-stick coatings. It reduces the need for aggressive chemicals in the marine environment in connection with oil production.

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

Dan-Fender from Dan-Hill-Plast A/S is used to keep afloat nets in connection with the collection of plastic waste in our oceans.



ESG Social responsibility

Working conditions

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

We focus in particular on establishing safe and sound working conditions and providing access to education for our employees. The framework for our efforts is that anyone can take part. Therefore, efforts in respect of diversity and equal opportunities to all groups are especially important to us.

Our efforts also concern the local areas in which we have activities. Through our presence in 11 countries in 3 continents, SP Group creates workplaces and promotes local culture. This enables economic growth and a good standard of living for our employees and their families.

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

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

CSR policy – working conditions

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

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

We provide our employees with favourable employment terms, among other things by complying with applicable legislation and collective agreements in our areas in terms of salary and other employment terms.

In addition, we strive to ensure that our employees are offered development opportunities at work, e.g. through continuing education and training. We strive to ensure a safe and healthy working environment for our employees. Therefore, we provide our employees with protective gear and training so that they are able – and obligated – to perform their work in a safe manner.

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



Risk

SP Group's risk in relation to working conditions relate to safety and health in the working environment due to adverse health effects from machines, equipment and chemicals. We manage the risk by only purchasing machines and equipment which are secure.

Our annual risk assessment includes employment, personal development, health and safety and linguistic understanding as more nationalities are working at the same workplace.

Due to our presence in many different countries and cultures, there is also a risk that employees with different nationalities do not speak and understand the same language. Therefore, there is a risk that some employees do not feel included and instructed to be able to perform their work correctly. A risk assessment is therefore performed at every workplace and incidents are mitigated through guidelines, technical aids and hand-out of protective equipment. ISO 45001 certifications and regular training, etc. help ensure a good and sound working environment.

SP Group regularly investigates whether, in our production or via suppliers, we have a current or potential risk of becoming involved in child labour or forced labour or other types of disregard of basic employee rights. To minimise such risk, we do not employ minors in the Group. Any kind of discrimination in working and employment conditions is prohibited as well.

As part of our co-operation with suppliers, we communicate with them on a current basis, while at the same time monitoring that they assume responsibility for respecting employment rights. If a supplier does not live up to our Supplier Code of Conduct, we can immediately terminate the contract with the individual.

SP Group did not receive any information or notifications regarding employment rights violations from external players in 2021. Communications with suppliers and sub-suppliers did not uncover any involvement in employment rights violations either.

Working environment management system

SP Group has established a working environment management system, which documents our working environment measures by mapping our working environment conditions and that the working environment conditions are handled adequately. Our efforts to obtain and maintain working environment certifications extend beyond compliance with national legal requirements and international conventions in the working environment area. We thus comply with the requirements of the ISO certification regarding working environment management systems and local legislation regarding responsibilities, education, risk assessment, incident reviews, maintenance and inspections. This also includes the handling of emergency situations, including plan, crisis communication, emergency drills and co-operation with the community.

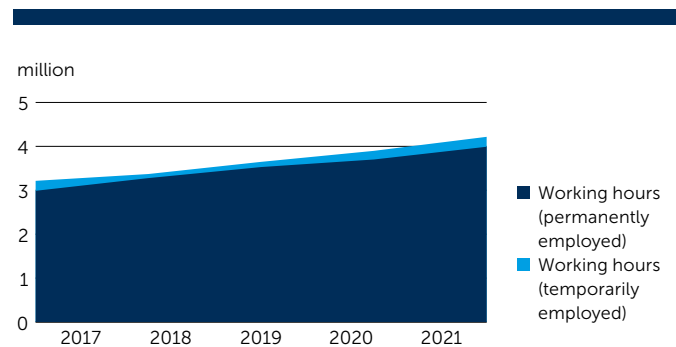
By complying with procedures and instructions on a daily basis, we ensure that we work determinedly and systematically on regularly improving the working environment. A continuous focus on the employees' physical and mental working environment ensures the employees' well-being and safety in the workplace. We aim at reducing the level of absence from work and the number of workplace accidents and support personal and professional training of the individual employee.

Wage and working conditions

In Denmark, wage and working conditions are determined in collective agreements resulting from local negotiations. In foreign jurisdictions, employee conditions and rights are primarily laid down in legislation, codes and regulations. As an employer, SP Group observes, as a minimum, national legislation and collective agreements as well as rules governing working hours, etc., and strives to be an attractive employer.

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

Figure 11 – Working hours 2017-2021



Freedom of unionisation

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

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



Access to workplaces

A significant element in sustainable cities is citizens' access to workplaces. In Poland, Slovakia, Sweden, Latvia, USA, Finland and Denmark, our workplaces in peripheral areas bring life to local communities that are otherwise experiencing depopulation. We thus contribute to preserving local communities and reducing urbanisation.

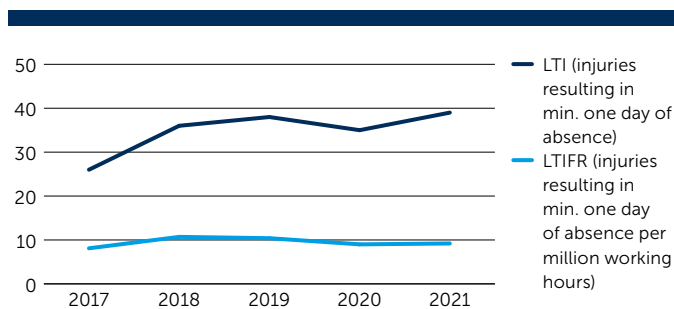
A safe and healthy working environment

SP Group creates a safe and healthy working environment for our employees, partly through the working environment organisation, partly through policies and targeted efforts to ensure safety and health in the workplace and partly through working environment management systems. A risk assessment is performed for all work processes to ensure that the work performed is secure in terms of safety and health. This means i.a. that in case no technical solutions are available, protective equipment is handed out to the employees, e.g. in connection with the use of

chemicals. All transportation of hazardous substances to and from our factories has been outsourced to professional partners.

The development of work-related accidents shows a slight increase from 35 to 39 accidents in 2021. Despite the increase, we have maintained the number of accidents with at least one day's absence per million working hours as the number of working hours has increased by more than 10%. This is among others explained by the acquisition of new factories, which is also reflected in the increased level of production. We have not had any fatal work-related accidents.

Figure 12 – Work-related accidents 2017-2021



With a strengthened focus on work-related injuries throughout the Group, it is our goal to reduce the number of injuries (LTI) to 0. We will achieve our goal through targeted training and new safety measures.



LED light and acoustics improve safety

SP Group's subsidiary Ergomat is market leading within safety and optimisation of internal infrastructure in large companies by using kinetic contact technology. The technology activates blinking LED signs and acoustic warnings to distant areas of, for instance, a production hall. The products make expensive electrical solutions redundant and increases employee safety.



Physical health

Ergomat offers a wide range of groundbreaking products that improve people's working day and increase quality of life. Ergomat's ergonomic mats protect joints, muscles and bones and thus prevent shock and vibration injuries. The combination of protecting and stimulating joints, muscles and bones makes the mats a physical high-performance platform for employees with standing work.

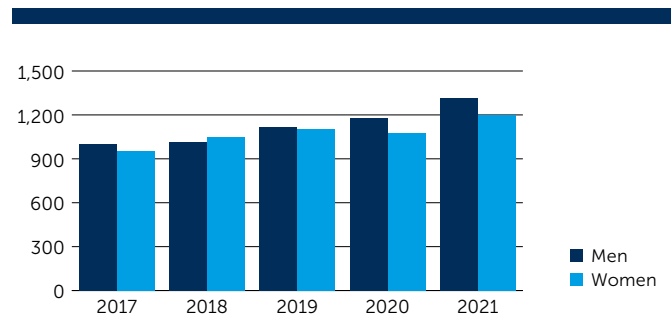
COVID-19

Internally, our health and safety efforts were still also focused on handling COVID-19 and the challenges brought on our production and day-to-day operations by the pandemic during the year. SP Group has maintained its production level throughout the pandemic but has adjusted working conditions and routines to comply with the recommendations from the health authorities. Restrictions still implied a considerable decline in our travelling activities and an increase in the use of on-line meeting activities.

Gender equality

At SP Group, we want to play a part in promoting gender equality and reducing inequality. We therefore ensure equal pay for equal work and pay a fair salary to all our employees regardless of where they are located. In 2021, we employed almost as many women as men, with a slight over-representation of men.

Figure 13 – Staff composition 2017-2021



Policy on women in management

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



When it comes to gender equality, SP Group has laid down a policy to increase the number of the underrepresented gender in management. According to the policy, at least one male and one female candidate must be among the top three candidates for new leadership positions.

At year end, the ratio of women in Management (group management team) was 25%. SP Group still aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

The policy lays down the below target figures:

- The underrepresented gender must account for at least 20% of the Board of Directors. The target figure has been fulfilled as female members made up 25% in 2021.
- The underrepresented gender must account for at least 25% of group management. The target figure has been fulfilled as female members made up 25% in 2021.
- The underrepresented gender must account for at least 25% of the management group. The target figure has been fulfilled as female members made up 30% in 2021.

Diversity

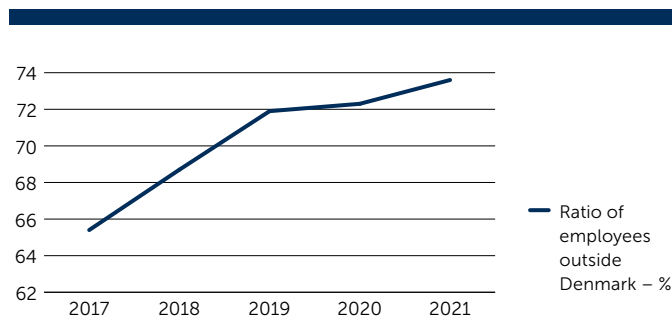
The long-term goal is for SP Group that its employees reflect society at large, both in terms of gender ratio, age, nationality and ethnicity. This makes us an attractive choice for both customers and employees and helps give everyone, regardless of background, the possibility to enter the labour market.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

To promote diversity in the Board of Directors, Executive Board and other management groups, the Group aims to ensure that each member possesses the qualifications and profiles required to contribute optimally to SP Group's development. The Board of Directors wants everyone to have equal opportunities regardless of gender, age or nationality.

SP Group is actively engaged in counteracting discrimination internally in relation to our employees as well as externally in relation to our supplier chain. In this connection, we also focus on non-discrimination and equal opportunities for everyone.

We did not receive any complaints about discrimination from employees or external players in 2021.

Figure 16 – Ratio of employees outside Denmark in 2017-2021 (average)



Policy on diversity

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

10 REDUCED INEQUALITIES

Jobs for employees with special needs

SP Group assumes social responsibility in the local areas where our factories are located. We do so by cooperating with municipalities, organisations and job centres on work offers to individuals with special needs. The jobs that we offer are on common terms, but with various adjustments, e.g. reduced working hours and are offered in our production as well as in our administration. In 2021, SP Group secured jobs for 43 employees with special needs.

10 REDUCED INEQUALITIES

Different nationalities

Globally, the workforce in SP Group increased from 2,214 to 2,380 from 2020-2021, corresponding to an increase of 7.5%. The increase reflects increased activities in Denmark, Finland, Latvia, Poland, China and USA.

At the end of the year, the share of employees in Denmark totalled 628, whereas the share of employees abroad totalled 1,752, corresponding to 26% and 74%, respectively, of the total workforce.

Access to education

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

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

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

Figure 14 – Staff breakdown by geography in 2021 (average)

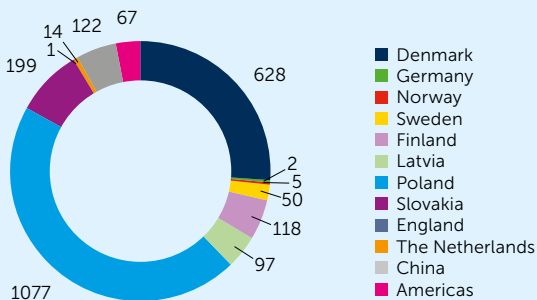
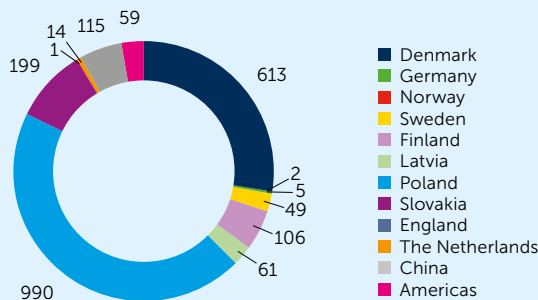


Figure 15 – Staff breakdown by geography in 2020 (average)



At 31 December 2021, SP Group had 38 training programmes distributed on plastics engineers, sales and industry technicians, logistics as well as school and apprentice places. In addition, major training efforts have been made in Poland, Slovakia, Latvia, China, USA, Finland and Sweden.

The goal for 2022 is to continue the current skills development of employees, allowing them to attend to various different tasks. This will increase flexibility in production and make the working day more varied for the employees. In addition, we will continue to offer various sorts of apprentice places.



Access for pupils and students

SP Group is very aware of training young people and ensuring adequate skills and quality through well-educated employees. Therefore, we receive visits from students at all stages of education – from primary school pupils to university students. We regularly have students participating in production as part of projects to improve process efficiency or students writing their thesis on a subject in SP Group. It is a win-win situation for all parties.

Human rights

SP Group's products are part of the solution to promoting the right of access to healthcare treatment by assuring access to high-quality healthcare services all over the world. We contribute i.a. to the goal through our disposable products for medical purposes in developing countries. The price and availability of the products bring new possibilities to persons exposed due to poverty.

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

CSR policy – human rights

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

We aspire to promote measures that have a positive impact on human rights. In countries where there is a risk of human rights abuse, we will strive to prevent any human rights abuse and take remedial action should we encounter such abuse.

Through our products we are able to contribute to improving the protection of human rights locally and globally. The effect is mainly obtained through health products, which contribute to the quality in the healthcare sector and products that improve food safety.



Risk

Increased internationalisation increases SP Group's risk of being involved in activities in countries which do not live up to the international human rights conventions or with cooperative partners who do not act responsibly. SP Group is therefore aware of the current and potential risks that our production, activities and business partners in more than 100 countries around the world may pose in relation to human rights.

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

To ensure that the requirements are met, we co-operate and communicate with our suppliers on a current basis, while at the same time monitoring that they assume responsibility in this area. If a supplier does not meet the requirements of our Supplier Code of Conduct, we can terminate our agreement with the supplier with immediate effect.

SP Group did not receive any information or notifications regarding human rights violations from external players in 2021. Communications with suppliers and subsuppliers did not uncover any involvement in human rights violations either.

We will initiate a new risk assessment in 2022 of the activities of the Group that relate to suppliers.

Health promotion

The right of access to good-quality healthcare treatments is an aim for every society. SP Group's products contribute thereto by improving the tools used in healthcare treatment. SP Group's products are thus used in hospitals in connection with operations and as aids in everyday life for people with disabilities or illnesses. Consequently, they form part of the solution in ensuring quality in healthcare treatment all over the world.

A number of ergonomic solutions from Ergomat prevent physical wearing-down by mats in the working environment that are shock-absorbent and protect the body from vibration. At the same time, the mats stimulate muscle activity and improve blood circulation and thus help reduce tiredness.

These products accounted for 31.2% of the Group's product portfolio in 2021, and we expect an increase in 2022.



Medico equipment contributes to disease control

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



Access to disposable products for medical use

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



Secure use of medicine

MedicoPack develops and manufactures pharmaceutical packaging and equipment in the area of injection and infusion therapy for the pharmaceutical industry and hospitals. Through constant optimisation and focus

on innovation, we help support safe use of medicine for the purpose of preventing and curing diseases and thus improving health globally. The products are disposable, which reduces the risk of infection or contamination as opposed to multiple-use products.



Green recreational areas

The planned solar park at Juelsminde will create green recreational areas for citizens and visitors in the area. The park will be placed to look as little as possible in the area. The other areas will be used as pasture for eco sheeps from Barritskov Landbrug.

Food-related products

Food safety is one of the most significant factors in the efforts to end hunger and to promote health and well-being. SP Group strives to contribute to these efforts through several of our products that promote effective food production systems through coatings and components for cooling products.

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

Products for improved food production and storage are expected to account for an increasing part of revenue in 2022.



Improvement of food safety

SP Group contributes to this goal through our products that promote food safety and sustainable agricultural production. Accoat makes non-stick, low-friction coatings on machinery for food production and pharmaceuticals and thus ensures more efficient production and reduction of refuse.

ESG Corporate Governance

To SP Group, the operation of a sound business assumes corporate governance. To us this is closely related to requirements of responsibility, ethics and decency. As part of our work with sustainability and corporate social responsibility, we focus on integrating standards for anti-corruption, data liability and payment of taxes in the entire Group. We have also established a whistle-blower programme, which allows internal as well as external stakeholders to address irregularities in our activities.

It is essential to SP Group's customers', cooperative partners', employees' and stakeholders' confidence that our efforts are integrated in our daily actions and is displayed in our interaction with them. Therefore, we have laid down policies that set the goals and framework for our measures, and which allocate roles and responsibility for putting the principles into practice.

Risk

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

In 2022, SP Group will update the assessment of corruption risks in the countries in which the Group has activities in the form of production facilities and sales representation.

The risk outlook in relation to data liability relates in particular to the current threat from cybercriminals who wants to place ransomware on our IT systems. We manage the risk by systematic monitoring of the IT systems that we use and by educating our employees in IT security and protection of personal data.

Anti corruption

SP Group carries on its activities in a responsible manner and with high integrity, which means that we have zero tolerance for all types of corruption and bribery, both internally and at our suppliers.

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

CSR policy – Anti-corruption

We want to maintain a high level of integrity and responsibility in all our external relations, and we do not engage in any type of corruption, including extortion, bribery, embezzlement, fraud, facilitating payments, nepotism, cartel formation or conflict of interest. We refrain from offering, promising or giving any kind of bribes in order to wrongfully influence public-sector employees, judges or business relations. We also refrain from taking, accepting or engaging in any kind of bribes ourselves. Thus, we ensure compliance with relevant international standards and conventions.

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

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



Obligations for suppliers and employees

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

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

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

SP Group did not receive any reporting on corruption and bribery incidents in 2021.

Data liability

It is important to SP Group that we apply our IT systems and personal data in a responsible manner. Protection of personal data regarding employees and customers builds confidence in us as a workplace and supplier. We therefore ensure that all companies in SP Group process personal data regarding employees and customers in accordance with applicable legislation on the protection of personal data and IT security requirements. Due to our ethical business practice requirements we also include data ethical principles when we initiate new data processing.

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

Policy on data ethics

SP Group ensures controlled use of IT systems and personal data through efficient personal data protection, robust IT systems and data ethical considerations in respect of the use of data.

Our work with data ethics is based on five data ethical principles and the approach taken is that human beings are in the centre of things and should experience that they control their data, that the use of personal data is transparent and that data processing is performed in a responsible manner and contributes to the respect for dignity and equality.



All subsidiaries and IT networks in the SP Group have been examined by the IT security manager in 2021 to ensure compliance with our IT security policy. Action plans are drawn up in case any deviations are noted. The data protection policy is implemented locally – in cooperation with local advisers, if required.

No IT security breaches or data breaches were registered with the Danish Data Protection Agency in 2021.

Tax

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

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

Tax policy

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



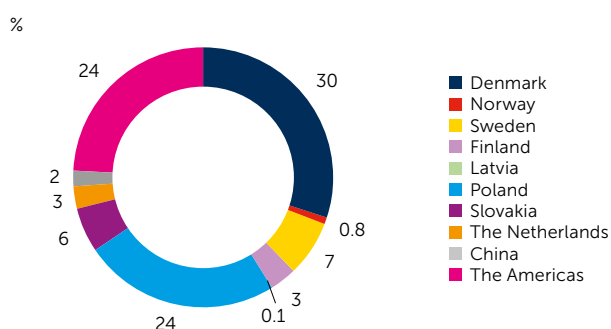
- A) Tax and duties matters are managed proactively by means of a clear internal management structure, robust business models, controls and processes and open dialogue with the tax authorities
- B) The Group's tax and duties statements are reported correctly to the tax authorities in accordance with legislation and are paid on time
- C) All tax planning is based on commercial activities
- D) Statements are always obtained from professional, well-reputed and independent external advisers if the treatment of tax and duties is uncertain or if the tax amount is significant.

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

The Group's tax payment for 2021 is specified by country and is included in note 13 to the consolidated financial statements.

The total tax charge for the employees in SP Group amounted to approx. DKK 168.5 million in 2021. SP Group's payment of corporate income tax in the individual countries is shown in figure 17.

Figure 17 – Corporate income tax 2021 (%)



Whistle-blower programme

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

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

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

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

SP Group did not receive any incident reports under the whistle-blower programme from either internal or external players in 2021.

Reporting principles

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

When the SP Group joined FN Global Compact in 2020, the entire Group became subject to the reporting requirements and thus builds on the efforts with the Global Compact principles, which the subsidiaries SP Moulding and Acccoat initiated in 2012 and 2017, respectively.

We apply the indicators from Global Reporting Initiative Standards to measure performance and progress. The overview on page 61 shows the coherence between the applied GRI indicators and NASDAQ's ESG criteria.

We have applied market-based as well as location-based accounting methods for our Scope 2 carbon emission calculations. Both methods are used under the GRI Standards og Greenhouse Gas Protocol. We do so to provide the most true and fair figures in our report on SP Group's carbon emissions both in relation to the energy mix that we receive from providers and when we purchase certificates for renewable energy.

The calculation of carbon emissions is based on emission factors published by relevant governmental organisations and the EU as well as internationally recognised energy reports. The emission factors applied when calculating the electricity consumption under the location-based method are issued by the European Environment Agency for the European countries and the Association of Issuing Bodies (AIB) for Norway, United States Environmental Protection Agency for USA and Climate Transparency for China. The market-based method rely on emission factors from AIB and Climate Transparency.

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

Certificates have been acquired on electricity from renewable energy sources for our factories in Poland through Veolia Energy Contracting Poland, who guarantees energy from renewable sources. The certificate is issued by Poland's Energy Regulatory Office 3-5 months after the end of the year, which means that we are unable to present it in this report.

Consumption figures for diesel and petrol have been estimated for 2017-2018. Waste volumes, handling and disposal have been omitted due to inaccurate data material. The volume of cooling agents used is very limited and therefore not included in the reporting.

The whistle-blower hotline was not available in the period 2017-2018.

Payroll tax was initially computed for 2020.

EU taxonomy regulation

The main part of SP Group's production is based on purchased raw materials that include plastic, coating, glass fibre and other products. Our use of regenerated materials and own plastic waste for new production is on the increase, but still accounts for a minor part of total production.

Therefore, SP Group assesses that the Group's activities are not subject to the EU taxonomy regulation as they are not included in the activities described in the delegated regulation from December 2021, in particular item 3.17.

We assess that the scope of our business activities and expenses related to our ongoing process to increase the share of recycled plastic has not yet reached the level that contributes considerably to fulfilling the environmental goals 1 and 2 on counteracting and adjusting climate change in the financial statements for 2021.

Theme overview and international standards

Category	Theme	UNGC principle	UN SDGS	GRI standard	ESG NASDAQ	Page
The Entity	Business model	-	-	102	-	45
	Management systems	-	-	102	E7+E8+E9	46, 48, 54
	Internal regulation (Supplier Code of Conduct)	-	-	102	G5	46
	Materiality assessment	-	-	102	-	46
	Risk assessments	-	-	102	-	48, 54, 57, 58
Environment and climate	Raw materials	7+8	12	301	-	48
	Waste and recycling	7+8	12	306	-	50
	Energy and electricity	7+8	7	302	E3+E4+E5	50
	Carbon emissions	7+8	13	305	E1+E2	52
	Water	7+8	6	303	E6	52
Corporate social responsibility – Wage and working conditions	Working conditions	4+5+6	8	401	S5+S9	54
	Freedom of unionisation	3	8	407	G4	54
	Health and security	1+2	8	403	S7+S8	54
	COVID-19	-	3	403	-	55
	Gender equality	6	5	405	S4	55
	Diversity	6	10	405	-	55
	Access to education	1+2	4	404	-	56
Corporate social responsibility – human rights	Health promotion	1+2	3	403	S8	57
	Food safety	1+2	2	-	-	58
Management	Anti corruption	10	16	205	G6	59
	Data liability	1+2	16	-	G7	59
	Reporting principles	-	12	102	G9	60
	Tax	-	16	206	G6	59
	Whistle-blower programme	-	16	102	G6	60

ESG data

ESG	Category	Indicator	Unit	2017	2018	2019	2020	2021
E	Raw materials	Virgin plastic	Kg	13,869,164	15,220,931	15,978,078	15,347,852	16,764,678
		Regenerated materials	Kg	323,685	373,913	412,941	1,465,875	2,609,507
		Glass fibre	Kg	9,499,238	11,711,282	9,730,540	9,937,401	6,860,301
		Coating	Kg	58,554	61,419	47,375	43,751	50,675
		Other (e.g. Iso, Polyol, Telene, Resin)	Kg	2,001,116	2,068,629	3,003,466	3,837,398	5,314,525
	Energy	Fuel oil	Litre	132,020	178,109	101,865	65,673	57,444
		Natural gas	m ³	1,418,164	1,235,688	1,309,242	1,574,322	1,773,101
		District heating	MWh	3,569	3,575	2,692	2,616	3,404
		Coal	Kg	0	0	0	0	0
		Diesel/petrol	Litre	112,876	112,876	88,235	108,379	196,085
		Electricity	kWh	53,615,065	58,893,152	60,395,863	60,372,241	66,753,410
		Electricity intensity (Processed raw materials)	kWh/kg	2.11	2.03	2.09	2.07	2.11
	CO ₂ e	Carbon emissions (Scope 1)	Tonne	3,854	3,560	3,437	3,921	4,567
		Carbon emission (Scope 2) Location-based	Tonne	21,842	24,247	24,467	21,490	23,438
		Carbon emission (Scope 2) Market-based	Tonne	-	-	-	-	17,897
		Carbon intensity (Location-based) (Processed raw materials)	Kg/kg	1.01	0.95	0.97	0.87	0.89
	Water	Water consumption	m ³	20,324	21,109	23,800	22,960	28,982
Water consumption intensity (raw material)		L/Kg	0.80	0.73	0.83	0.79	0.92	
S	Working hours	Working hours (permanently employed)	Hours	2,987,869	3,277,211	3,528,715	3,700,898	3,991,107
		Working hours (temporarily employed)	Hours	226,578	92,734	118,235	196,892	226,044
		Working hours incurred (total)	Hours	3,214,447	3,369,945	3,646,950	3,897,790	4,217,151
	Industrial accidents	Fatal accidents	Number	0	0	0	0	0
		LTI (accidents resulting in min. one day of absence)	Number	26	36	38	35	39
		LTIFR (accidents per million working hours)	Number	8.1	10.7	10.4	9.0	9.2
	Gender ratio	Women	Number	951	1,048	1,105	1,078	1,196
		Men	Number	999	1,012	1,116	1,181	1,313
		Women/Men	%	48.8/51.2	50.9/49.1	49.8/50.2	47.7/52.3	47.7/52.3
		Female executives	%	18	17	24	25	32
G	Diversity in the Board of Directors	Women/Men	W/M	1/4	1/4	1/4	1/3	1/3
	Independence of Board of Directors	Number of individual independent %	%	40	40	40	50	50
	Diversity in group management	No. of executives	W/M	0/2	0/2	0/2	1/3	1/3
	CEO pay ratio	CEO remuneration/average employee salary in the Group	Ratio	18.7	19.9	20.7	16.9	19.7
	Tax	Employees	DKKm	-	-	-	147.3	168.5
	Whistleblower	Incident reports	Number	-	-	0	0	0

Statement by Management

The Board of Directors, the Executive Board and Group Management have today discussed and approved the annual report of SP Group A/S for 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2021 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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

In our opinion, the annual report of SP Group A/S for 2021, with the file name SP-Group-31-12-2021.zip, has been prepared, in all material respects, in compliance with the ESEF Regulation.

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

Søndersø, 25 March 2022

Executive Board and Group Management



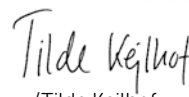
Frank Gad
CEO



Søren Ulstrup
Executive Vice President



Lars Ravn Bering
Executive Vice President

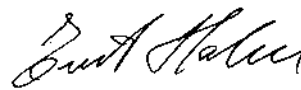


Tilde Kejlhof
/Tilde Kejlhof
Group CFO

Board of Directors



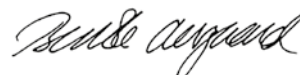
Hans Wilhelm Schur
Chair



Erik Preben Holm
Deputy Chair



Hans-Henrik Eriksen



Bente Overgaard

Independent auditor's report

To the shareholders of SP Group A/S

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

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SP Group A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2021 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Basis for opinion

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

Independence

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

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

Appointment of auditor

We were initially appointed as auditor of SP Group A/S on 26 April 2011 for the financial year 2011. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 11 years up until the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the

financial year 2021. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon.

We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Valuation of goodwill

The Group has recognised goodwill totalling DKK 242.8 million in the balance sheet at 31 December 2021. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. No impairment of goodwill was identified in the financial year.

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

Additional information on goodwill recognised in the year is disclosed in note 15 to the consolidated financial statements.

In connection with our audit, we verified the impairment test prepared by Management, which was performed in accordance with the discounted cash flow model, and assessed whether the assumptions made by Management are substantiated. We assessed whether the calculation model is relevant and assessed the discount factor level and growth rate applied for extrapolation. The expected net cash flows are based on budgets for the years 2022-2024 and a terminal value. We examined budget preparation procedures and compared budgets with the Group's strategic efforts in the individual areas. Further, we examined whether the information on goodwill disclosed in note 15 is adequate relative to applicable accounting standards.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards or actions taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of SP Group A/S, we performed procedures to express an opinion as to whether the annual report for the financial year 1 January – 31 December 2021, with the file name SP-Group-31-12-2021.zip, has been prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- Preparing the annual report in XHTML format
- Selecting and applying appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format
- For such internal control as Management determines is necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance as to whether the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to express an opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report has been prepared in XHTML format
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy
- Reconciling the iXBRL tagged data to the audited consolidated financial statements.

In our opinion, the annual report for the financial year 1 January – 31 December 2021, with the file name SP-Group-31-12-2021.zip, has been prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 25 March 2022



Søren Skov Larsen
State Authorised Public Accountant
mne26797

EY

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant
mne32129

Consolidated financial statements and parent company financial statements

Income statement

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
6,391	6,012	3	Revenue	2,480,869	2,178,189
0	0	4,7	Production costs	-1,677,947	-1,481,395
6,391	6,012		Contribution margin	802,922	696,794
5,753	6,063	5	Other operating income	4,901	2,370
-7,261	-6,618	6	External expenses	-100,178	-98,791
-18,093	-21,599	6,7,8	Staff costs	-284,733	-243,992
-13,210	-16,142		Profit/loss before depreciation, amortisation and impairment losses (EBITDA)	422,912	356,381
-3,944	-4,075	9	Depreciation, amortisation and impairment losses	-153,848	-141,550
-17,154	-20,217		Profit/loss before net financials (EBIT)	269,064	214,831
50,723	63,181	10	Dividends from subsidiaries	-	-
2,903	5,830	11	Financial income	10,195	9,218
-11,481	-6,562	12	Financial expenses	-21,485	-30,282
24,991	42,232		Profit/loss before tax	257,774	193,767
3,219	4,980	13	Tax for the year	-54,557	-42,926
28,210	47,212		Profit/loss for the year	203,217	150,841
			Attributable to:		
			The Parent Company's shareholders	202,743	150,806
			Non-controlling interests	474	35
				203,217	150,841
			Earnings per share (EPS)		
		14	Earnings per share (DKK)	16.63	12.85
		14	Earnings per share, diluted (DKK)	16.44	12.75
			Proposed distribution of profit/loss		
62,450	37,470		Dividend		
-34,240	9,742		Retained earnings		
28,210	47,212				

Statement of comprehensive income

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
28,210	47,212		Profit/loss for the year	203,217	150,841
			Other comprehensive income:		
			<i>Items that may be reclassified to the income statement:</i>		
0	0		Exchange rate adjustments relating to foreign subsidiaries	20,249	-33,894
			Value adjustments of hedging instruments:		
0	0		Value adjustments for the year	-54,021	-21,425
0	0		Value adjustments transferred to revenue	95	-3,410
0	0	13	Tax on other comprehensive income	10,246	4,719
0	0		Other comprehensive income	-23,431	-54,010
28,210	47,212		Total comprehensive income	179,786	96,831
			Attributable to:		
			The Parent Company's shareholders	179,330	96,772
			Non-controlling interests	456	59
				179,786	96,831

Balance sheet at 31 December

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
1,755	2,060		Trademarks	2,060	1,755
83	249		Software	7,078	6,442
0	0		Customer files	50,471	46,217
0	0		Goodwill	242,800	218,189
0	0		Completed development projects	8,363	11,015
0	0		Development projects in progress	27,074	13,690
1,838	2,309	15	Intangible assets	337,846	297,308
83,105	80,786	16	Land and buildings	315,531	289,476
1,120	640	16	Plant and machinery	435,694	363,149
722	561	16	Fixtures and fittings, tools and equipment	45,202	39,667
0	0	16	Leasehold improvements	30,772	30,624
0	0	16	Property, plant and equipment under construction	61,844	48,748
1,677	1,129	17	Leased assets	231,365	258,661
86,624	83,116		Property, plant and equipment	1,120,408	1,030,325
666,285	666,410	18	Equity investments in subsidiaries	-	-
0	400	19	Equity investments in associates	400	0
0	0		Deposits	1,221	1,067
0	0	28	Deferred tax assets	10,997	3,407
666,285	666,810		Other non-current assets	12,618	4,474
754,747	752,235		Non-current assets	1,470,872	1,332,107
0	0	20	Inventories	605,097	500,282
0	0	21, 22	Trade receivables	296,024	250,933
119,735	201,666		Receivables from subsidiaries	-	-
0	0	22	Contract assets	0	0
19,765	17,237		Corporation tax receivable	8,535	2,723
62	42	23	Other receivables	48,325	41,608
2,490	2,156		Prepayments	19,001	14,530
142,052	221,101		Receivables	371,885	309,794
71,902	6,496	24	Cash	82,163	122,692
213,954	227,597		Current assets	1,059,145	932,768
968,701	979,832		Assets	2,530,017	2,264,875

Balance sheet at 31 December

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
24,980	24,980	25	Share capital	24,980	24,980
4,498	5,811	26	Other reserves	-49,646	-27,546
-62,869	-113,943		Reserve for treasury shares	-113,943	-62,869
395,048	413,858		Retained earnings	1,182,231	1,007,890
62,450	37,470		Dividend proposed for the year	37,470	62,450
424,107	368,176		Equity attributable to the Parent Company's shareholders	1,081,092	1,004,905
-	-		Equity attributable to non-controlling interests	2,930	2,474
424,107	368,176		Equity	1,084,022	1,007,379
190,100	232,200	27	Bank debt	249,583	212,249
65,689	46,147	27	Financial institutions	81,211	105,116
1,107	559	17,27	Lease liabilities	126,473	165,952
5,302	0	27	Other non-current liabilities	31,520	31,760
2,887	2,903	28	Deferred tax liabilities	70,253	65,387
265,085	281,809		Non-current liabilities	559,040	580,464
89,401	79,708	17,27	Current portion of non-current liabilities	182,309	167,958
62,369	61,417		Bank debt	262,821	153,198
0	0	22	Contractual obligations	58,574	48,001
1,068	1,071	29	Trade payables	185,432	177,228
119,605	177,855		Payables to subsidiaries	-	-
0	0		Corporation tax	19,302	2,048
0	0	30	Provisions	1,657	3,247
7,066	9,796	31	Other payables	176,860	125,352
279,509	329,847		Current liabilities	886,955	677,032
544,594	611,656		Liabilities	1,445,995	1,257,496
968,701	979,832		Equity and liabilities	2,530,017	2,264,875

32-33 Collateral and contingent liabilities, etc.

34-47 Other notes

Statement of changes in equity

	GROUP							
DKK'000	Share capital	Other reserves	Reserve for treasury shares	Retained earnings	Proposed dividend	Equity attributable to the Parent Company's shareholders	Equity attributable to non-controlling interests	Total equity
Equity at 1 January 2020	22,780	26,155	-55,004	714,056	0	707,987	2,415	710,402
Profit/loss for the year	0	0	0	88,356	62,450	150,806	35	150,841
Exchange rate adjustments relating to foreign subsidiaries	0	-33,918	0	0	0	-33,918	24	-33,894
Value adjustments of financial instruments held to hedge future cash flows	0	-21,425	0	0	0	-21,425	0	-21,425
Value adjustments transferred to revenue	0	-3,410	0	0	0	-3,410	0	-3,410
Tax on other comprehensive income	0	4,719	0	0	0	4,719	0	4,719
Comprehensive income for the financial year	0	-54,034	0	88,356	62,450	96,772	59	96,831
Share-based payment	0	683	0	0	0	683	0	683
Share-based payment, exercised arrangements	0	-350	0	350	0	0	0	0
Acquisition of treasury shares	0	0	-45,602	0	0	-45,602	0	-45,602
Sale of treasury shares, warrant programme	0	0	37,737	-7,270	0	30,467	0	30,467
Tax on acquisition/sale of treasury shares	0	0	0	60	0	60	0	60
Cash capital increase	2,200	0	0	212,338	0	214,538	0	214,538
Other changes in equity	2,200	333	-7,865	205,478	0	200,146	0	200,146
Equity at 31 December 2020	24,980	-27,546	-62,869	1,007,890	62,450	1,004,905	2,474	1,007,379
Profit/loss for the year	0	0	0	165,273	37,470	202,743	474	203,217
Exchange rate adjustments relating to foreign subsidiaries	0	20,267	0	0	0	20,267	-18	20,249
Value adjustments of financial instruments held to hedge future cash flows	0	-54,021	0	0	0	-54,021	0	-54,021
Value adjustments transferred to revenue	0	95	0	0	0	95	0	95
Tax on other comprehensive income	0	10,246	0	0	0	10,246	0	10,246
Comprehensive income for the financial year	0	-23,413	0	165,273	37,470	179,330	456	179,786
Share-based payment	0	1,921	0	0	0	1,921	0	1,921
Share-based payment, exercised arrangements	0	-608	0	608	0	0	0	0
Acquisition of treasury shares	0	0	-111,619	0	0	-111,619	0	-111,619
Sale of treasury shares, warrant programme	0	0	60,545	6,323	0	66,868	0	66,868
Tax on acquisition/sale of treasury shares	0	0	0	998	0	998	0	998
Distribution of dividend	0	0	0	0	-61,311	-61,311	0	-61,311
Distribution of dividend, treasury shares	0	0	0	1,139	-1,139	0	0	0
Other changes in equity	0	1,313	-51,074	9,068	-62,450	-103,143	0	-103,143
Equity at 31 December 2021	24,980	-49,646	-113,943	1,182,231	37,470	1,081,092	2,930	1,084,022

Statement of changes in equity

	PARENT					
DKK'000	Share capital	Other reserves	Reserve for treasury shares	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2020	22,780	4,165	-55,004	223,810	0	195,751
Profit/loss for the year	0	0	0	-34,240	62,450	28,210
Value adjustments of financial instruments held to hedge future cash flows	0	0	0	0	0	0
Tax on other comprehensive income	0	0	0	0	0	0
Comprehensive income for the financial year	0	0	0	-34,240	62,450	28,210
Share-based payment	0	683	0	0	0	683
Share-based payment, exercised arrangements	0	-350	0	350	0	0
Acquisition of treasury shares	0	0	-45,602	0	0	-45,602
Sale of treasury shares, warrant programme	0	0	37,737	-7,270	0	30,467
Tax on acquisition/sale of treasury shares	0	0	0	60	0	60
Cash capital increase	2,200	0	0	212,338	0	214,538
Other changes in equity	2,200	333	-7,865	205,478	0	200,146
Equity at 31 December 2020	24,980	4,498	-62,869	395,048	62,450	424,107
Profit/loss for the year	0	0	0	9,742	37,470	47,212
Value adjustments of financial instruments held to hedge future cash flows	0	0	0	0	0	0
Tax on other comprehensive income	0	0	0	0	0	0
Comprehensive income for the financial year	0	0	0	9,742	37,470	47,212
Share-based payment	0	1,921	0	0	0	1,921
Share-based payment, exercised arrangements	0	-608	0	608	0	0
Acquisition of treasury shares	0	0	-111,619	0	0	-111,619
Sale of treasury shares, warrant programme	0	0	60,545	6,323	0	66,868
Tax on acquisition/sale of treasury shares	0	0	0	998	0	998
Distribution of dividend	0	0	0	0	-61,311	-61,311
Distribution of dividend, treasury shares	0	0	0	1,139	-1,139	0
Other changes in equity	0	1,313	-51,074	9,068	-62,450	-103,143
Equity at 31 December 2021	24,980	5,811	-113,943	413,858	37,470	368,176

Cash flow statement

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
-17,154	-20,217		Profit/loss before net financials (EBIT)	269,064	214,831
3,944	4,075		Depreciation, amortisation and impairment losses	153,848	141,550
683	1,921		Share-based payment	1,921	683
958	72		Value adjustments, etc.	3,137	4,530
-73,116	-20,593	34	Changes in net working capital	-131,892	25,433
-84,685	-34,742		Cash generated from operations	296,078	387,027
1,097	1,705		Interest income, etc., received	313	357
-7,465	-6,551		Interest expenses, etc., paid	-21,485	-30,282
-929	8,521		Corporation tax received/paid	-37,205	-36,667
-91,982	-31,067		Cash flows from operating activities	237,701	320,435
50,723	63,181		Dividends from subsidiaries	-	-
-25,000	0		Capital injection, subsidiary	-	-
0	-525		Acquisition of entity	-17,237	-44,792
17,361	0		Sale of entity	0	0
-1,750	-686		Acquisition of intangible assets	-17,930	-15,222
-402	-330		Acquisition of property, plant and equipment	-187,974	-144,893
0	0		Disposal of property, plant and equipment	1,211	1,515
40,932	61,640		Cash flows from investing activities	-221,930	-203,392
0	-61,311		Dividend distributed	-61,311	0
214,538	0		Payment, capital increase	0	214,538
0	0		Deposits, adjustment	-154	85
-45,602	-111,619		Acquisition of treasury shares	-111,619	-45,602
30,467	66,868		Sale of treasury shares	66,868	30,467
50,000	100,000		Raising of long-term loans	103,745	72,401
-130,681	-88,417		Repayment of non-current liabilities, ex lease liabilities	-135,016	-163,064
-582	-548		Repayment of lease liabilities	-28,436	-26,276
4,758	-952		Change in short-term bank debt	109,623	-125,606
122,898	-95,979		Cash flows from financing activities	-56,300	-43,057
71,848	-65,406		Cash flows for the year	-40,529	73,986
54	71,902		Cash and cash equivalents at 1 January	122,692	48,706
71,902	6,496	35	Cash and cash equivalents 31 December	82,163	122,692

The cash flow statement cannot be directly derived from the other components of the financial statements.

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1. Accounting policies

SP Group A/S is a public limited company with its registered office in Denmark. The annual report for the period 1 January – 31 December 2021 comprises both the consolidated financial statements of SP Group A/S and its subsidiaries (the Group) and separate parent company financial statements.

The annual report of SP Group A/S for 2021 is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the presentation currency for the Group's activities and the Parent Company's functional currency.

The accounting policies described below have been applied consistently to the financial year and the comparative figures. For standards implemented prospectively, comparative figures are not restated.

Going concern statement

In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board assessed whether presentation of the annual report under the going concern assumption is well-founded. The Board of Directors, the Audit Committee and the Executive Board have concluded that no such factors exist at the statement of financial position date that could raise doubt about the Group's and the Parent Company's ability to continue as a going concern at least until the next statement of financial position date. The conclusion drawn is based on knowledge of the Group and the Parent Company, the estimated outlook and the uncertainties and risks identified in this respect as well as an examination of budgets, including the expected developments in liquidity, capital base, etc., existing credit facilities, including contractual and expected maturity periods, as well as other terms. Thus, it is considered appropriate, reasonable and well-founded to base the financial reporting on the going concern assumption.

Implementation of new or amended standards and interpretations

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on the IBOR reform (phase 2).

The above amendments allow of temporary relaxation for the financial statements until the existing interest-benchmark is replaced by an alternative almost risk-free rate (RFR). The temporary amendments include the below practical relaxations:

- Contractual changes or changes to cash flows that relate directly to the IBOR reform, must be treated as changes to a floating interest rate as well as changes to a market rate.
- Amendments that are statutory under the IBOR reform for hedging or hedging documentation may be applied without the discontinuation of the hedging relationship.

- Temporary relaxation for entities to fulfil the requirement that a component must be separately identifiable when a RFR instrument is used to hedge a risk component.

The amendments resulting from the IBOR reform (phase 2) have not had any impact on recognition and measurement in the annual report.

New accounting regulation

The IASB has issued the following new financial reporting standards and interpretations that are not compulsory for SP Group A/S in preparing the annual report for 2021:

- IAS 1 Presentation of Financial Statements - Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Deferral of Effective Date)
- Amendments to IAS 12 Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 1 Presentation of Financial Statements - Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate
- Annual Improvements to IFRSs 2018-2020

None of the above standards and interpretations have been adopted by the EU. The adopted standards and interpretations that have not yet come into effect will be implemented as they become compulsory for SP Group A/S. It has been assessed that none of the above standards and interpretations will have a material effect on recognition and measurement in SP Group A/S.

Consolidated financial statements

The consolidated financial statements comprise the parent company SP Group A/S (the Company) and subsidiaries controlled by SP Group A/S.

The Group controls another entity if the Group is exposed to or is entitled to variable returns due to its interest in the entity and can impact these returns through its controlling interest in the entity.

When assessing whether the Group exercises control, allowance is made for de facto control and potential voting rights that are real and of substance at the reporting date.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of SP Group A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

Upon consolidation, intra-group income and expenses, intra-group balances and dividends as well as gains and losses on intra-group transactions are eliminated.

The subsidiaries' financial statement items are included 100 % in the consolidated financial statements.

Non-controlling interests

On initial recognition, non-controlling interest are either measured at fair value or at their proportionate share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Choice of method is made for each individual transaction. Non-controlling interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. Comprehensive income is allocated to the non-controlling interests, irrespective of whether the non-controlling interest will thus become negative.

Acquisitions and disposals of non-controlling interests in a subsidiary that do not result in loss of control are accounted for in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the Company's share of equity.

Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date at which control of the entity is in fact acquired. Divested or wound-up entities are recognised in the consolidated income statement up to the date of the divestment or winding-up. The divestment date is the date at which control of the entity does in fact pass to a third party.

The purchase method is applied to acquisition of new entities over which the Group obtains control, implying that identifiable assets, liabilities and contingent liabilities of the acquirees are measured at fair value at the acquisition date. However, non-currents assets acquired for the purpose of resale are measured at fair value less anticipated selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute a liability for the acquiree. Allowance is made for the tax effect of revaluations made.

The cost of an entity consists in the fair value of the consideration paid for the acquiree. If the final determination of the consideration is conditional upon one or several future events, these are recognised at fair value at the acquisition date. Expenses which are attributable to the acquisition of the entity are recognised directly in profit/loss when incurred.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as an asset under intangible assets and are tested for impairment at least once a year. The asset is written down to the lower of the carrying amount and the recoverable amount.

For negative differences (negative goodwill), the calculated fair values, the calculated consideration for the entity, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments are reassessed. If the difference is still negative, the difference is recognised as income in the income statement.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. The provisional values may be adjusted, or additional assets or liabilities may be recognised, up to 12 months after the acquisition if any such new information is provided on matters exist-

ing at the acquisition date as would have affected the calculation of the values at the acquisition date had the information been known.

Changes in estimates of contingent considerations are generally recognised directly in profit/loss.

Gains or losses from divestment or winding-up of subsidiaries and associates

Gains or losses from divestment or winding-up of subsidiaries which result in loss of control or significant influence, respectively, are calculated as the difference between, on the one hand, the fair value of the sales proceeds or the settlement price and the fair value of any remaining equity investments and, on the other hand, the carrying amount of net assets at the time of divestment or winding-up, including goodwill, less any non-controlling interests. The calculated gain or loss from such divestment or winding-up is recognised in profit/loss together with accumulated exchange rate adjustments, which were previously recognised in other comprehensive income.

Foreign currency translation

On initial recognition, transactions denominated in other currencies than the individual entity's functional currency are translated at the exchange rates at the transaction date. Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the exchange rates at the transaction date. Non-monetary items that are restated at fair value are translated at the exchange rates at the date of restatement.

When entities that present their financial statements in a functional currency different from DKK are recognised in the consolidated financial statements, such entities' income statement items are translated at average exchange rates on a monthly basis unless such rates vary significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at closing rates. Goodwill is considered to belong to the acquiree in question and is translated at closing rates.

Foreign exchange differences arising on translation of foreign entities' balance sheet items at the beginning of the year at closing rates and on translation of income statement items from average rates to closing rates are recognised in other comprehensive income. Similarly, foreign exchange differences arising from changes made directly in the foreign entity's equity are also recognised in other comprehensive income.

Where foreign subsidiaries are recognised in the consolidated financial statements and where Danish kroner (DKK) is used as the functional currency, but where the financial statements are presented in a functional currency other than DKK, monetary assets and liabilities are translated at the exchange rates at the balance sheet date. Non-monetary assets and liabilities measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items measured at fair value are translated at the exchange rates at the date of the latest fair

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value adjustment. Income statement items are translated at the average exchange rates of the months unless these differ significantly from the actual exchange rates at the transaction date, except for items deriving from non-monetary assets and liabilities translated at historical rates applicable to the relevant non-monetary assets and liabilities.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at the fair value at the date of settlement.

Subsequently, derivative financial instruments are measured at the fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised in other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as hedges of the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as effective hedges of future transactions are recognised in other comprehensive income. The ineffective part is recognised immediately in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of the cost of the relevant transactions.

Derivative financial instruments not qualifying for designation as hedging instruments are considered trading portfolios and are measured at fair value with recognition of fair value adjustments on an ongoing basis in the income statement under financial income or financial expenses.

Share-based payment

Share-based incentive schemes under which executive officers may only opt to purchase shares in the Company (equity-settled share-based payment arrangements) are measured at the fair value of the equity instruments at the grant date and are recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity.

The fair value of the equity instruments is measured by using the Black-Scholes model with the parameters indicated in note 8.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and directly in equity or other comprehensive income by the portion attributable to entries directly in equity or in other comprehensive income, respectively. Exchange rate adjustments in respect of deferred tax are recognised as part of the deferred tax adjustments for the year.

Current tax payables or receivables are recognised in the balance sheet stated as the estimated tax charge for the year, adjusted for tax paid on account.

When calculating the current tax for the year, the tax rates and tax rules effective at the balance sheet date are used.

Deferred tax is recognised in accordance with the balance-sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, except for deferred tax on all temporary differences arising on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination and where the temporary difference identified at the time of initial recognition neither affects the profit/loss for the year nor the taxable income.

Deferred tax is recognised on all temporary differences related to equity investments in subsidiaries unless the Company is able to control when the deferred tax is realised and it is probable that the deferred tax will not crystallise as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured on the basis of the tax rates and tax laws applicable in the relevant countries, which – based on tax laws enacted or substantially enacted at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in the income statement unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at the expected value of their realisation, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the balance sheet date, it is assessed whether taxable income sufficient for the deferred tax asset to be utilised is likely to be generated in the future.

The Parent Company is jointly taxed with all of its Danish subsidiaries. The current Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income.

Discontinued operations and assets classified as held for sale

Discontinued operations comprise material business or geographical segments already sold or planned to be held for sale.

Results from discontinued operations are presented in the income statement as a separate item consisting of the profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets and groups of assets held for sale are presented separately in the balance sheet as current assets. Liabilities directly related to the relevant assets are presented as current liabilities in the balance sheet.

Assets held for sale are not depreciated, but are written down to the lower of fair value less estimated selling costs and the carrying amount.

Income statement

Revenue

The Group's revenue comprises sale of moulded plastic and composite components and coatings on plastic and metal components. To a minor extent, the Group also performs customised moulds and validation tasks.

The Group's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales agreement comprises several performance obligations, the total selling price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognised when control over the individual identifiable performance obligation is transferred to the customer.

The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

The variable part of the total consideration, for instance discounts, bonus payments and penalty payments, etc., is not recognised in revenue until it is fairly probable that it will not be reversed in subsequent periods, for instance due to non-achievement of targets, etc.

Sale of goods

Sale of goods for resale and finished goods comprises sale of moulded plastic and composite components as well as coatings on plastic and metal components and is recognised in revenue when control over the individual identifiable performance obligation in the sales agreement is transferred to the customer, which takes place at the time of delivery according to the sales conditions. Even though a sales agreement regarding sale of finished goods and goods for resale often contains several performance obligations, they are treated as one performance obligation as delivery typically takes place at the same time.

Construction contracts

Construction contracts comprise moulds and validations with a high degree of customisation. The construction contracts typically comprise one performance obligation, which is recognised in revenue on an ongoing basis as production is carried out. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

The ongoing transfer of control over the work performed takes place because the nature of the moulds and validations is so special that they cannot be used for other purposes without disproportionate expenses and the customer is obligated to pay for the work performed on an ongoing basis, including a reasonable profit on the work performed.

Recognition is made using input-based accounting methods based on actual costs incurred compared with the total expected costs, as this method is deemed to best reflect the ongoing transfer of control.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised solely at an amount corresponding to the costs incurred if it is probable that they will be recovered.

Payment terms in the Group's sales agreements

The payment terms in the Group's sales agreements with customers are partly dependent on the underlying performance obligation and partly dependent on the underlying customer relationship.

For sale of goods where control is transferred at a specific point in time, the payment terms will typically be invoice month + 1-3 months.

For sale of construction contracts where control is transferred on an ongoing basis, the payment pattern will typically entail that requests for on-account payments will be made regularly – typically monthly or quarterly – in accordance with an agreed payment profile. The agreed invoicing on account does not necessarily reflect the work performed, which is reflected in the balance sheet as construction contracts under liabilities.

The Group does not enter into sales agreements with a credit period of more than 12 months. Accordingly, the Group does not adjust the agreed contract price with a finance charge. For large projects, security is usually requested in the form of prepayments. For these projects, customers will typically be entitled to withhold part of the total payment until satisfactory functionality in the products sold has been confirmed and accepted by the customer.

Production costs

Production costs comprise expenses incurred in generating revenue for the year. Commercial entities include cost of sales in production costs, and manufacturing entities include costs of raw materials, consumables and production staff as well as maintenance of the property, plant and equipment and intangible assets applied in the manufacturing process.

Other operating income

Other operating income comprises income of a secondary nature to the Group's principal activities, including in particular external leases and compensations.

External expenses

External expenses comprise expenses for sale, advertising, administration, premises, bad debts, etc.

External expenses also include expenses relating to development projects which do not satisfy the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc., relating to the Company's staff.

Government grants

Government grants are recognised when it is considered probable that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised proportionally in the income statement over the periods in which the related expenses are recognised. The grants are set off against expenses incurred.

Net financials

Financial income and expenses comprise interest income and interest expenses, the interest element of finance lease payments, realised and

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unrealised capital gains and losses on securities, liabilities and transactions denominated in foreign currencies, mortgage amortisation premium or allowance on mortgage debt, etc., as well as surcharges and refunds under the on-account tax scheme.

Interest income and expenses are accrued based on the principal amount and the effective interest rate. The effective interest rate is the discount rate used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount.

Dividends from equity investments are recognised once final title to the dividends has been obtained. This is typically the date at which the general meeting adopts distribution of dividend from the relevant entity.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between, on the one hand, the cost of the acquiree, the value of non-controlling interests in the acquiree and the fair value of previously acquired equity investments and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities; see the description under the section on consolidated financial statements.

When goodwill is recognised, it is allocated to those of the Group's activities that generate separate payments (cash-generating units). The determination of cash-generating units follows the Group's managerial structure, internal financial management and reporting.

Goodwill is not amortised, but is tested for impairment at least annually, see below.

Other intangible assets

Development projects regarding clearly defined and identifiable products and processes are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and if the development costs of each asset can be reliably measured. Other development costs are expensed in the income statement as incurred.

On initial recognition, development projects are measured at cost. The cost of development projects comprises expenses, including salaries and amortisation, which are directly attributable to the development projects and which are required to complete the project, calculated from the date at which the development project qualifies for recognition as an asset for the first time.

Interest expenses on loans raised to finance the manufacturing of intangible assets are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

Completed development projects are amortised on a straight-line basis over the estimated useful lives of the assets. The amortisation period is 5-10 years depending on the nature of the development project.

Development projects are written down to any lower recoverable amount, see below. Development projects in progress are tested for impairment at least annually.

Acquired intellectual property rights in the form of software and customer files are measured at cost less accumulated amortisation and impairment losses.

Depreciation is provided on a straight-line basis over the following expected useful lives:

Trademarks	10 years
Software	3-5 years
Customer files	10 years

Acquired intellectual property rights are written down to any lower recoverable amount, see below.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Cost comprises the acquisition price, expenses directly attributable to the acquisition and expenses to prepare the asset until such time as it is ready to be put into operation. For self-constructed assets, cost comprises expenses directly attributable to the construction of the asset, including materials, components, sub-suppliers and wages. For assets held under finance leases, cost is the lower of the fair value of the asset and the present value of future lease payments. Interest expenses on loans raised to finance the manufacturing of property, plant and equipment are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

The basis of depreciation is cost less the residual value. The residual value is the expected amount that could be obtained if the asset was sold today, net of selling costs, if the asset already had the age and condition which it is expected to have at the end of the useful life. Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately.

Depreciation is provided on a straight-line basis over the following expected useful lives:

Buildings	40 years
Building installations	10 years
Plant and machinery	5-15 years
Fixtures and fittings, tools and equipment	5-10 years
IT equipment	3-5 years

Leasehold improvements are depreciated over the rental period, however not exceeding 10 years.

Depreciation methods, useful lives and residual amounts are reassessed annually.

Property, plant and equipment are written down to the lower of the recoverable amount and the carrying amount, see below.

Leases in force from 1 January 2019

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group in this connection obtains the right to almost all

economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments
- Variable payments that change concurrently with changes to an index or an interest rate based on said index or interest rate
- Payments due subject to a residual value guarantee
- Exercise price of call options that it is highly probable that Management will exercise
- Payments subject to an extension option that it is highly probable that the Group will exercise
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option
- The Group recognises all leased assets and service obligations

The lease liability is measured at amortised cost according to the effective interest method. The lease liability is recalculated when the underlying contractual cash flows change due to changes in an index or interest rate, if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liabilities adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like less discounts or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Leased assets are depreciated over the expected lease term/useful life, which is:

Operating equipment	1-15 years
Primary production properties	5-10 years
Other properties	1-5 years

The Group presents the leased asset and the lease liability separately in the statement of financial position.

Leases in force before 1 January 2019

Leases are classified as finance lease liabilities and operating lease liabilities for financial reporting purposes.

A finance lease is classified as a lease that in all material respects transfers the risk and benefits associated with ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities and measured at the lower of the fair value of the leased asset and the present value of future lease payments at the time of inception of the lease.

On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal amount of lease payments is recognised in the income statement as a financial expense over the term of the lease.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

Equity investments in subsidiaries in the parent company financial statements

Equity investments in subsidiaries are measured at cost in the parent company financial statements.

If cost exceeds the recoverable amount of the investments, the equity investments are written down to this lower value, see the section on impairment above. Distribution of dividend in excess of the entity's aggregate earnings since the Company acquired the equity investments is regarded as indication of impairment, see above paragraph on impairment losses.

In connection with sale of equity investments in subsidiaries, profits or losses are calculated as the difference between the carrying amount of the equity investments sold and the fair value of the sales proceeds.

Equity investments in associates are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. Where cost exceeds the recoverable amount, write-down is made to this lower value. An impairment test is prepared if the dividends received exceed the proportionate share of the profit/loss for the year or if the carrying amount of the equity investments exceeds the proportionate share of the net assets in the underlying entity.

Other non-current assets

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

Impairment of property, plant and equipment, intangible assets as well as equity investments in subsidiaries

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as equity investments in subsidiaries are tested at the balance sheet date for indication of impairment. If there is indication of impairment, the recoverable amount of the asset is made up to determine if an impairment loss need be recognised – and at what amount.

The recoverable amount of development projects and goodwill is estimated annually irrespective of whether there is indication of impairment.

If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit in which the assets is included is estimated.

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The recoverable amount is calculated as the highest of the fair value of the asset or the cash-generating unit less selling costs and the value in use. When the value in use is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the time value of money, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment has been made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit, respectively, is lower than the carrying amount, the carrying amount is written down to the recoverable amount. Impairment losses for a cash-generating unit are allocated so that the carrying amount of any goodwill allocated to the cash-generating unit is reduced first and then any remaining impairment losses are allocated to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit, though the carrying amount of an individual asset is not reduced to an amount lower than its fair value less estimated costs of disposal.

Impairment losses are recognised in the income statement. In case of any subsequent reversals of impairment losses resulting from changes in the assumptions of the estimated recoverable amount, the carrying amount of the asset and the cash-generating unit, respectively, is increased to the adjusted estimate of the recoverable amount, however, not exceeding the carrying amount which the asset or the cash-generating unit would have had if the write-down had not been performed. Impairment losses relating to goodwill are not reversed.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as allocated fixed and variable indirect production costs.

Variable indirect production costs include indirect materials and payroll and are allocated based on pre-calculations of the goods actually produced. Fixed indirect production costs comprise costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as general costs relating to factory administration and management. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less costs of completion and expenses incurred to effect the sale.

Receivables

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the statement of financial position based on the expected loss in the useful life of the receivable.

Impairment of financial assets measured at amortised cost

The simplified expected credit loss model is used for financial assets relating to trade receivables and construction contracts according to which the expected loss over the useful life of the financial asset is recognised immediately in the income statement. The financial asset is monitored continuously according to the Group's risk management until realisation. The impairment loss is estimated based on the expected loss ratio, which is estimated for financial assets by geographic location. The loss ratio is estimated based on historical data adjusted for estimates over the effect of expected changes in relevant parameters such as financial development, political risks, etc., in the relevant market.

Contract assets

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess amount is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised under contractual obligations.

Prepayments from customers are recognised under contractual obligations.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Deferred income comprises income received in respect of subsequent financial years. Deferred income is measured at cost.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years. Prepayments are measured at cost.

Dividend

Dividends are recognised as a liability at the date when they are adopted at the general meeting.

Reserve for treasury shares

Reserve for treasury shares comprises the cost of acquisition of the Company's treasury shares. Dividend from treasury shares and gains and losses on the disposal of treasury shares are taken directly to retained earnings under equity.

Pension obligations, etc.

Under defined contribution plans, the Group pays fixed contributions to independent pension providers, etc., on an ongoing basis. The contributions are recognised in the income statement in the period in which the employees have performed the work making them eligible for pension contributions. Due amounts are recognised in the balance sheet as a liability.

Financial liabilities

Financial liabilities comprise bank debt, mortgage debt and trade payables, etc.

On initial recognition, financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost using the effective interest method to the effect that the difference between the proceeds and the nominal amount is recognised in the income statement as a financial expense over the term of the loan.

Non-financial liabilities are measured at net realisable value.

Share option programme

The value of services received from employees in exchange for granted options is measured at the fair value of the options granted. For equity-settled programmes, the share options are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity as an owner transaction.

For share option programmes where the option holder has a choice between settlement in shares or cash, the fair value is measured on initial recognition at the grant date and is recognised in the income statement under staff costs over the vesting period. On subsequent recognition, the fair value of the share options is remeasured at each end of the reporting periods and at final settlement, and any changes in the value of the share options are recognised in the income statement under staff costs in proportion to the lapsed part of the vesting period. The counter entry is recognised under liabilities.

On initial recognition of the share options, an estimate is made of the number of options expected to vest in accordance with the vesting conditions. That estimate is subsequently revised for changes in the number of options expected to vest so that the total recognition is based on the actual number of vested options.

The fair value of granted options is estimated using an option pricing model. The calculation takes into consideration the terms and conditions relating to the granted share options.

Commission

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

Other payables

Other payables comprise payables to public authorities, holiday pay obligations, etc., and are measured at amortised cost, which usually corresponds to the nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of entities are shown separately under cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from divestment of entities are recognised up until the date of divestment.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of entities and financial assets as well as acquisition, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the Company's share capital and any related expenses as well as the raising and settlement of loans, instalments on interest-bearing debt, purchase of treasury shares, distribution of dividend and changes to operating credits.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates for the months unless they differ significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates of each day are applied.

Cash and cash equivalents comprise cash at bank and in hand.

Notes

Financial highlights

Financial highlights are defined and calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios" and IAS 33 *Earnings per share*.

Key figures

The calculation of *earnings per share and diluted earnings per share* is specified in note 14.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating current assets less trade payables and other short-term operating liabilities. Cash is not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities less interest-bearing assets, including cash.

Ratios	Calculation formula	Ratios reflect
Operating profit/loss, EBITDA margin (%)	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities
Profit margin EBIT margin (%)	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Revenue}}$	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities before net financials
Return on invested capital incl. goodwill (%)	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Average invested capital, incl. goodwill}}$	The return generated by the Company on investors' funds through operating activities
Return on invested capital ex goodwill (%)	$\frac{\text{Profit/loss before net financials (EBIT)} \times 100}{\text{Average invested capital, ex goodwill}}$	The return generated by the Company on investors' funds through operating activities
Return on equity considering	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Company's ability to generate return to the Company's shareholders when the Company's capital base
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Company's financial gearing expressed as the Company's sensitivity to fluctuations in the interest rate level, etc.
Equity ratio, ex non-controlling interests	$\frac{\text{Equity ratio, ex non-controlling interests} \times 100}{\text{Total assets}}$	The Company's solvency ratio
Equity ratio, incl. non-controlling interests	$\frac{\text{Equity ratio, incl. non-controlling interests} \times 100}{\text{Total assets}}$	The Company's solvency ratio
Equity value per share	$\frac{\text{Equity ratio, ex non-controlling interests}}{\text{Number of shares at year end}}$	The value of equity per share according to the Company's annual report
Cash flow per share	$\frac{\text{Cash flows from operating activities}}{\text{Average number of diluted shares}}$	Cash flows from operating activities generated per share by the Company

2. Significant accounting estimates, assumptions and judgements

Several financial statement items cannot be reliably measured, only estimated. Such estimates comprise assessments based on the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the conditions on which the estimate was based or due to additional information, further experience or subsequent events.

Significant accounting estimates

When applying the accounting policies described in note 1, Management has made accounting estimates of, for example, valuation of goodwill, valuation of development costs, measurement of inventories and measurement of receivables, purchase price allocations in connection with acquisitions, expectations of earn-out payments after acquisitions as well as measurement of equity investments in subsidiaries in the parent company financial statements.

Assumptions and uncertainties relating to significant estimates are described below. Management is not otherwise considered having made accounting estimates that materially affect the annual report, nor are the accounting estimates made considered to be associated with significant uncertainty.

Changes in accounting policies

No significant changes have been made in accounting estimates in the financial year.

Significant assumptions and uncertainties

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In this connection, it is necessary to assume a course of events, etc., reflecting Management's assessment of the most likely course of events. In the annual report for 2021 as well as in annual reports for previous years, the following assumptions and uncertainties should be noted as they have significantly affected the assets and liabilities recognised in the annual report and may require corrections in subsequent financial years if the courses of events assumed are not realised as expected.

Recoverable amount of goodwill

An assessment of indication of impairment of recognised goodwill amounts requires a calculation of the values in use of the cash-generating units (CGUs) to which the goodwill amounts are allocated. The determination of the value in use requires an estimate of the expected future cash flows in each CGU as well as a determination of a reasonable

discount rate. The carrying amount of goodwill amounted to DKK 242,8 million at 31 December 2021. For a further description of the applied discount rates, etc., see note 15. The impairment tests performed show that the value in use of the CGUs is significantly higher than the carrying amount of the assets related to the CGUs.

Capitalised development projects

An impairment test has been carried out of selected development projects that are in the early commercial phase. The impairment test is based on a discount rate of 9.1% before tax and 7.5% after tax and expected revenue and earnings from the projects. The carrying amount of development projects amounts to DKK 35.4 million.

Inventories

Individual write-downs of inventories have been made based on turnover rate, defective goods, etc. Estimates in the year have not been subject to major changes.

Acquisition of entity

In connection with corporate acquisitions, the acquiree's identifiable assets, liabilities and contingent liabilities must be recognised at fair value in accordance with the acquisition method. The acquiree's core assets are usually goodwill, property, plant and equipment, intangible assets, receivables and inventories. There are no active markets that can be used to determine the fair value of a large part of the acquired assets and liabilities. This is particularly true for acquired intangible assets. The methods typically used are based on the net present value of expected future net cash flows related to the asset, or the cost method, which is based on, e.g., the replacement cost. Therefore, Management makes estimates when determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, determining the fair value can be associated with uncertainty and, potentially, be subject to subsequent adjustment.

The fair value of the identifiable assets, liabilities and contingent liabilities is described in note 42 Acquisition of subsidiaries in 2021, which also shows the methods applied to determine the fair values of the acquisitions made in 2021.

Assessment of liabilities in relation to contingent considerations

When acquiring entities, the expected payment of contingent considerations to the seller is recognised as a liability. If expectations change so that the contingent consideration is expected to be paid at another amount than the recognised liability, the adjustment amount must be

Notes

2. Significant accounting estimates, assumptions and judgements (continued)

recognised as revenue/expensed under net financials. In 2021, allocated contingent considerations/purchase price allocations of DKK 4.1 million were recognised as income in relation to acquisition of entities where payment of the final consideration was lower than expected. Remaining contingent considerations amount to DKK 12,5 million. Final calculation of contingent considerations is dependent on the financial performance of the entities acquired in 2022-2024 and is subject to estimates.

Commission

Provisions are made based on realised complaints costs and an assessment of the complaints in question.

Equity investments in subsidiaries in the parent company financial statements

The assessment of the need for impairment write-down of equity investments in subsidiaries requires the determination of values in use of the individual subsidiaries. The determination of the value in use requires an estimate of the expected future cash flows in each subsidiary as well as a determination of a reasonable discount rate. In connection with the valuation, the same discount rate was used as in connection with the impairment test for goodwill. Please see note 15. The tests performed show values exceeding the carrying amount of the individual equity investments.

Determination of the lease term in leases

The lease term covers the non-cancellable lease term of the lease plus periods covered by an extension option that the Group is reasonably likely to exercise and plus periods covered by a termination option that the Group is reasonably unlikely to exercise.

Some of the Group's leases on properties include options that grant the Group a right to extend the lease for an additional lease term. On initial recognition of the leased asset, the Group assesses whether the extension option is reasonably likely to be exercised. The Group reassesses this estimate in case of significant events or significant changes to circumstances that the Group can control.

Determination of discount rate in leases

When measuring future lease payments at present value, the Group uses its incremental borrowing rate. When assessing the incremental borrowing rate, the Group has classified its portfolio of leased assets based on the nature of the assets and in particular where the assets are located. The Company's leased assets primarily comprise properties in Eastern Europe and China where interest levels are higher than the Group's Danish interest level. The average incremental borrowing rate is determined at 5% per year.

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		3. Revenue		
6,391	6,012	Sale of goods	2,480,964	2,174,689
0	0	Sale of the year's production output relating to construction contracts	0	90
0	0	Gains/losses on hedging instruments reclassified from equity via other comprehensive income	-95	3,410
6,391	6,012		2,480,869	2,178,189
		Breakdown of revenue by customer groups		
0	0	Healthcare	773,300	641,800
3,066	2,661	Cleantech	789,800	785,100
0	0	Food-related	310,600	275,100
0	0	Automotive	141,000	91,300
3,325	3,351	Other demanding industries	466,169	384,889
6,391	6,012		2,480,869	2,178,189
		Moreover, reference is made to note 22 and note 40.		
		4. Production costs		
0	0	Cost of sales	1,292,393	1,146,815
0	0	Inventory write-down	4,243	2,213
0	0	Reversed inventory write-downs	-307	-341
0	0	Staff costs	381,618	332,708
0	0		1,677,947	1,481,395
		Reversal of inventory write-downs relates to the disposal of inventories written down.		
		5. Other operating income		
5,753	6,063	Rent	1,955	1,216
0	0	Gain on sale of non-current assets	811	333
0	0	Government grants, etc.	2,135	821
5,753	6,063		4,901	2,370
		6. Development costs		
0	0	Research and development costs incurred	13,869	12,138
0	0	Amount capitalised for accounting purposes	-13,384	-11,703
0	0	Expensed in the financial year	485	435

Development costs substantially relate to payroll costs.

Notes

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
7. Staff costs				
15,594	17,787	Wages and salaries	564,715	491,352
448	469	Pension contributions, defined contribution plan	41,695	38,910
74	86	Other social security costs	38,919	33,560
1,294	1,345	Other staff costs	26,558	24,179
683	1,921	Share-based payment	1,921	683
0	-9	Refunds from public authorities	-7,457	-11,984
18,093	21,599		666,351	576,700
Breakdown of staff costs:				
0	0	Production costs	381,618	332,708
18,093	21,599	Staff costs	284,733	243,992
18,093	21,599		666,351	576,700
9	9	Average number of employees	2,380	2,214

Remuneration of Management

Breakdown of remuneration of the members of the Parent Company's Board of Directors and Executive Board:

DKK'000	GROUP			
	Board of Directors		Executive Board	
	2021	2020	2021	2020
Remuneration of the Board of Directors	1,550	1,363	-	-
Remuneration, committee members	50	50	-	-
Wages and salaries	0	0	10,736	7,732
Share-based payment	0	0	330	0
	1,600	1,413	11,066	7,732

DKK'000	PARENT			
	Board of Directors		Executive Board	
	2021	2020	2021	2020
Remuneration of the Board of Directors	1,550	1,363	-	-
Remuneration, committee members	50	50	-	-
Wages and salaries	0	0	8,827	6,445
Share-based payment	0	0	330	0
	1,600	1,413	9,157	6,445

The Company has entered into defined contribution plans for the majority of its employees in Denmark.

According to the agreements entered into, the Company pays a monthly contribution to independent pension providers.

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
448	469	Expensed contributions to defined pension plans	41,695	38,910

8. Share-based payment

Equity-settled share option plans, Parent Company and Group

To tie the Executive Board and other executive officers more closely to the Group, SP Group A/S has set up the following share-based payment arrangements:

Warrant programme 2021

In 2021, the Group set up an incentive programme for the Company's Executive Board and 41 executive officers. The programme is based on warrants. A total of 108,750 warrants were issued in the year, of which 22,500 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 400.00 per share of nominally DKK 2 plus 7.5% p.a., calculated from 1 April 2021 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 25 March 2021. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2024 to 31 March 2027.

The estimated fair value of the warrants issued is calculated at approx. DKK 6,355 thousand on the assumption that the warrants granted will be exercised in April 2024. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	39.6%
Risk-free interest rate	0.00%
Share price (closing price on 25 March 2021)	361

Volatility is calculated based on the Company's share prices in the past 36 months.

Warrant programme 2020

No warrants were issued in 2020.

Warrant programme 2019

In 2019, the Group set up an incentive programme for the Company's Executive Board and 42 executive officers. The programme is based on warrants. A total of 240,000 warrants were issued in the year, of which 30,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 210.00 per share of nominally DKK 2 plus 7.5% p.a., calculated from 1 April 2019 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 27 March 2019. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2022 to 31 March 2025. Alternatively, the Executive Board and the 42 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised on 27 March 2019. The Executive Board and 17 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 1,805 thousand on the assumption that the warrants granted will be exercised in April 2022. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	20.5%
Risk-free interest rate	0.00%
Share price (closing price on 26 March 2019)	196

Volatility is calculated based on the Company's share prices in the past 3 months.

Warrant programme 2018

(one warrant comprises 5 shares of nom. DKK 2)

In 2018, the Group set up an incentive programme for the Company's Executive Board and 41 executive officers. The programme is based on warrants. A total of 41,500 warrants were issued in the year, of which 5,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 1,250 per share of nominally DKK 10 plus 7.5% p.a., calculated from 1 April 2018 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions immediately before the publication of the annual report on 22 March 2018. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2021 to 31 March 2024. Alternatively, the Executive Board and the 41 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised until 30 June 2018. The Executive Board and 16 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 2,678 thousand on the assumption that the warrants granted will be exercised in April 2021. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	27%
Risk-free interest rate	0.00%
Share price	1,075

Volatility is calculated based on the Company's share prices in the past 3 months.

Warrant programme 2017

(one warrant comprises 5 shares of nom. DKK 2)

In 2017, the Group set up an incentive programme for the Company's Executive Board and 37 executive officers. The programme is based on warrants. A total of 70,000 warrants were issued in the year, of which 10,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 775 per share of nominally DKK 10 plus 7.5% p.a., calculated from 1 April 2017 and until the warrants are in fact exercised. The exercise price is fixed based on the listed price immediately before and after the publication of the annual report on 30 March 2017. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

Notes

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2020 to 31 March 2023. Alternatively, the Executive Board and the 37 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised until 30 June 2017. The Executive Board and 19 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 730 thousand on the assumption that the warrants granted will be exercised in April 2020. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	16%
Risk-free interest rate	0.48%
Share price	700

Volatility is calculated based on the Company's share prices in the past 3 months.

Warrant programme 2016

(one warrant comprises 5 shares of nom. DKK 2)

In 2016, the Group set up an incentive programme for the Company's Executive Board and 29 executive officers. The programme is based on warrants. A total of 59,000 warrants were issued in the year, of which 10,000 were granted to the Executive Board and the rest to executive officers.

The warrants were granted based on a wish to tie the Company's executive officers more closely to the Group.

The exercise price is fixed at DKK 390 per share of nominally DKK 10 plus 7.5% p.a., calculated from 1 April 2016 and until the warrants are in fact exercised. The exercise price is fixed based on the listed price immediately before the publication of the annual report on 30 March 2016 and up to 27 April 2016. The warrants issued will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to subscribe for shares in the Company in the period from 1 April 2019 to 31 March 2022. Alternatively, the Executive Board and the 29 executive officers could purchase the warrants at market price, see below, against cash payment. The purchase option could be exercised until 30 June 2016. The Executive Board and 12 executive officers decided to exercise this option.

The estimated fair value of the warrants issued is calculated at approx. DKK 567 thousand on the assumption that the warrants granted will be exercised in April 2019. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Volatility	20%
Risk-free interest rate	0.00%
Share price	365

Volatility is calculated based on the Company's share prices in the past months.

Due to the 1:5 share split in May 2018, each existing warrant will be entitled to subscription for 5 shares at 20% of the original exercise price. This applies to the grants from 2016, 2017 and 2018.

Development in the year

The development in outstanding warrants can be specified as follows:

	Number warrants	Number warrants	Average exercise price, warrants	Average exercise price, warrants
	2021	2020	2021	2020
Number of warrants				
Outstanding warrants at 1 January	641,237	809,035	255	242
Granted in the financial year	108,750	0	497	0
Exercised in the financial year	-277,075	-160,028	241	190
Expired/cancelled in the financial year	-9,311	-7,770	-	-
	463,601	641,237	320	255
Exercisable at 31 December	121,380	219,735		

Of the outstanding warrants, 67,500 have been granted to the Executive Board and 396,101 to executive officers.

The fair values of the warrants issued calculated at the grant date are recognised proportionally in the income statement as staff costs over the period up to the exercise date.

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		Equity-settled share option plans		
683	1,921	Share-based payment recognised in income statement, equity-settled share option plan	1,921	683

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
9. Depreciation, amortisation and impairment losses				
121	215	Amortisation of intangible assets	13,018	11,131
3,823	3,860	Depreciation on property, plant and equipment	140,830	130,419
3,944	4,075		153,848	141,550
10. Dividends from subsidiaries				
50,723	63,181	Dividends from subsidiaries	-	-
50,723	63,181		-	-
11. Financial income				
1	0	Interest, etc.	313	357
1,096	1,705	Interest from group entities	-	-
1,097	1,705	Interest income from financial assets not measured at fair value through profit/loss	313	357
0	0	Exchange rate adjustments	5,757	7,055
1,806	4,125	Adjustment, contingent purchase consideration/purchase price	4,125	1,806
2,903	5,830		10,195	9,218
12. Financial expenses				
6,142	4,768	Interest, etc.	21,485	30,282
1,323	1,794	Interest to group entities	-	-
7,465	6,562	Interest expenses on financial liabilities not measured at fair value through profit/loss	21,485	30,282
4,016	0	Realised loss on sale of equity investments in subsidiaries	-	-
0	0	Value adjustment of hedging transactions	0	0
11,481	6,562		21,485	30,282

Notes

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		13. Tax for the year		
-3,429	-4,995	Current tax	50,004	40,494
210	15	Changes in deferred tax	4,553	2,432
-3,219	-4,980		54,557	42,926
		The current corporation tax charge for the financial year is calculated based on a tax rate of 22.0% (2020: 22.0%) for Danish entities. For foreign entities, the current tax rate in the country in question is applied.		
		Tax on other changes in equity		
-60	-998	Tax on acquisition/sale of treasury shares	-998	-60
-60	-998		-998	-60
		Tax on other comprehensive income		
0	0	Fair value adjustment of financial instruments held to hedge future cash flows	-10,246	-4,719
0	0		-10,246	-4,719
		Tax on items recognised in other comprehensive income can be specified as follows:		
0	0	Current tax	168	-22
0	0	Changes in deferred tax	-10,414	-4,697
0	0		-10,246	-4,719
		Reconciliation of tax rate		
-	-	Danish tax rate	22.0	22.0
-	-	Effect of differences in tax rates for foreign entities	-0.4	-0.3
-	-	Effect of adjustments made to previous years	0.0	0.7
-	-	Effect of contingent consideration recognised as income	-0.4	-0.2
-	-	Effective tax rate for the year	21.2	22.2
		The Parent Company's tax rate was materially affected by tax-exempt dividends from subsidiaries in both 2020 and 2021.		
		Breakdown of the computed current tax charge for the year:		
		Denmark	15,069	12,077
		Poland	12,167	9,191
		The US	12,056	7,555
		China	947	3,702
		Latvia	55	23
		Slovakia	2,791	2,135
		Norway	401	436
		Sweden	3,441	1,318
		Finland	1,721	1,778
		The Netherlands	1,356	1,740
		Brazil	0	539
			50,004	40,494

DKK'000	GROUP	
	2021	2020
14. Earnings per share		
The calculation of earnings per share is based on the following:		
Profit to the Parent Company's shareholders	202,743	150,806
Number of shares	2021	2020
Average number of shares issued	12,490,000	12,004,167
Average number of treasury shares	-298,596	-264,512
Number of shares used to calculate earnings per share	12,191,404	11,739,655
Average dilution effect of outstanding warrants	143,186	84,627
Number of shares used to calculate diluted earnings per share	12,334,590	11,824,282

DKK'000	GROUP					
	Trade-marks	Software	Customer files	Goodwill	Completed development projects	Ongoing development projects
15. Intangible assets						
Cost at 1 January 2021	1,876	33,391	73,910	220,050	49,001	13,690
Value adjustment	0	-2	0	1,228	77	0
Additions relating to acquisition of entity	0	0	11,032	23,383	0	0
Additions	520	3,113	917	0	0	13,384
Disposals	0	-113	0	0	-610	0
Cost at 31 December 2021	2,396	36,389	85,859	244,661	48,468	27,074
Amortisation and impairment losses at 1 January 2021	121	26,949	27,693	1,861	37,986	0
Value adjustment	0	-7	0	0	77	0
Amortisation for the year	215	2,456	7,695	0	2,652	0
Reversal on disposal	0	-87	0	0	-610	0
Amortisation and impairment losses at 31 December 2021	336	29,311	35,388	1,861	40,105	0
Carrying amount at 31 December 2021	2,060	7,078	50,471	242,800	8,363	27,074
Cost at 1 January 2020	209	33,141	62,407	200,853	44,480	6,783
Value adjustment	0	-237	0	-1,361	-275	0
Additions relating to acquisition of entity	0	0	10,200	20,558	0	0
Additions	1,667	549	1,303	0	4,796	7,756
Disposals	0	-62	0	0	0	-849
Cost at 31 December 2020	1,876	33,391	73,910	220,050	49,001	13,690
Amortisation and impairment losses at 1 January 2020	0	24,607	21,063	1,861	36,335	0
Value adjustment	0	-201	0	0	-186	0
Amortisation for the year	121	2,543	6,630	0	1,837	0
Reversal on disposal	0	0	0	0	0	0
Amortisation and impairment losses at 31 December 2020	121	26,949	27,693	1,861	37,986	0
Carrying amount at 31 December 2020	1,755	6,442	46,217	218,189	11,015	13,690

Notes

DKK'000	PARENT			
	Trademarks		Software	
	2021	2020	2021	2020
15. Intangible assets (continued)				
Cost at 1 January	1,876	209	1,135	1,052
Additions	520	1,667	166	83
Disposals	0	0	0	0
Cost at 31 December	2,396	1,876	1,301	1,135
Amortisation and impairment losses at 1 January	121	0	1,052	1,052
Amortisation for the year	215	121	0	0
Reversal on disposal	0	0	0	0
Amortisation and impairment losses at 31 December	336	121	1,052	1,052
Carrying amount at 31 December	2,060	1,755	249	83

Goodwill

Goodwill arising from business acquisitions, etc., is distributed at the acquisition date to the cash-generating units that are expected to obtain financial benefits from the business combination.

The carrying amount of goodwill is distributed as follows by cash-generating units:

DKK'000	GROUP	
	2021	2020
Coreplast Laitila Oy	4,449	4,449
Jollmax Coating Oy	7,880	0
Neptun Plast A/S	15,684	0
SP Group (excluding Coreplast Laitila Oy, Jollmax Coating Oy and Neptun Plast A/S)	214,787	213,740
	242,800	218,189

Compared to 2020, goodwill related to Nycopac AB (DKK 9,813 thousand) and Dan-Hill-Plast A/S (DKK 20,558 thousand) has been combined with the cash-generating unit SP Group (excluding Coreplast Laitila Oy, Jollmax Coating Oy and Neptun Plast A/S).

The Group manages and monitors goodwill collectively for SP Group (excluding Coreplast Laitila Oy, Jollmax Coating Oy and Neptun Plast A/S). Coreplast Laitila Oy, Jollmax Coating Oy and Neptun Plast A/S are monitored separately until the contingent considerations have been determined definitively.

15. Intangible assets (continued)

Goodwill

Goodwill is tested for impairment at least annually and if there is indication of impairment. The annual impairment test is usually performed at 31 December.

No impairment losses were recognised in respect of goodwill in 2020 or 2021.

The recoverable amount of the cash-generating units to which the goodwill amounts relate is calculated on the basis of a calculation of value in use. In this relation, the most significant uncertainties are attributable to the determination of discount rates and growth rates as well as sales expectations.

The discount rates determined reflect the market assessments of the time value of money expressed as a risk-free interest rate and the specific risks related to the cash-generating unit.

The fixed sales prices, production costs and growth rates are based on historical experience as well as expectations of future market changes. Revenue from the individual cash-generating units stems from multiple industries and is therefore not particularly dependent on sectors or individual customers.

The calculation of the value in use is based on the cash flows stated in the most recent budget for 2022 approved by Management and forecasts for 2023 and 2024. For financial years after the forecast period, cash flows have been extrapolated for the most recent forecast periods, adjusted for an expected growth rate.

The most significant parameters applied in calculating recoverable amounts are as follows:

	2021	2020
Discount rate after tax	7.5%	7.5%
Discount rate before tax	9.1%	9.1%
Growth rate in the terminal period	2.0%	2.0%

The above parameters have been used for all four cash-generating units, as it is assessed that there are no material differences in the parameters affecting the value in use in the individual cash-generating units.

Other intangible assets

Apart from goodwill, all intangible assets are considered to have definite useful lives over which the assets are amortised; see the description of accounting policies.

Notes

DKK'000	GROUP				
	Land and buildings	Plant and machinery	Other plant, etc.	Leasehold improvements	Property, plant and assets under construction
16. Property, plant and equipment					
Cost at 1 January 2021	429,063	1,016,543	141,390	60,526	48,748
Value adjustment	2,035	4,033	545	2,804	1,874
Reclassification	0	12,293	4,392	0	0
Transferred from note 17	0	32,189	0	0	0
Additions relating to acquisition of entity	4,030	4,654	432	0	0
Additions	31,501	124,917	17,195	3,139	81,325
Disposals	0	-5,830	-2,191	-1,660	-70,103
Cost at 31 December 2021	466,629	1,188,799	161,763	64,809	61,844
Depreciation and impairment losses at 1 January 2021	139,587	653,394	101,723	29,902	0
Value adjustment	95	3,201	397	806	0
Reclassification	0	12,340	4,344	0	0
Transferred from note 17	0	16,696	0	0	0
Amortisation for the year	11,416	72,900	12,027	4,834	0
Reversal on disposal	0	-5,426	-1,930	-1,505	0
Depreciation and impairment losses at 31 December 2021	151,098	753,105	116,561	34,037	0
Carrying amount at 31 December 2021	315,531	435,694	45,202	30,772	61,844
Cost at 1 January 2020	387,490	988,894	137,346	49,689	32,370
Value adjustment	-2,481	-23,826	-1,739	-2,615	-822
Reclassification	3,428	-4,621	3	-3,429	0
Transferred to leased assets	0	4,498	0	0	0
Additions relating to acquisition of entity	0	11,609	1,228	0	0
Additions	40,626	59,338	10,701	17,028	67,776
Disposals	0	-19,349	-6,149	-147	-50,576
Cost at 31 December 2020	429,063	1,016,543	141,390	60,526	48,748
Depreciation and impairment losses at 1 January 2020	126,175	620,493	97,289	29,460	0
Value adjustment	-182	-10,878	-1,185	-1,906	0
Reclassification	2,385	-4,621	2	-2,385	0
Transferred to leased assets	0	2,601	0	0	0
Depreciation for the year	11,209	64,635	11,275	4,772	0
Reversal on disposal	0	-18,836	-5,658	-39	0
Depreciation and impairment losses at 31 December 2020	139,587	653,394	101,723	29,902	0
Carrying amount at 31 December 2020	289,476	363,149	39,667	30,624	48,748

Agreements regarding the acquisition of machinery for future delivery, approx. DKK 30 million (2020: approx. DKK 30 million).

	PARENT			
DKK'000	Land and buildings	Plant and machinery	Other plant etc.	Plant under construction
16. Property, plant and equipment (continued)				
Cost at 1 January 2021	112,179	1,680	2,380	0
Additions	244	0	86	0
Disposals	0	0	-21	0
Cost at 31 December 2021	112,423	1,680	2,445	0
Depreciation and impairment losses at 1 January 2021	29,074	560	1,658	0
Depreciation for the year	2,563	480	247	0
Reversal on disposal	0	0	-21	0
Depreciation and impairment losses at 31 December 2021	31,637	1,040	1,884	0
Carrying amount at 31 December 2021	80,786	640	561	0
Cost at 1 January 2020	112,131	1,680	2,026	0
Additions	48	0	354	0
Disposals	0	0	0	0
Cost at 31 December 2020	112,179	1,680	2,380	0
Depreciation and impairment losses at 1 January 2020	26,526	80	1,433	0
Depreciation for the year	2,548	480	225	0
Reversal on disposal	0	0	0	0
Depreciation and impairment losses at 31 December 2020	29,074	560	1,658	0
Carrying amount at 31 December 2020	83,105	1,120	722	0

Notes

DKK'000	GROUP			
	Land and buildings	Plant and machinery	Other plant, etc.	Total
17. Leases				
Leased assets				
Balance sheet at 01 January 2021	165,536	83,274	9,851	258,661
Value adjustment	2,984	5	0	2,989
Additions	1,913	10,133	3,312	15,358
Additions relating to acquisition of entity	3,752	0	0	3,752
Transferred to note 16	0	-15,493	0	-15,493
Disposals	-477	0	0	-477
Remeasurement of lease liability	6,229	0	0	6,229
Depreciation/amortisation for the year	-27,810	-7,542	-4,302	-39,654
Carrying amount at 31 December 2021	152,127	70,377	8,861	231,365
Balance sheet at 01 January 2020	131,073	88,930	8,980	228,983
Value adjustment	-6,665	-53	0	-6,718
Additions	13,027	5,246	4,923	23,196
Additions relating to acquisition of entity	29,875	0	0	29,875
Transferred to note 16	-16,975	-1,896	0	-18,871
Disposals	0	0	0	0
Remeasurement of lease liability	40,724	0	0	40,724
Depreciation/amortisation for the year	-25,523	-8,953	-4,052	-38,528
Carrying amount at 31 December 2020	165,536	83,274	9,851	258,661

Agreements regarding the acquisition of machinery for future delivery, approx. DKK 20 million (2020: approx. DKK 10 million).

DKK'000	2021	2020
Lease liabilities – maturity analysis		
Less than 1 year	77,469	52,151
Between 1 and 3 years	78,241	97,911
Between 3 and 5 years	35,112	51,978
Exceeding 5 years	39,725	48,631
Total non-discounted lease liabilities at 31 December	230,547	250,671
Lease liabilities recognised in the balance sheet		
Current	75,709	55,394
Non-current	126,474	165,952
	202,183	221,346
Lease liabilities recognised in the income statement		
Interest expenses relating to lease liabilities	7,226	6,295
	7,226	6,295

In 2021, the Group paid DKK 54.2 million (2020: DKK 51.3 million) regarding leases, of which interest payments related to recognised lease liabilities totalled DKK 7.2 million (2020: DKK 6.3 million) and repayment of recognised lease liabilities totalled DKK 47.0 million (2020: DKK 47.7 million).

Reference is made to note 2 for a description of the determination of the lease term and discount rate in leases.

		PARENT
DKK'000		Other plant, etc.
17. Leases (continued)		
Leased assets		
Balance sheet at 1 January 2021		1,677
Additions		0
Disposals		0
Remeasurement of lease liability		22
Depreciation/amortisation for the year		-570
Carrying amount at 31 December 2021		1,129
Balance sheet at 1 January 2020		1,247
Additions		1,000
Disposals		0
Remeasurement of lease liability		0
Depreciation/amortisation for the year		-570
Carrying amount at 31 December 2020		1,677
Lease liabilities – maturity analysis		
Less than 1 year	581	581
Between 1 and 3 years	583	1,091
Between 3 and 5 years	0	73
Exceeding 5 years	0	0
Total non-discounted lease liabilities at 31 December	1,164	1,745
Lease liabilities recognised in the balance sheet		
Short-term	570	570
Long-term	559	1,107
	1,129	1,677
Lease liabilities recognised in the income statement		
Interest expenses relating to lease liabilities	11	11
	11	11

In 2021, the Parent Group paid DKK 0.6 million (2020: DKK 0.6 million) regarding leases, of which interest payments related to recognised lease liabilities totalled DKK 0.0 million (2020: DKK 0.0 million) and repayment of recognised lease liabilities totalled DKK 0.6 million (2020: DKK 0.6 million).

Reference is made to note 2 for a description of the determination of the lease term and discount rate in leases.

Notes

DKK'000	PARENT	
	2021	2020
18. Equity investments in subsidiaries		
Cost at 1 January	908,052	904,428
Additions	125	25,000
Disposals	0	-21,376
Cost at 31 December	908,177	908,052
Impairment losses at 1 January	241,767	241,767
Impairment losses for the year	0	4,016
Reversed impairment write-downs	0	-4,016
Impairment losses at 31 December	241,767	241,767
Carrying amount at 31 December	666,410	666,285

The impairment loss in 2020 relates to the equity investment in Nycopac AB, which was sold internally in the Group at a loss of DKK 4.0 million.

Equity investments in subsidiaries directly owned by the Parent Company comprise:

	Registered office	Ownership interest		Share of voting rights		Activity
		2021	2020	2021	2020	
SP Moulding	Denmark	100%	100%	100%	100%	Production and sale of injection-moulded components
Ulstrup Plast A/S	Denmark	100%	100%	100%	100%	Production and sale of injection-moulded components
Coreplast Laitila Oy	Finland	100%	100%	100%	100%	Production and sale of injection-moulded components
MedicoPack A/S	Denmark	100%	100%	100%	100%	Production and sale of blow-moulded components
Gibo Plast	Denmark	100%	100%	100%	100%	Production and sale of vacuum-formed components
Accoat A/S	Denmark	100%	100%	100%	100%	Production and sale of coatings
Ergomat A/S	Denmark	100%	100%	100%	100%	Production and sale of ergonomics solutions
Tinby A/S	Denmark	100%	100%	100%	100%	Production and sale of polyurethane products
TPI Polytechniek B.V.	The Netherlands	100%	100%	100%	100%	Sale of ventilation components
Brdr. Bourghardt AB	Sweden	100%	100%	100%	100%	Production and sale of Telene products
Baltic Rim SIA	Latvia	100%	100%	100%	100%	Production and sale of Telene products
MM Composite A/S	Denmark	100%	100%	100%	100%	Production and sale of composite products
SP Moulding Denmark A/S	Denmark	100%	100%	100%	100%	Sale of plastic components and technologies
SP Technology ApS	Denmark	100%	100%	100%	100%	Sale of plastic components and technologies
SP R&D A/S	Denmark	100%	100%	100%	100%	Development company
SPG Ejendomme 1 ApS	Denmark	100%	100%	100%	100%	Property company
SPG Ejendomme 2 ApS	Denmark	100%	100%	100%	100%	Property company
SPG Ejendomme 3 ApS	Denmark	100%	0%	100%	0%	Property company

Note 47 includes an overview of all entities in the Group.

DKK'000	GROUP	
	2021	2020
19. Equity investments in associates		
Cost at 1 January	0	0
Additions	400	0
Cost at 31 December	400	0
Adjustments at 1 January	0	0
Exchange rate adjustments	0	0
Share of profit/loss	0	0
Transferred to subsidiary	0	0
Adjustments at 31 December	0	0
Carrying amount at 31 December	400	0

In 2021, SP Group acquired 20% of the share in the company Juelsmindehalvøens Solar A/S. The results of operation for the year in the latest annual report shows a loss of DKK 184 thousand and equity of DKK 1,816 thousand.

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		20. Inventories		
0	0	Raw materials and consumables	290,894	222,617
0	0	Work in progress	73,105	74,579
0	0	Finished goods and goods for resale	241,098	203,086
0	0		605,097	500,282
0	0	Carrying amount of inventories recognised at net realisable value	1,828	1,712
		21. Trade receivables		
0	0	Write-downs for the year recognised in the income statement	14	309

Write-down for bad and doubtful debts is determined based on the simplified expected credit loss model.

Please see note 38.

Notes

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
22. Contract assets				
Contract assets				
0	0	Trade receivables	296,024	250,933
0	0	Construction contracts	0	0
0	0	Refund assets	0	0
0	0	Costs incurred in obtaining construction contracts	0	0
0	0		296,024	250,933
Contractual obligations				
0	0	Construction contracts	0	0
0	0	Prepayments from customers	58,574	48,001
0	0	Refund liabilities	0	0
0	0		58,574	48,001

The number of construction contracts in the Group is limited. Pursuant to IFRS 15.121, the Group has not disclosed unfulfilled terms of delivery as the expected duration of the Group's construction contracts is less than a year.

23. Other receivables

Receivables are not associated with any special credit risks, and as in the previous year, no impairment losses have been recognised in that regard. None of the receivables have fallen due. They will fall due in 2022.

24. Cash

The Group's and the Parent Company's cash primarily consists of deposits in banks with high credit ratings. Consequently, cash is not considered to be associated with any particular credit risk.

25. Share capital

The share capital consists of 12,490,000 shares. The shares are fully paid-up. The shares are not divided into classes.

All shares rank equally.

DKK'000	Shares issued			
	No. of shares		Nom. value	
	2021	2020	2021	2020
1 January	12,490,000	11,390,000	24,980,000	22,780,000
Capital increase	0	1,100,000	0	2,200,000
31 December	12,490,000	12,490,000	24,980,000	24,980,000

In June 2020, the capital was increased by DKK 2,200,000 nominal value (1,100,000 shares) at a price of 200, corresponding to a total proceed of DKK 220,000 thousand. In connection with the capital increase, costs of DKK 5,462 thousand were deducted from the proceeds of the capital increase, and subsequently, the proceed amounted to DKK 214,538 thousand.

DKK'000	Treasury shares					
	No. of shares		Nom. value		% of share capital	
	2021	2020	2021	2020	2021	2020
1 January	286,430	242,594	572,860	485,188	2.3%	2.1%
Capital increase	0	0	0	0	0.0%	-0.2%
Acquired	301,404	203,864	602,808	407,728	2.4 %	1.6%
Sold	-277,073	-160,028	-554,146	-320,056	-2.2%	-1.3%
31 December	310,761	286,430	621,522	572,860	2.5%	2.3%

Acquisitions in 2020 and 2021 were made in order to partially fund existing warrant programmes.

Sales in 2020 and 2021 relate to the exercise of warrant programmes.

Capital management

The Group continually assesses the need to adjust its capital structure to weigh the higher yield requirement applicable to equity against the increased uncertainty associated with loan capital. At year end 2021, equity accounted for 42.8% of total assets (2020: 44.5%). It is the Group's objective to have a solvency ratio of 25-45%. Capital is managed for the Group as a whole.

It is SP Group A/S' policy that the shareholders should yield a return on their investment in the form of price increases and dividend. It is the ambition that earnings per share should increase by an average of 20% annually over a five-year period. Payment of dividends must be made taking into consideration the necessary consolidation of equity as a basis for the Group's continued expansion. In 2021, dividends of DKK 3 per share are proposed, corresponding to 18% of the profit for the year.

Notes

				KONCERN
DKK'000	Reserve for exchange rate adjustments	Reserve for share- based remuneration	Hedging reserve	Total
26. Other reserves				
Reserve at 1 January 2020	1,313	4,165	20,677	26,155
Exchange rate adjustment relating to foreign entities	-33,918	0	0	-33,918
Recognition of share-based payment	0	683	0	683
Share-based payment, exercised arrangements	0	-350	0	-350
Value adjustments of financial instruments held to hedge future cash flows, net	0	0	-20,116	-20,116
Reserve at 31 December 2020	-32,605	4,498	561	-27,546
Exchange rate adjustment relating to foreign entities	20,267	0	0	20,267
Recognition of share-based payment	0	1,921	0	1,921
Share-based payment, exercised arrangements	0	-608	0	-608
Value adjustments of financial instruments held to hedge future cash flows, net	0	0	-43,680	-43,680
Reserve at 31 December 2021	-12,338	5,811	-43,119	-49,646

				PARENT
DKK'000		Reserve for share- based remuneration	Hedging reserve	Total
Reserve at 1 January 2020		4,165	0	4,165
Recognition of share-based payment		683	0	683
Share-based payment, exercised arrangements		-350	0	-350
Sale of warrants		0	0	0
Value adjustments of financial instruments held to hedge future cash flows, net		0	0	0
Reserve at 31 December 2020		4,498	0	4,498
Recognition of share-based payment		1,921	0	1,921
Share-based payment, exercised arrangements		-608	0	-608
Value adjustments of financial instruments held to hedge future cash flows, net		0	0	0
Reserve at 31 December 2021		5,811	0	5,811

The translation reserve comprises all exchange rate adjustments arising on translation of financial statements of entities with a functional currency other than DKK.

The reserve for share-based payment comprises the accumulated value of the vested right to share option plans (equity-settled share option plans) measured at the fair value of the equity instruments at the grant date and recognised over the vesting period. The reserve is dissolved as the employees exercise the vested right to acquire shares or as the option expire without having been exercised.

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows where the hedged transaction has not yet been realised.

DKK'000	GROUP							
	Bank debt		Financial institutions		Lease liabilities		Other non-current liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
27. Non-current liabilities								
Non-current liabilities fall due as follows:								
Within one year from the balance sheet date	64,116	69,618	25,238	25,075	75,710	55,394	17,245	17,871
Between one and two years from the balance sheet date	62,945	51,956	24,881	25,097	41,961	57,074	9,921	10,919
Between two and three years from the balance sheet date	62,812	47,319	17,209	24,753	30,263	34,322	5,081	1,390
Between three and four years from the balance sheet date	60,705	47,106	8,541	17,082	18,416	27,411	1,178	1,390
Between four and five years from the balance sheet date	34,408	44,998	8,238	8,414	11,612	17,264	1,178	1,390
After five years from the balance sheet date	28,713	20,870	22,342	29,770	24,221	29,881	14,162	16,671
	313,699	281,867	106,449	130,191	202,183	221,346	48,765	49,631
Liabilities are recognised in the balance sheet as follows:								
Current liabilities	64,116	69,618	25,238	25,075	75,710	55,394	17,245	17,871
Non-current liabilities	249,583	212,249	81,211	105,116	126,473	165,952	31,520	31,760
	313,699	281,867	106,449	130,191	202,183	221,346	48,765	49,631
Fair value	313,699	281,867	109,978	133,696	202,277	221,700	48,765	49,631

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

Other non-current liabilities include the net present value of expected earn-out payments and debt instruments in connection with acquisitions of entities in 2019, 2020 and 2021 and frozen holiday pay.

See note 38 on liquidity risks for information on covenants agreed with the financial lenders.

Liabilities from financing activities in 2021

Bank debt, financial institutions and finance lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	153,198	109,623	0	0	0	262,821
Bank debt	281,867	31,832	0	0	0	313,699
Financial institutions	130,191	-23,742	0	0	0	106,449
Lease liabilities	221,346	-46,964	3,752	21,587	2,462	202,183
Other non-current liabilities	49,631	-20,833	22,966	0	-2,999	48,765
	836,233	49,916	26,718	21,587	-537	933,917

Liabilities from financing activities in 2020

Bank debt, financial institutions and finance lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	278,804	-125,606	0	0	0	153,198
Bank debt	282,689	-822	0	0	0	281,867
Financial institutions	155,240	-25,049	0	0	0	130,191
Lease liabilities	207,650	-45,703	19,125	40,274	0	221,346
Other non-current liabilities	67,302	-45,365	14,442	0	13,252	49,631
	991,685	-242,545	33,567	40,274	13,252	836,233

Notes

DKK'000	PARENT							
	Bank debt		Financial institutions		Lease liabilities		Other non-current liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
27. Non-current liabilities (continued)								
Non-current liabilities fall due as follows:								
Within one year from the balance sheet date	57,900	61,258	19,531	19,496	570	570	1,707	8,076
Between one and two years from the balance sheet date	58,800	46,200	19,530	19,512	490	559	0	4,674
Between two and three years from the balance sheet date	58,800	43,200	11,851	19,519	69	481	0	42
Between three and four years from the balance sheet date	57,300	43,200	4,171	11,849	0	67	0	42
Between four and five years from the balance sheet date	31,400	41,700	3,864	4,176	0	0	0	42
After five years from the balance sheet date	25,900	15,800	6,731	10,633	0	0	0	502
	290,100	251,358	65,678	85,185	1,129	1,677	1,707	13,378
Liabilities are recognised in the balance sheet as follows:								
Current liabilities	57,900	61,258	19,531	19,496	570	570	1,707	8,076
Non-current liabilities	232,200	190,100	46,147	65,689	559	1,107	0	5,302
	290,100	251,358	65,678	85,185	1,129	1,677	1,707	13,378
Fair value	290,100	251,358	67,029	86,647	1,129	1,677	1,707	13,378

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

Other non-current liabilities include the net present value of expected earn-out payments and debt instruments in connection with acquisitions of entities in 2019 and 2020 and frozen holiday pay.

See note 38 on liquidity risks for information on covenants agreed with the financial lenders.

Liabilities from financing activities in 2021

Bank debt, financial institutions and finance lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	62,369	-952	0	0	0	61,417
Bank debt	251,358	38,742	0	0	0	290,100
Financial institutions	85,185	-19,507	0	0	0	65,678
Lease liabilities	1,677	-548	0	0	0	1,129
Other non-current liabilities	13,378	-7,652	0	0	-4,019	1,707
	413,967	10,083	0	0	-4,019	420,031

Liabilities from financing activities in 2020

Bank debt, financial institutions and finance lease liabilities	Opening balance	Cash flows	Non-cash changes			Closing balance
			Acquisitions	Leases	Value adjustments	
Short-term bank debt	57,611	4,758	0	0	0	62,369
Bank debt	267,188	-15,830	0	0	0	251,358
Financial institutions	104,671	-19,486	0	0	0	85,185
Lease liabilities	1,247	-582	0	1,012	0	1,677
Other non-current liabilities	59,601	-45,365	0	0	-858	13,378
	490,318	-76,505	0	1,012	-858	413,967

PARENT			GROUP	
Deferred tax assets	Deferred tax liabilities	DKK'000	Deferred tax assets	Deferred tax liabilities
28. Deferred tax				
0	2,677	Deferred tax at 1 January 2020	1,760	60,169
0	0	Exchange rate adjustment	-48	-186
0	0	Addition, acquisition	0	5,974
0	210	Change in deferred tax recognised in the income statement	1,088	3,520
0	0	Change in deferred tax recognised in other comprehensive income	607	-4,090
0	0	Transfer, subsidiaries	0	0
0	2,887	Deferred tax at 31 December 2020	3,407	65,387
0	0	Exchange rate adjustment	185	28
0	0	Addition, acquisition	0	3,277
0	16	Change in deferred tax recognised in the income statement	2,979	7,549
0	0	Change in deferred tax recognised in other comprehensive income	4,426	-5,988
0	2,903	Deferred tax at 31 December 2021	10,997	70,253

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
Deferred tax is recognised in the balance sheet as follows:				
0	0	Deferred tax assets	10,997	3,407
-2,887	-2,903	Deferred tax liabilities	-70,253	-65,387
-2,887	-2,903		-59,256	-61,980

The Group's tax assets mainly comprise the tax value of tax loss carryforwards in a few foreign subsidiaries. The tax assets are expected to be utilised within three years.

There are no tax assets or tax liabilities that have not been recognised in the balance sheet.

Notes

							GROUP
DKK'000	1 January	Recognised in the income statement	Recognised in other compre- hensive income	Recognised in equity	Recognised on acquisition of entity	Value adjustments, etc.	31 December
28. Deferred tax (continued)							
2021							
Intangible assets	23,587	1,314	0	0	1,568	580	27,049
Property, plant and equipment	46,235	1,670	0	0	830	1,067	49,802
Inventories	3,642	-941	0	0	879	78	3,658
Receivables	1,025	1,421	0	0	0	54	2,500
Liabilities	-10,484	758	0	0	0	-213	-9,939
Value adjustment of derivative financial instruments	121	0	-10,414	0	0	-1,700	-11,993
Tax loss carryforwards	-2,146	371	0	0	0	-46	-1,821
	61,980	4,593	-10,414	0	3,277	-180	59,256
2020							
Intangible assets	17,726	3,383	0	0	2,365	113	23,587
Property, plant and equipment	42,408	371	0	0	3,236	220	46,235
Inventories	3,359	-12	0	0	278	17	3,642
Receivables	1,402	-590	0	0	208	5	1,025
Liabilities	-10,199	-122	0	0	-113	-50	-10,484
Value adjustment of derivative financial instruments	5,250	0	-4,697	0	0	-432	121
Tax loss carryforwards	-1,537	-598	0	0	0	-11	-2,146
	58,409	2,432	-4,697	0	5,974	-138	61,980
							PARENT
DKK'000	1 January	Recognised in the income statement	Recognised in other compre- hensive income	Recognised in equity	Recognised on acquisition of entity	Transfer subsidiaries	31 December
2021							
Intangible assets	405	103	0	0	0	0	508
Property, plant and equipment	2,976	346	0	0	0	0	3,322
Liabilities	-494	-433	0	0	0	0	-927
Tax loss carryforwards	0	0	0	-998	0	998	0
	2,887	16	0	-998	0	998	2,903
2020							
Intangible assets	47	358	0	0	0	0	405
Property, plant and equipment	2,644	332	0	0	0	0	2,976
Liabilities	-14	-480	0	0	0	0	-494
Tax loss carryforwards	0	0	0	-60	0	60	0
	2,677	210	0	-60	0	60	2,887

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		29. Trade payables		
1,068	1,071	Trade payables	185,432	177,228
		The carrying amount corresponds to the fair value of the liabilities.		
		30. Provisions (warranty commitments)		
0	0	Provisions at 1 January	3,247	4,673
0	0	Additions	170	2,429
0	0	Disposals	-1,760	-3,855
0	0	Provisions at 31 December	1,657	3,247
		Provisions for warranty commitments relate to sold, but defective items. Provisions have been calculated based on expected remedial costs. Such costs are expected to be incurred primarily during 2022.		
		31. Other payables		
		The item comprises payables relating to payroll, withholding taxes, social security contributions, holiday pay, VAT, duties, etc.		
		The holiday pay obligation represents the Group's obligation to pay salary to employees during holidays which, at the balance sheet date, they are entitled to take in the subsequent financial year.		
		32. Collateral		
		Mortgage debt of DKK 67 million (of which DKK 28 million relates to the Parent Company) is secured by way of mortgage on properties. The mortgage also comprises such items of plant and machinery that are deemed part of the properties.		
		Moreover, loans with banks and financial institutions are secured by way of a letter of indemnity on real property and mortgages registered to the mortgagor with secondary liability, totalling a nominal amount of DKK 60 million (2020: DKK 60 million).		
82,709	80,390	Carrying amount of mortgaged properties	171,928	169,198
		Bank debt is secured by way of collateral on equity investments in the Parent Company's Danish subsidiaries.		
298,288	298,288	Carrying amount of pledged investments (cost)	-	-

Notes

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		33. Recourse guarantee commitments and contingent liabilities		
		Together with its subsidiaries, the Parent Company has entered into bank commitments under which the Parent Company is liable for all bank overdraft withdrawals.		
95,525	210,945	Subsidiaries' bank debt		
		The Parent Company has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.		
22,411	18,982	Surety, guarantee and liability		
		The Parent Company is jointly and severally liable for the subsidiaries' lease liabilities.		
52,334	46,329	Minimum lease payments		
		On behalf of a subsidiary, the Parent Company has provided a payment guarantee of DKK 5,349 thousand to a supplier (2020: DKK 3,816 thousand).		
		The Parent Company is jointly taxed with other Danish entities in SP Group A/S. As administration company, the Company has joint and several liability, together with the other jointly taxed entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. At 31 December 2021, the jointly taxed entities' total net receivable from the Danish Customs and Tax Administration amounted to approx. DKK 3.1 million (31 December 2020: DKK -2.9 million).		
		34. Changes in net working capital		
0	0	Changes in inventories	-96,058	-1,127
-69,100	-81,576	Changes in receivables	-39,684	-23,837
-4,016	60,983	Changes in trade payables, etc.	3,850	50,397
-73,116	-20,593		-131,892	25,433
		35. Cash and cash equivalents		
71,902	6,496	Cash	82,163	122,692
71,902	6,496		82,163	122,692
		36. Fees to the Parent Company's auditor appointed by the general meeting		
		External expenses include fees to the Parent Company's auditor appointed by the general meeting:		
		EY		
362	395	Statutory audit	2,774	2,446
0	0	Other assurance engagements	42	46
123	127	Tax and VAT advisory services	143	196
853	202	Non-audit services	370	897
1,338	724		3,329	3,585

Tax and VAT advisory services comprise review of schedules to the income tax return, TP documentation and general advisory services regarding VAT and tax matters. Non-audit services primarily comprise agreed-upon procedures in connection with corporate acquisitions.

37. Related parties

Related parties exercising control over the Group and the Parent Company

There are no related parties exercising control over SP Group A/S. Shareholders holding more than 5% of the share capital are disclosed in note 41.

For an outline of subsidiaries, see the group chart in note 47.

Related party transactions, Group

In 2021, the Group's ordinary sale of goods amounted to DKK 447 to a company which is a related party of the chair of the Board.

The Group did not carry out any other related party transactions in 2020 and 2021 apart from remuneration of the members of the Board of Directors and the Executive Board and distribution of dividend.

Related party transactions, Parent Company

DKK'000	Rental income	Rental expenses	Sale of goods and services	Purchase of goods and services	Interest income	Interest expenses closing.	Plant	Receivables	Payables
2021									
From subsidiaries	6,063	0	7,387	620	1,705	1,795	0	201,666	177,855
2020									
From subsidiaries	5,543	0	7,645	620	1,096	1,323	0	119,735	119,605

In addition, SP Group A/S received dividends from subsidiaries in the amount of DKK 63,181 thousand (2020: DKK 50,723 thousand) and sold the subsidiary shares in Nycopac AB internal in the Group in 2020 at a price of DKK 17,361 thousand.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

Rental income relates to the Parent Company's renting of properties to subsidiaries. The rent is fixed on a market basis.

Sale of services relates to assistance provided to subsidiaries. Intra-group acquisitions and sales are made at cost plus a mark-up.

No security or guarantees have been provided for intra-group balances at the balance sheet apart from what is disclosed in note 32. Receivables as well as payables will be settled in cash. The Group has not recorded any bad debts relating to related parties or made provisions for probable bad debts.

Remuneration of the Board of Directors and the Executive Board

For information on the remuneration of the Group's Board of Directors and Executive Board, see note 7.

Notes

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
38. Financial risks and financial instruments				
Financial instrument categories				
0	0	Derivative financial instruments held to hedge future cash flows (recognised in Other receivables)	0	3,057
0	0	Financial assets applied as hedging instruments	0	3,057
0	0	Deposits	1,221	1,067
0	0	Trade receivables	296,024	250,933
119,735	201,666	Receivables from subsidiaries	-	-
62	42	Other receivables	48,325	38,551
71,902	6,496	Cash	82,163	122,692
191,699	208,204	Loans, receivables and cash	427,733	413,243
0	0	Derivative financial instruments held to hedge future cash flows (recognised in Other payables)	51,756	0
0	0	Financial liabilities applied as hedging instruments	51,756	0
313,727	351,517	Bank debt	576,520	435,065
85,185	65,678	Financial institutions	106,449	130,191
1,677	1,129	Lease liabilities	202,183	221,346
13,378	1,707	Other non-current liabilities other than provisions	48,765	49,631
1,068	1,071	Trade payables	185,432	177,228
119,605	177,855	Payables to subsidiaries	-	-
534,640	598,957	Financial liabilities measured at amortised cost	1,119,349	1,013,461

The fair value of the financial instruments corresponds to the carrying amount, both in the Parent Company and in the Group, except for the fact that the fair value of the debt to financial institutions has increased by DKK 3.5 million (2020: increase of DKK 3.5 million) in the Group and DKK 1.4 million (2020: increase of DKK 1.5 million) in the Parent Company. The fair value of financial liabilities is determined based on quoted values, i.e. bank debt at level 1, financial institutions, lease liabilities and derivative financial instruments at level 2. Considerations and contingent considerations included in other non-current liabilities, level 3.

The Parent Company's and the Group's currency risks and interest rate risks are shown below. The individual risks, including the Group's policy for management of financial risks and sensitivity provisions, are further described in the Management's review.

Currency risks

The Group is exposed to exchange rate fluctuations.

In general, there is a good balance between income and expenses. As most sales are settled in DKK or EUR and most of the Group's fixed costs are incurred in DKK or EUR. The primary commercial currency risk is indirect and relates to the customers' sales outside Europe. Similarly, purchases are primarily conducted in DKK and EUR.

22% of the Group's financing has been raised in EUR, 3 % has been raised in PLN, and 75 % has been raised in DKK. The Company has bank deposits in USD, RMB, NOK and SEK.

A fluctuation of 1% in the EUR rate against DKK may therefore affect results of operations by up to approx. DKK 1.8 million.

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

At 31 December 2021, an instrument for the sale of EUR against PLN in the amount of DKK 1,192 million (2020: DKK 925 million) was thus entered into. The hedging instrument falls due by DKK 240 million within 1 year (2020: DKK 227 million) and DKK 952 million within 1-4 years (2020: DKK 698 million).

Due to the Group's use of derivative financial instruments for hedging the Group's exposure in relation to expected sales transactions, recognition of the effective part of the fair value adjustments of hedging instruments in the cash flow hedge reserve adversely affected the Group's equity in the year by net DKK 53.9 million before tax and DKK 43.7 million after tax (2020: DKK 24.8 million before tax and DKK 20.1 million after tax). The income statement is not affected by inefficient hedging.

	GROUP				
DKK'000	Cash and cash equivalents	Receivables	Liabilities	Hedged amount	Net position
38. Financial risks and financial instruments (continued)					
EUR	7,181	147,888	-358,220	0	-203,151
PLN	277	11,328	-105,467	0	-93,862
USD	33,803	68,694	-19,812	0	82,685
CAD	4,494	1,235	-552	0	5,177
SEK	8,540	14,460	-26,789	0	-3,789
NOK	494	4,845	-1,891	0	3,448
RMB	6,671	52,651	-79,270	0	-19,948
CHF	0	0	-153	0	-153
GBP	48	325	302	0	675
31 December 2021	61,508	301,426	-591,852	0	-228,918
EUR	37,760	120,092	-212,044	0	-54,192
PLN	382	8,197	-80,108	0	-71,529
USD	27,737	49,198	0	0	76,935
CAD	3,365	302	-369	0	3,298
SEK	0	10,656	-17,853	0	-7,197
NOK	1,079	3,825	-1,541	0	3,363
RMB	22,742	65,006	-89,388	0	-1,640
CHF	0	1,205	-76	0	1,129
GBP	493	183	-55	0	621
31 December 2020	93,558	258,664	-401,434	0	-49,212
PARENT					
DKK'000	Cash and cash equivalents	Receivables	Liabilities	Hedged amount	Net position
EUR	2,098	0	-53,974	0	-51,876
PLN	6	0	0	0	6
USD	0	0	-4,259	0	-4,259
SEK	405	0	-3,168	0	-2,763
31 December 2021	2,509	0	-61,401	0	-58,892
EUR	55,026	0	-23,791	0	31,235
PLN	4	0	0	0	4
USD	16,574	0	0	0	16,574
SEK	298	0	-3,144	0	-2,846
31 December 2020	71,902	0	-26,935	0	44,967

Notes

38. Financial risks and financial instruments (continued)

Interest rate risks

Interest rate risks primarily relate to net interest-bearing debt, i.e. mortgage debt and bank debt less cash and cash equivalents. At year end, the net interest-bearing debt amounted to DKK 822.0 million. 73% of the debt carried floating interest. A one percentage point increase in the general interest level will result in an increase in the Group's interest expenses before tax of approx. DKK 5.9 million.

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

The interest rate risk associated with financial assets and liabilities can be described as follows with the disclosure of date of interest rate adjustment or maturity, whichever occurs first, and effective interest rates.

GROUP						
DKK'000	Date of interest rate adjustment or maturity			Total	Hereof fixed interest	Effective interest
	Within 1 year	Between 1 and 5 years	After 5 years			
Bank deposits	82,163	0	0	82,163	0	0.0%
Financial institutions	-22,020	-77,708	-6,721	-106,449	-44,150	1.1%
Lease liabilities	-75,710	-102,252	-24,221	-202,183	-180,960	3.6%
Share of other payables (frozen holiday pay)	0	-4,749	-14,248	-18,997	0	1.4%
Bank debt	-576,520	0	0	-576,520	0	1.5%
31 December 2021	-592,087	-184,709	-45,190	-821,986	-225,110	
Bank deposits	122,692	0	0	122,692	0	0.7%
Financial institutions	-9,325	-115,187	-5,679	-130,191	-60,146	1.1%
Lease liabilities	-55,394	-136,071	-29,881	-221,346	-177,523	3.6%
Share of other payables (frozen holiday pay)	0	-5,558	-16,674	-22,232	0	2.0%
Bank debt	-435,065	0	0	-435,065	0	1.6%
31 December 2020	-377,092	-256,816	-52,234	-686,142	-237,669	

PARENT						
DKK'000	Date of interest rate adjustment or maturity			Total	Hereof fixed interest	Effective interest
	Within 1 year	Between 1 and 5 years	After 5 years			
Bank deposits	6,496	0	0	6,496	0	0.0%
Financial institutions	-1,766	-57,191	-6,721	-65,678	-43,793	1.3%
Lease liabilities	-570	-559	0	-1,129	0	2.0%
Bank debt	-351,517	0	0	-351,517	0	1.5%
31 December 2021	-347,357	-57,750	-6,721	-411,828	-43,793	
Bank deposits	71,902	0	0	71,902	0	0.0%
Financial institutions	-9,325	-70,181	-5,679	-85,185	-59,433	1.2%
Lease liabilities	-570	-1,107	0	-1,677	0	2.0%
Share of other payables (frozen holiday pay)	0	-167	-503	-670	0	2.0%
Bank debt	-313,727	0	0	-313,727	0	1.5%
31 December 2020	-251,720	-71,455	-6,182	-329,357	-59,433	

38. Financial risks and financial instruments (continued)

Credit risks

The Group's primary credit risk is associated with trade receivables. SP Group systematically and continually monitors the credit rating of customers and business partners. Credit risks are partially hedged through insurance and sale of invoices. No individual customers or business partners pose an unusual credit risk to the Group. As the Group's customers and business partners are usually well-reputed companies operating in many different business sectors and countries, the overall credit risk is reduced. The maximum credit risk associated with financial assets is reflected in the carrying amounts in the balance sheet.

PARENT			GROUP	
2020	2021	DKK'000	2021	2020
		Receivables past due not written down:		
0	0	Past due by up to one month	43,743	30,432
0	0	Past due between one and two months	6,451	7,689
0	0	Past due between two and three months	3,612	1,369
0	0	Past due by more than three months	1,868	887
0	0		55,674	40,377

Historically, the Group has not recorded any significant bad debts. In the last three years, the loss ratio has been approx. 0.02% of group revenue. Based on the low loss ratio, the loss has been estimated at 0.0% according to the simplified expected credit loss model.

				2021
DKK'000	Loss ratio	Receivable amount	Expected loss	Total
Not past due	0.0%	240,438	0	240,438
Past due by up to one month	0.0%	43,743	0	43,743
Past due between one and two months	0.0%	6,451	0	6,451
Past due between two and three months	0.0%	3,612	0	3,612
Past due by more than three months	4.7%	1,867	87	1,780
		296,111	87	296,024

				2020
DKK'000	Loss ratio	Receivable amount	Expected loss	Total
Not past due	0.0%	210,556	0	210,556
Past due by up to one month	0.0%	30,432	0	30,432
Past due between one and two months	0.0%	7,689	0	7,689
Past due between two and three months	0.0%	1,369	0	1,369
Past due by more than three months	41.8%	1,523	636	887
		251,569	636	250,933

Notes

38. Financial risks and financial instruments (continued)

Liquidity risks

It is the Group's objective to have sufficient cash resources to be able to continually make appropriate arrangements in case of unforeseen changes in cash outflows. It is Management's opinion that the Company still has adequate capital resources considering its operations and sufficient liquidity to meet its present and future liabilities. The Group's long-term co-operation with its financial business partners is fruitful and constructive. This is expected to continue. The Group has neither neglected nor been in breach of loan agreements in the financial year or the comparative year. The Group has calculated its cash resources at DKK 319 million at year end 2021.

In addition to usual loan covenants, the following financial covenants have been agreed with the financial lenders:

- Net interest-bearing debt (NIBD) cannot amount to more than 3.5 times EBITDA for the last 12 months, however, up to 4.0 times EBITDA in the first two quarters following a debt-financed acquisition
- The equity interest must always be at least 25%.

The term to maturity of financial liabilities is specified below. The amounts specified represent the amounts falling due, including interest calculated based on current interest rates.

	KONCERN				
DKK'000	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years	Total
2021					
Non-derivative financial liabilities					
Bank debt	326,937	125,757	95,113	28,713	576,520
Financial institutions	25,238	42,090	16,779	22,342	106,449
Lease liabilities	75,710	72,224	30,028	24,221	202,183
Other non-current liabilities other than provisions	17,245	15,002	2,356	14,162	48,765
Trade payables	185,432	0	0	0	185,432
Interest	9,519	8,635	3,862	2,132	24,148
	640,081	263,708	148,138	91,570	1,143,497
Derivative financial instruments					
Derivative financial instruments held to hedge future cash flows	-4,242	-22,730	-24,784	0	-51,756
	635,839	240,978	123,354	91,570	1,091,741
2020					
Non-derivative financial liabilities					
Bank debt	222,816	99,275	92,104	20,870	435,065
Financial institutions	25,075	49,850	25,496	29,770	130,191
Lease liabilities	55,394	91,396	44,675	29,881	221,346
Other non-current liabilities other than provisions	17,871	12,309	2,780	16,671	49,631
Trade payables	177,228	0	0	0	177,228
Interest	8,513	8,395	3,924	2,116	22,948
	506,897	261,225	168,979	99,308	1,036,409
Derivative financial instruments					
Derivative financial instruments held to hedge future cash flows	36	2,083	938	0	3,057
	506,933	263,308	169,917	99,308	1,039,466

Derivative financial instruments are measured in accordance with a valuation method according to which all material data are based on observable market data, i.e. level 2. The Group has no other assets and liabilities measured at fair value.

38. Financial risks and financial instruments (continued)

	PARENT				
DKK'000	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years	Total
2021					
Non-derivative financial liabilities					
Bank debt	119,317	117,600	88,700	25,900	351,517
Financial institutions	19,531	31,381	8,035	6,731	65,678
Lease liabilities	570	559	0	0	1,129
Other non-current liabilities other than provisions	1,707	0	0	0	1,707
Trade payables	1,071	0	0	0	1,071
Interest	5,905	7,030	3,116	1,257	17,308
	148,101	156,570	99,851	33,888	438,410
Derivative financial instruments					
Derivative financial instruments held to hedge future cash flows	0	0	0	0	0
	148,101	156,570	99,851	33,888	438,410
2020					
Non-derivative financial liabilities					
Bank debt	123,627	89,400	84,900	15,800	313,727
Financial institutions	19,496	39,031	16,025	10,633	85,185
Lease liabilities	570	1,107	0	0	1,677
Other non-current liabilities other than provisions	8,076	4,716	84	502	13,378
Trade payables	1,068	0	0	0	1,068
Interest	5,768	6,568	3,035	1,131	16,502
	158,605	140,822	104,044	28,066	431,537
Derivative financial instruments					
Derivative financial instruments held to hedge future cash flows	0	0	0	0	0
	158,605	140,822	104,044	28,066	431,537

39. Sale of financial assets

As in previous years, the Group sold selected trade receivables without recourse as part of its credit and risk management. The Group's continued involvement is limited to administration of the receivables sold and a limited financial expense regarding the risk of late payment. Thus, the Group has only maintained an insignificant risk exposure. The sale has not affected the income statement. There are no remaining assets or liabilities in the balance sheet regarding the receivables sold. The nominal value of the receivables sold amounts to DKK 161 million (2020: DKK 158 million). The maturity date is within a period of less than 4 months.

Notes

40. Segment information for the Group

Geographical segments

The Group has only one business segment as the same employees and the same capital stock serve several product types and customers. Therefore, business segments are not reported.

The Group's activities are primarily located in Denmark, rest of Europe, the Americas, Asia, Australia and Africa. The following table shows the Group's sale of goods by geographical market.

DKK'000	2021	2020
Denmark	687,026	672,915
Rest of Europe	1,110,001	896,485
Americas	405,341	292,424
Asia (incl. the Middle East)	266,431	266,325
Australia	8,204	14,080
Africa	3,866	35,960
	2,480,869	2,178,189
Sale of goods	2,480,869	2,178,189
Selling price of the year's production output relating to construction contracts	0	0
	2,480,869	2,178,189
The Group has one customer from which revenue exceeds 10 % of consolidated revenue	266,265	373,832
Revenue in %	10.7%	17.2%

The below table specifies the carrying amounts and the year's additions of non-current property, plant and equipment and intangible assets by geographical market on the basis of the physical location of the assets.

DKK'000	Non-current assets		Additions of intangible assets and property, plant and equipment	
	2021	2020	2021	2020
Denmark	775,093	697,294	143,195	60,973
Norway	1,241	1,584	20	87
Sweden	56,748	56,650	8,920	6,262
Finland	80,412	61,288	23,934	8,481
Latvia	22,809	17,870	6,717	857
Slovakia	64,180	62,800	8,011	12,304
The Netherlands	24,991	27,488	921	2,281
Poland	270,065	250,443	48,805	10,333
North America	72,086	62,105	11,055	18,447
China	103,247	94,585	16,971	46,311
	1,470,872	1,332,107	268,549	166,336

41. Shareholder information

In mid-March 2022, SP Group A/S registered the following shareholders as holding more than 5% of the voting share capital or of the nominal value of the share capital:

Schur Finance a/s, Horsens (15.2%)
 Frank Gad (including related parties), Frederiksberg (11.4%)
 Odin Fund Management, Oslo (9.3%)
 Lannebo Fonder AB, Stockholm (5.7%)
 Universal-Investment-Gesellschaft mbH, Frankfurt (5.2%)
 Arbejdsmarkedets Tillægspension, Hillerød (5.1%)

42. Acquisition of subsidiaries in 2021

On 18 February 2021, the Group acquired all the shares in the Finnish entity **Jollmax Coating Oy**, which specialises in wet painting, powder coating, printing and water printing as well as other types of decorations made from plastics and other materials.

The fair value of assets and liabilities at the acquisition date has been distributed as follows (DKK'000):

Customer files	3,533
Intangible assets	82
Property, plant and equipment	1,354
Inventories	902
Volume of orders	134
Trade receivables	1,922
Other receivables	64
Cash and cash equivalents	2,170
Deferred tax	-733
Financial liabilities	-879
Trade payables	-937
Other payables	-2,207
Net assets acquired	5,405
Goodwill	7,799
Total consideration	13,204
Cash consideration	5,232
Debt instruments	2,679
Contingent consideration	5,293
Total consideration	13,204

EBITDA amounted to approx. DKK 2.2 million in the acquired entity in the most recent financial year before the acquisition.

The consideration totals up to DKK 13,204 thousand, of which DKK 5,232 thousand has been paid in cash.

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

A conditional consideration of a nominal DKK 5,455 thousand is included. The discounted amount is DKK 5,293 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2021.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 7,799 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

On 14 July 2021, the Group acquired all the share in **Neptun Plast A/S** and **Atlantic Floats Denmark A/S**: Neptun Plast A/S is a state-of-the-art injection-moulding company and Atlantic Float Denmark develops and sells trawl floats.

The fair value of assets and liabilities at the acquisition date has been distributed as follows (DKK'000):

Customer files	7,500
Property, plant and equipment	7,763
Financial assets	100
Inventories	2,137
Volume of orders	132
Trade receivables	4,652
Other receivables	659
Cash and cash equivalents	3,487
Deferred tax	-2,543
Financial liabilities	-1,403
Trade payables	-3,295
Other payables	-2,624
Net assets acquired	16,565
Goodwill	15,584
Total consideration	32,149
Cash consideration	17,263
Debt instruments	7,123
Contingent consideration	7,763
Total consideration	32,149

EBITDA amounted to approx. DKK 4.6 million in the acquired entity in the most recent financial year before the acquisition. Taking into consideration normalisations, EBITDA was in the range DKK 5.4 million.

The consideration totals up to DKK 32,149 thousand, of which DKK 17,263 thousand has been paid in cash.

Debt instruments of a nominal DKK 7,398 thousand falling due in the period 2022-2023 have been issued. The discounted amount is DKK 7,123 thousand.

A conditional consideration of a nominal DKK 8,000 thousand is included. The discounted amount is DKK 7,763 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2021.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 15,584 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

43. Acquisition of subsidiary in 2020

Effective from 30 April 2020, the Group acquired all the shares in the Danish entity **Dan-Hill-Plast A/S**, which is a manufacturer specialising in rotational moulding of technical plastics.

The fair value of assets and liabilities at the acquisition date has been distributed as follows (DKK'000):

Customer files	10,200
Property, plant and equipment	42,712
Inventories	9,443
Volume of orders	869
Trade receivables	8,528
Other receivables	804
Cash and cash equivalents	3,367
Deferred tax	-5,972
Other provisions	-453
Trade payables	-2,952
Corporation tax	-1,202
Other payables	-4,177
Net assets acquired	61,167
Goodwill	20,558
Total consideration	81,725
Cash consideration	48,158
Debt instruments	14,442
Lease liability	19,125
Total consideration	81,725

EBITDA amounted to approx. DKK 6.2 million in the acquired entity in the most recent financial year. Taking into consideration the rent of the acquired property and other normalisations, EBITDA was approx. DKK 12.5 million.

In the first four months of 2020, EBITDA amounted to approx. DKK 3.4 million.

The consideration totals up to DKK 81,725 thousand, of which DKK 48,158 thousand has been paid in cash.

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

In connection with the acquisition of the entity, an agreement has been made as part of the purchase agreement on lease and acquisition of the production property where Dan-Hill-Plast carries out its operations. The property is included in property, plant and equipment in the purchase price allocation (leased asset), and the related lease liability is included as part of the consideration.

Costs of purchase amounted to DKK 0.750 million and were expensed in 2020.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 20,558 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

44. Acquisition of subsidiaries after the balance sheet date

Effective from 4 February 2022, the Group acquired all the shares in **Davinci 3D A/S**, which is a manufacturer specialising in 3D print of technical plastics and workpiece construction.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	8,600
Property, plant and equipment	14,109
Inventories	784
Volume of orders	300
Trade receivables	1,675
Other receivables	88
Cash and cash equivalents	601
Deferred tax	-1,957
Trade payables	-163
Other payables	-770
Net assets acquired	23,267
Goodwill	17,122
Total consideration	40,389
Cash consideration	23,835
Debt instruments	4,910
Contingent consideration	11,644
Total consideration	40,389

EBITDA amounted to approx. DKK 6.5 million in the acquired entity in the most recent financial year.

The consideration totals up to DKK 40,389 thousand, of which DKK 23,835 thousand has been paid in cash.

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

In connection with the acquisition of the entity, an agreement has been made to also purchase the production property where Davinci carries out its operations and production equipment. The property and production equipment are recognised as property, plant and equipment in the purchase price calculation.

A conditional consideration of a nominal DKK 12,000 thousand is included. The discounted amount is DKK 11,644 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase amounted to DKK 0.3 million and were expensed in 2022.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 17,122 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

Notes

44. Acquisition of subsidiaries after the balance sheet date (continued)

Effective from 9 March 2022, the Group acquired all the shares in **Bovil ApS**, which is an entity specialising in CNC processing of technical plastics.

The fair value of assets and liabilities at the acquisition date has been preliminarily distributed as follows (DKK'000):

Customer files	11,000
Property, plant and equipment	9,185
Inventories	1,302
Volume of orders	0
Trade receivables	5,433
Other receivables	342
Cash and cash equivalents	1,310
Deferred tax	-3,367
Trade payables	-819
Other payables	-2,673
Net assets acquired	21,713
Goodwill	22,301
Total consideration	44,014
Cash consideration	22,400
Debt instruments	9,243
Contingent consideration	12,371
Total consideration	44,014

Normalised EBITDA amounted to approx. DKK 6.6 million in the acquired entity in the most recent financial year.

The consideration totals up to DKK 44,014 thousand, of which DKK 22,400 thousand has been paid in cash.

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

A conditional consideration of a nominal DKK 12,750 thousand is included. The discounted amount is DKK 12,371 thousand. The contingent consideration has been recognised at fair value at the acquisition date and at the maximum amount that may become payable, as it is expected that the criteria for future earnings will be met.

Costs of purchase are expected to amount to DKK 0.3 million to be expensed in 2022.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on acquisition is calculated at DKK 22,301 thousand. Goodwill represents the expected value of synergies and know-how from the combination with SP Group. Goodwill is non-deductible for tax purposes.

In a separate transaction, SP Group has acquired the modern property where Bovil ApS carries out its operations.

45. Events after the balance sheet date

Apart from the above-mentioned acquisition, no significant events have occurred after the balance sheet date until the publication of this annual report that have not already been incorporated or disclosed in this annual report or that change the assessment of the Group's or the Parent Company's financial position.

Notes

PARENT				GROUP	
2020	2021	Note	DKK'000	2021	2020
46. Income statement classified by nature					
6,391	6,012	3	Revenue	2,480,869	2,178,189
0	0	4,7	Production costs	-1,296,329	-1,148,687
6,391	6,012		Contribution margin	1,184,540	1,029,502
5,753	6,063	5	Other operating income	4,901	2,370
-7,261	-6,618	6	External expenses	-100,178	-98,791
-18,093	-21,599	6,7,8	Staff costs	-666,351	-576,700
-13,210	-16,142		Profit/loss before depreciation, amortisation and impairment losses (EBITDA)	422,912	356,381
-3,944	-4,075	9	Depreciation, amortisation and impairment losses	-153,848	-141,550
-17,154	-20,217		Profit/loss before net financials (EBIT)	269,064	214,831
50,723	63,181	10	Dividends from subsidiaries	-	-
2,903	5,830	11	Other financial income	10,195	9,218
-11,481	-6,562	12	Financial expenses	-21,485	-30,282
24,991	42,232		Profit/loss before tax	257,774	193,767
3,219	4,980	13	Tax for the year	-54,557	-42,926
28,210	47,212		Profit/loss for the year	203,217	150,841
Attributable to:					
			The Parent Company's shareholders	202,743	150,806
			Non-controlling interests	474	35
				203,217	150,841
Earnings per share (EPS)					
		14	Earnings per share (DKK)	16.63	12.85
		14	Earnings per share, diluted (DKK)	16.44	12.75
Proposed distribution of profit/loss					
62,450	37,470		Dividend		
-34,240	9,742		Retained earnings		
28,210	47,212				

47. Group chart at 31 December 2021

SP Group A/S	Denmark	DKK	Nominal share capital ('000)	Ownership interest
			24,980	
SP Moulding A/S	Denmark	DKK	50,000	100%
SP Medical Sp. z o.o.	Poland	PLN	1,000	100%
SP Moulding Poland Sp. z o.o.	Poland	PLN	1,100	100%
Sander Tech ApS	Denmark	DKK	80	100%
Neptun Plast A/S	Denmark	DKK	950	100%
Atlantic Floats Denmark A/S	Denmark	DKK	1,000	100%
SP International A/S	Denmark	DKK	5,600	100%
SP Moulding (Suzhou) Co., Ltd.	China	USD	4,080	100%
Ulstrup Plast A/S	Denmark	DKK	1,590	100%
Ulstrup Plast s.r.o.	Slovakia	EUR	7	100%
Kodaň Plast s.r.o.	Slovakia	EUR	10	52%
Coreplast Laitila Oy	Finland	EUR	50	100%
Jollmax Coating Oy	Finland	EUR	3	100%
MedicoPack A/S	Denmark	DKK	20,000	100%
Gibo Plast A/S	Denmark	DKK	40,000	100%
Gibo Danmark A/S	Denmark	DKK	6,000	100%
Gibo Sp. z o.o.	Poland	PLN	3,005	100%
Gibo Inc.	The US	USD	500	100%
Gibo Plast (Suzhou) Co., Ltd.	China	USD	0	100%
Dan-Hill-Plast A/S	Denmark	DKK	500	100%
Plexx AS	Norway	NOK	3,541	100%
Opido AB	Sweden	SEK	100	100%
SPG Fastigheter AB	Sweden	SEK	50	100%
Nycopac AB	Sweden	SEK	1,000	100%
PlexxOpido Sp. z o.o.	Poland	PLN	200	100%
Accoat A/S	Denmark	DKK	10,000	100%
Ergomat A/S	Denmark	DKK	10,000	100%
Ergomat Sp. z o.o.	Poland	PLN	2,005	100%
Ergomat-Nederland B.V.	The Netherlands	EUR	75	100%
Ergomat Sweden AB	Sweden	SEK	100	60%
Ergomat Inc.	The US	USD	360	100%
Ergomat Canada Inc.	Canada	CAD	0	100%
Tinby A/S	Denmark	DKK	10,000	100%
Tinby Denmark A/S	Denmark	DKK	500	100%
Tinby Skumplast A/S	Denmark	DKK	500	100%
Tinby Sp. z o.o.	Poland	PLN	50	100%
Tinby Inc.	The US	USD	100	100%
Tinby Co., Ltd.	China	USD	210	100%
Tinby AB	Sweden	SEK	25	100%
TPI Polytechniek B.V.	The Netherlands	EUR	113	100%
TPI Polytechnics Inc.	The US	USD	0	100%
TPI Polytechnics Co., Ltd.	China	USD	0	100%
Bröderna Bourghardt AB	Sweden	SEK	100	100%
Baltic Rim SIA	Latvia	EUR	3	100%
Tinby SIA	Latvia	EUR	3	100%
MM Composite A/S	Denmark	DKK	500	100%
MM Composite Inc.	The US	USD	0	100%
MM Composite Co., Ltd.	China	USD	0	100%
MM Trading Co., Ltd.	China	USD	0	100%
SP Moulding Denmark A/S	Denmark	DKK	500	100%
SP Technology ApS	Denmark	DKK	200	100%
SP R&D A/S	Denmark	DKK	1,000	100%
SPG Ejendomme 1 ApS	Denmark	DKK	81	100%
SPG Ejendomme 2 ApS	Denmark	DKK	125	100%
SPG Ejendomme 3 ApS	Denmark	DKK	125	100%

All the shares in Jollmax Coating Oy were acquired in 2021

All the shares in Neptun Plast A/S were acquired in 2021

All the shares in Atlantic Floats Denmark A/S were acquired in 2021

SPG Ejendomme 3 ApS was established in 2021.

Accoat do Brasil was closed down in 2021

Accoat Sp. z o.o. was closed down in 2021

Bdr. Bourghardt established a company in Thailand in 2022

All the shares in Davinci 3D A/S were acquired in 2022

All the shares in Bovil Aps were acquired in 2022

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