

# Arla Plast AB

## Interim Report January – June 2021



## DEMAND NORMALISED FOR PANDEMIC RELATED BARRIER PRODUCTS BUT STRONG FOR HOME AND GARDEN

### APRIL – JUNE 2021

- Sales volume amounted to 6,100 tonnes (7,200 tonnes).
- Net sales declined by 6% to SEK 246.3 (260.8) million. Organic decline was 7%.
- Operating profit declined by 38% to SEK 23.7 (38.5) million and adjusted operating profit by 31% to SEK 26.4 (38.5) million.
- The operating margin decreased to 9.6% (14.8%) and the adjusted operating margin to 10.7% (14.8%).
- Profit for the period weakened by 37% to SEK 18.6 (29.2) million.
- Earnings per share before dilution amounted to SEK 0.93 (1.46), and after dilution, to SEK 0.88 (1.46).
- During the quarter the Arla Plast share was listed on Nasdaq Stockholm.

### JANUARY – JUNE 2021

- Sales volume amounted to 12,281 tonnes (12,707 tonnes).
- Net sales was unchanged and amounted to SEK 465.2 (465.4) million, unchanged also organically.
- Operating profit declined by 10% to SEK 51.3 (56.7) million, while the adjusted operating profit increased by 1% to SEK 57.3 (56.7) million.
- The operating margin decreased to 11% (12.2%) and the adjusted operating margin increased to 12.3% (12.2%).
- Profit for the period weakened by 5% to SEK 40.5 (42.7) million.
- Earnings per share, before dilution, amounted to SEK 2.02 (2.14) and after dilution to SEK 1.93 (2.14).
- Net debt amounted to SEK 16.0 (-13.6) million at the end of the period, corresponding to 0.1 times (-0.1 times) EBITDA.

### GROUP IN SUMMARY\*

	Apr–Jun 2021	Apr–Jun 2020	Δ,%	Jan–Jun 2021	Jan–Jun 2020	Δ,%	R 12	Jan–Dec 2020	Δ,%
Sales volume, tonnes	6,100	7,200	-15	12,281	12,707	-3	23,566	23,992	-2
Net sales, SEK million	246.3	260.8	-6	465.2	465.4	-	884.5	884.7	-
Gross margin, %	20.5	24.9	-18	21.8	22.6	-4	23.2	23.6	-2
EBITDA, SEK million	33.3	46.8	-29	69.7	73.9	-6	136.9	141.1	-3
Adjusted EBITDA, SEK million	36.0	46.8	-23	75.7	73.9	2	150.6	148.8	1
Operating profit, SEK million	23.7	38.5	-38	51.3	56.7	-10	100.5	105.9	1
Adjusted operating profit, SEK million	26.4	38.5	-31	57.3	56.7	1	114.1	113.5	1
Operating margin, %	9.6	14.8	-35	11.0	12.2	-10	12.0	12.0	-
Adjusted operating margin, %	10.7	14.8	-28	12.3	12.2	1	12.9	12.8	1
Periodens resultat, MSEK	18.6	29.2	-37	40.5	42.7	-5	78.0	80.2	-3
Earnings per share before dilution, SEK	0.93	1.46	-36	2.02	2.14	-6	3.90	4.01	-3
Earnings per share after dilution, SEK	0.88	1.46	-40	1.93	2.14	-10	3.74	3.93	-4
Net debt/EBITDA, multiple	0.1	-0.1	N/A	0.1	-0.1	N/A	0.1	0.3	-60
Net debt, SEK million	16.0	-13.6	N/A	16.0	-13.6	N/A	16.0	37.0	N/A
Cash flow from operating activities, SEK million	42.6	66.1	-36	44.4	65.4	-32	127.9	148.8	-14
Return on capital employed, %	22.4	15.4	45	22.4	15.4	45	22.4	22.9	2
Equity/assets ratio, %	66.8	68.0	-2	66.8	68.0	-2	66.8	67.6	-1

\* For definitions and alternative performance measures, see page 20.

## DEMAND NORMALISED FOR PANDEMIC RELATED BARRIER PRODUCTS BUT STRONG FOR HOME AND GARDEN

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### Market conditions

For us at Arla Plast, the pandemic meant new demand in the form of transparent barrier products, and our production facilities were busy during much of 2020 producing large volumes used for protection, related to the pandemic. As the world increasingly reverts to normal behavior in the wake of the pandemic, demand for transparent barrier products used for protection has also slowed during the second quarter. Instead, we have seen demand successively returning from manufacturing and construction, with homes and gardens being an especially strong theme during the quarter.

The first half of 2021 has been marked by turbulence in the market for input materials for our industry. The result was lower supply and therefore higher prices. Higher input prices are largely compensated by higher prices to customers, this also applies to the opposite: when the prices of input materials fall then we lower prices. Price trends naturally affect both our and our customers' attitudes towards building or reducing inventory. The prices of input materials started to rise towards the end of 2020, and price increases have continued in the first half of 2021. Now we see supply increasing and stable prices against a downward trend.



### The positive effect from the pandemic has diminished – despite this a good operating margin

In the second quarter, sales volumes in tonnes decreased by 15 percent, but compared to a very strong second quarter of 2020 and, as mentioned, affected by pandemic-related products. Net sales decreased by 6 percent to SEK 246.3 (260.8) million, and the organic decline was 7 percent. During the quarter, operating profit was charged with items affecting comparability in the amount of SEK 2.7 million related to costs to prepare the company for the IPO in May. Excluding these costs, the adjusted operating margin was 10.7 percent (14.8 percent). Positive impact from higher prices could not fully compensate for the lower volumes and negatively impacted currency effects.

### Outlook

We now see that demand from application areas other than those driven by the pandemic, is gradually increasing, while demand for barrier products is greatly reduced. The general European economy is strong in both manufacturing and construction, but demand for our products is weighed down by the high price level and an unwillingness to buy more than necessary, since the prices of our products are expected to fall as the prices of input materials fall in the second half of 2021.

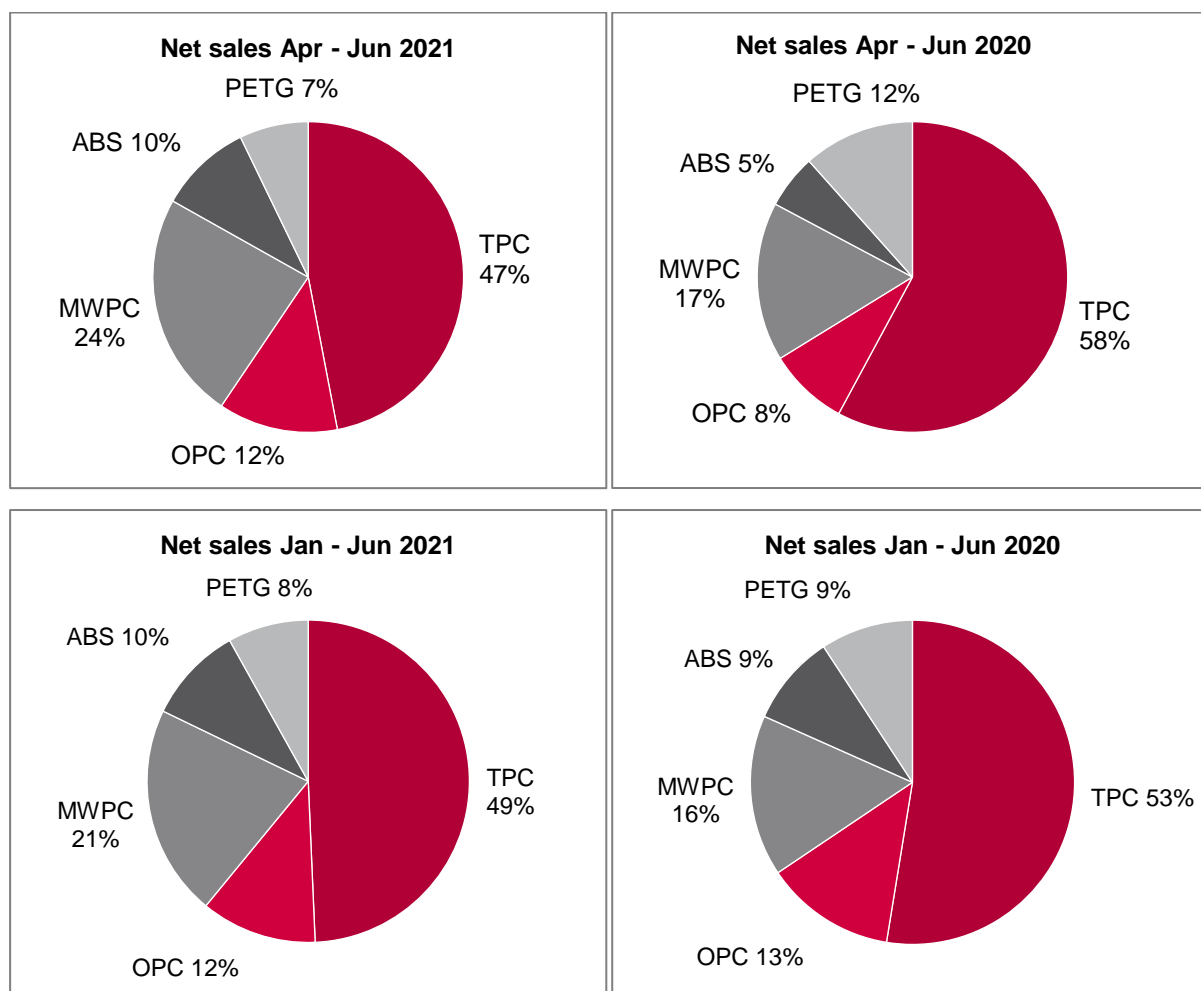
During the second quarter, the Arla Plast share was listed on Nasdaq Stockholm. The listing was preceded by intensive internal preparation work. The introduction is an important quality stamp for Arla Plast, and it is with great pleasure that we welcome all new shareholders.

Henrik Håkansson  
President and CEO

## FINANCIAL OVERVIEW

Profit and loss items and cash flow are compared with the corresponding period of the previous year. Balance sheet items refer to the position at the end of the period and are compared with the corresponding date of the previous year.

Breakdown of total net sales by product area\* in the second quarter and six months period:



\*For definitions of product areas, see page 24.

### Net sales and operating profit

Arla Plasts's sales volume in the second quarter 2021 decreased by 15 percent to 6,100 tonnes (7,200 tonnes) compared to the corresponding quarter last year. The decrease is primarily attributable to substantially lower sales of pandemic related barrier products. Net sales declined by 6 percent to SEK 246.3 (260.8) million; organically the decline was 7 percent. Higher prices could not fully compensate for the lower volumes and negatively impacted currency effects. Net sales declined in segment Sweden while they increased in segment Czech Republic.

Operating profit for the second quarter amounted to SEK 23.7 (38.5) million, a decline of 38 percent. Operating margin amounted to 9.6 percent (14.8 percent). The operating margin has declined due to lower net sales, negative currency effects and items affecting comparability. Items affecting comparability amounted to SEK -2.7 (0) million and refers to costs related to preparations for the IPO during the quarter. The adjusted operating profit amounted to SEK 26.4 (38.5) million, and the adjusted operating margin, to 10.7 percent (14.8 percent).

Arla Plasts's sales volume during the first six months 2021 decreased by 3 percent to 12,281 tonnes (12,707 tonnes) compared to the corresponding period last year. The decrease is primarily attributable to substantially lower sales of pandemic related barrier products. Net sales was more or less unchanged and amounted to SEK 465.2 (465.4) million. Also organically, net sales was more or less unchanged. The volume decline and adverse currency effects were offset by higher prices. Net sales declined in segment Sweden while they increased in segment Czech Republic.

Operating profit for the six months period amounted to SEK 51.3 (56.7) million, a decline of 10 percent. Operating margin amounted to 11.0 percent (12.2 percent). The quarter was marked by items affecting comparability amounting to SEK -5.9 (0) million, which are costs related to preparations for the IPO. The adjusted operating profit amounted to SEK 57.3 (56.7) million, and the adjusted operating margin, to 12.3 percent (12.2 percent).

### Profit/loss for the period and earnings per share

In the second quarter 2021, profit before tax amounted to SEK 23.3 (37.0) million. Net financial income and expenses totaled SEK -0.4 (-1.5) million, including interest expenses of SEK -0.2 (-0.6) million. Taxes in the second quarter amounted to SEK -4.8 (-7.8) million, which corresponds to an effective tax rate of 20.4 percent (21.0 percent). Net profit for the period was SEK 18.6 (29.2) million during the second quarter 2021, and earnings per share before dilution was SEK 0.93 (1.46), and after dilution, SEK 0.88 (1.46).

During the six months period, profit before tax amounted to SEK 50.8 (54.2) million. Net financial income and expenses totaled SEK -0.5 (-2.5) million, including interest expenses of SEK -0.4 (-0.9) million. Taxes in the six months period amounted to SEK -10.3 (-11.5) million, which corresponds to an effective tax rate of 20.3 percent (21.2 percent). Net profit for the period was SEK 40.5 (42.8) million during the first six months 2021, and earnings per share before dilution was SEK 2.02 (SEK 2.14), and after dilution, SEK 1.93 (SEK 2.14).

### Cash flow

Cash flow from operating activities during the second quarter amounted to SEK 42.6 (66.1) million. Cash flow was negatively impacted by the decline in operating profit and from the change in working capital, primarily from reduced operating liabilities compared to the second quarter in 2020.

Cash flow from investing activities was SEK -8.9 (-6.5) million during the second quarter and refers mainly to new and replacement investments in the production facilities.

Cash flow from financing activities totaled SEK -10.5 (-47.6) million. During the corresponding quarter of the previous year, a loan was amortized by SEK -31.6 million, which is the main reason for the improvement.

During the first six months of 2021, cash flow from operating activities amounted to SEK 44.4 (65.4) million and was highly impacted from change in working capital.

Cash flow from investing activities during the six months period amounted to SEK -21.4 (-8.7) million and refers mainly to new and replacement investments in the production facilities, of which SEK -10.1 million relates to a new production line in Borensberg.

Cash flow from financing activities totaled SEK 6.5 (-53.5) million during the first six months. During the corresponding quarter of the previous year, loans were amortized by SEK -50.7 million which, together with changes in utilization of overdraft facilities, is the main reason for the change.

### Investments

Arla Plast continuously invests in production equipment and in its production units. The Group's investments in property plant and equipment in the second quarter amounted to SEK 8.9 (6.5) million and refers primarily to new and replacement investments in our three production facilities. Total depreciations for the second quarter amounted to SEK -9.6 (-8.3) million.

During the first six months, the Group's investments in property, plant and equipment amounted to SEK 21.4 (8.7) million, of which SEK 10.1 (0.6) million refers to an investment in a new capacity-increasing production line in Borensberg, which was commenced in 2019. The new production line was commissioned during the second quarter, and the total investment is estimated to SEK 55.7 million, whereof SEK 3.7 million remain to be paid. Total depreciation for the first six months amounted to SEK -18.4 (-17.2) million.

### Financial position

Arla Plast's total assets amounted to SEK 652.5 million as of 30 June 2021 (SEK 667.4 million).

The Group's net debt amounted to SEK 16.0 million as of 30 June 2021 (SEK -13.6 million), which corresponds to 0.1 times EBITDA (-0.1 times). At the end of the corresponding period 2020, the Group's cash holdings were higher, which explains the difference in net debt. This changed in the fourth quarter of 2020 due to paid dividends of SEK 100.0 million.

The Group's equity ratio, equity at the end of the period as a percentage of total assets, was 66.8 percent (68.0 percent).

### Parent company

Arla Plast AB is the parent company of the Arla Plast Group. The parent company's activities include the Swedish operating activities, as well as Group-wide functions such as management, finance, IT, purchasing and communications. In the second quarter of 2021, net sales amounted to SEK 163.5 (184.2) million, and operating profit, to SEK 20.7 (34.6) million.

For the six months period, net sales amounted to SEK 318.9 (322.7) million, and operating profit to, SEK 43.2 (48.9) million.

Cash and cash equivalents at 30 June 2021 amounted to SEK 53.3 million compared to SEK 76.7 million at 30 June 2020. The decrease in cash and cash equivalents is due to dividends paid in the fourth quarter of 2020.



## Segments

The Group's activities are monitored through the two operating segments, Sweden and the Czech Republic. Group-wide functions can be found in both Sweden and the Czech Republic and are internally invoiced to ensure that a fair result can be monitored in each segment. The costs affecting comparability that relate to preparation costs for a possible listing are charged to Group-wide costs and have not been allocated.

### SWEDEN

Key performance indicator	2021	2020	Δ,%	2021	2020	Δ,%	R 12	2020	Δ,%
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun			Jan-Dec	
Sales volume, tonnes	3,891	4,946	-21	8,150	8,743	-7	15,618	16,211	-4
Net sales, SEK million	163.6	184.2	-11	318.9	322.7	-1	610.3	614.1	-1
Operating profit, SEK million	23.5	34.6	-32	49.2	48.9	1	94.7	94.4	-
Operating margin, %	14.3	18.8	-24	15.4	15.2	1	15.5	15.4	1

In the second quarter, the sales volume decreased by 21 percent. The volumes were remarkably high during the second quarter 2020 as a result of the outburst of the pandemic which brought an extraordinary demand for transparent barrier products. This demand is now normalised. Net sales declined by 11 percent to SEK 163.6 (184.2) million where of higher prices somewhat could compensate for the lower sales volumes and a negative currency impact. Operating profit declined to SEK 23.5 (34.6) million as a result of the lower net sales. Operating margin declined to 14.3 percent (18.8 percent).

During the six months period 2021, sales volume declined by 7 percent. The volume decline during the six months period refers to the second quarter, see above. Net sales declined by 1 percent to SEK 318.9 (322.7) million where higher prices not fully could compensate for lower sales volumes. Operating profit amounted to SEK 49.2 (48.9) million. Operating margin improved to 15.4 percent (15.2 percent).

### CZECH REPUBLIC

Key performance indicator	2021	2020	Δ,%	2021	2020	Δ,%	R 12	2020	Δ,%
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun			Jan-Dec	
Sales volume, tonnes	2,500	2,503	-	4,703	4,264	10	9,081	8,642	5
Net sales, SEK million	92.2	83.6	10	162.8	156.1	4	320.8	314.1	2
Operating profit, SEK million	2.7	3.7	-27	7.5	7.5	-	18.7	18.7	-
Operating margin, %	2.9	4.4	-34	4.6	4.8	-4	5.8	6.0	-3

In the second quarter 2021, the sales volume was unchanged compared to the corresponding period previous year. A rising trend within home and garden has in volume compensated for the decline in barrier products. Net sales increased by 10 percent to SEK 92.2 (83.6) million, taking into account exchange rate fluctuations, the organic increase was 4 percent. Net sales increased thanks to higher prices. Operating profit declined to SEK 2.7 (3.7) million as a result of lower gross margins. Towards the end of the quarter input material to higher prices were acquired on the spot market, which affected the gross margin negatively. Operating margin declined to 2.9 percent (4.4 percent).

During the six months period, sales volumes increased by 10 percent. Net sales increased by 4 percent to SEK 162.8 (156.1) million, taking into account exchange rate fluctuations, the organic increase was 4 percent. The six months period included a first quarter with negative impact from product mix and exchange rates and a second quarter with higher prices. Net sales increased mainly as a consequence of changed product mix and higher prices. Operating profit was unchanged SEK 7.5 (7.5) million and the operating margin declined to 4.6 percent (4.8 percent).

## Financial objectives

In preparation for the listing on Nasdaq Stockholm, Arla Plast's Board of Directors adopted financial targets, which are presented below.

### Sales growth

Annual organic sales growth over a business cycle should be 5 percent. This target is not likely to be met during the 2021 financial year, as growth was unexpectedly high in 2020 due to the sale of barrier products at the start of the pandemic.

### Operating margin

Operating margin over a business cycle should be at least 10 percent.

### Net debt

Net debt in relation to EBITDA shall not exceed 2.5x times.

#### *Dividend policy*

The dividend policy is to pay shareholders about 30-50 percent of the profit for the year. Decisions on dividends will reflect the Company's financial position, cash flow and investment needs.

### **Significant risks and uncertainties**

A number of factors can affect Arla Plast's operations in terms of operational strategic, financial and compliance risks.

Strategic risks include general economic conditions and trends, particularly in Europe, where the majority of the Group's products are sold. An economic downturn in the market may have a negative impact on the Group's sales and earnings. Arla Plast faces competition from both small and relatively large companies and continuously streamlines its production, distribution and organization in order to maintain its competitiveness. The COVID-19 situation has had a significant impact and may continue to affect the Group's operations both in terms of fluctuations in demand, but also the risk of contagion, which could lead to difficulties in staffing production facilities.

The supply and price of key raw materials is one of the most substantial operational risks. The main and most important raw material component in the production is PC, ABS and PETG granulate, where volatility in supply and price can lead to the risk of material shortages, as well as a negative impact on profitability.

Regarding compliance risk, Arla Plast's operations are affected by a number of laws and regulations at both transaction risk and translation risk. The Group is exposed to transaction risk mainly through intra-group transactions in EUR. Furthermore, the Group is exposed to currency risk, in the form of translation risk when translating the income, expenses, assets and liabilities of the subsidiary in the Czech Republic into the Group's presentation currency, which is Swedish kronor (SEK).

For further information on risks and uncertainties, see the 2020 Annual Report.

### **Sustainability and the environment**

It is important for Arla Plast to conduct its business in a sustainable and responsible manner, to strengthen our long-term competitiveness and to create value, both financially and operationally. Sustainable business value is achieved by working according to our sustainability framework and goals. Our approach to sustainability is that these types of issues should be addressed in an integrated way, as part of our day-to-day operations as well as part of our strategic processes.

Key areas of the Group's sustainability work include environmental footprint, social sustainability and business ethics. This entails that Arla Plast shall conduct its operations in accordance with the legal requirements imposed on the business with regard to environmental impact and actively work to minimize the environmental footprint of the Group's operations and products. Furthermore, Arla Plast's social responsibility shall primarily include employees and society, where a good and safe workplace is in focus together with an active effort to contribute to a positive social development. Arla Plasts shall also conduct its business in an ethical and responsible manner and be a trustworthy partner in all relationships and wherever the company operates.

Arla Plast has certifications for quality, environment and work environment according to the ISO standards ISO 9001, ISO 14001 and ISO 45001. Arla Plast has identified a number of KPIs related to sustainability which we follow up on. CO2 and sickness leave are two important KPIs. For the second quarter 2021, our CO2 footprint was in average 3.4 kilo CO2 per produced product and sick leave 6.2 percent.

For further information regarding our sustainability work please find our Sustainability report for 2020 on [www.arlaplastgroup.com](http://www.arlaplastgroup.com).

### **Seasonal variations**

Arla Plast has a large number of customers in a wide range of industries. Demand for Arla Plast's products does not generally have any major seasonal variations except for MWPC, which normally has a weaker winter season and a stronger summer season. However, the Group's results are affected by the number of working days, with the number of public holidays and the holiday and Christmas period having a negative impact.

### **Personnel**

The average number of full-time employees in the second quarter of 2021 was 264 (253). During the second quarter, women accounted for 25 percent (24 percent) of employees. For the six months period, the average number of full-time employees was 264 (250) whereof women accounted for 25 percent (24 percent).

### **Events after the end of the reporting period**

After the end of the reporting period, the Company has called for an Extraordinary General meeting on August 18, 2021.

*Extraordinary General Meeting*

The Extraordinary General Meeting will be held on Wednesday, August 18, 2021. Due to the coronavirus, the general meeting will be held by postal vote. The meeting mainly has to decide to increase the Board of Directors with a person elected by the General Meeting and to elect Ulf Hedlundh as the new member of the Board of Directors. More information about the Extraordinary General Meeting can be found at [www.arlaplastgroup.com](http://www.arlaplastgroup.com).

**The share**

On May 25, Arla Plast was listed on Nasdaq Stockholm Small Cap, ticker ARPL. Shares corresponding to 52 percent of the total number of shares and votes were sold prior to the listing of the selling shareholder, Synnersten Invest AB. As of June 30, 2021, Synnersten Invest AB owns 48 percent, Svolder AB 10 percent, Nortal Investments AB 10 percent, Roosgruppen AB 5 percent and Nordea Investment Funds 4 percent. Arla Plast AB has a total of approximately 2,000 shareholders. An incentive program 2020/23 corresponding to a total of 980,000 warrants has been issued to key employees.



## FINANCIAL REPORTS

### Consolidated statement of comprehensive income

Amounts in SEK thousand	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	Jan-Dec 2020
Net sales	2,3	246,347	260,833	465,159	465,406	884,433	884,680
Cost of goods sold		-195,904	-195,787	-363,806	-360,454	-678,983	-675,631
<b>Gross margin</b>		<b>50,443</b>	<b>65,046</b>	<b>101,353</b>	<b>104,952</b>	<b>205,450</b>	<b>209,049</b>
Selling expenses		-14,159	-13,472	-28,302	-32,448	-59,800	-63,946
Administrative expenses	7	-12,555	-11,033	-24,982	-17,894	-48,656	-41,568
Other operating income		276	848	3,675	5,092	4,639	6,056
Other operating expenses		-293	-2,897	-414	-2,971	-1,114	-3,671
<b>Operating profit</b>		<b>23,712</b>	<b>38,492</b>	<b>51,330</b>	<b>56,731</b>	<b>100,519</b>	<b>105,920</b>
Financial income		0	-15	0	274	-270	4
Financial expense		-394	-1,498	-544	-2,777	-3,050	-5,283
<b>Profit before tax</b>		<b>23,318</b>	<b>36,979</b>	<b>50,786</b>	<b>54,228</b>	<b>97,199</b>	<b>100,641</b>
Tax expense		-4,767	-7,756	-10,287	-11,478	-19,287	-20,478
<b>Profit for the period</b>		<b>18,551</b>	<b>29,223</b>	<b>40,499</b>	<b>42,750</b>	<b>77,912</b>	<b>80,163</b>
<b>Other comprehensive income:</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		2,566	-9,283	6,110	-9,046	2,387	-12,769
<b>Other comprehensive income for the period</b>		<b>2,566</b>	<b>-9,283</b>	<b>6,110</b>	<b>-9,046</b>	<b>2,387</b>	<b>-12,769</b>
<b>Total comprehensive income for the period</b>		<b>21,117</b>	<b>19,940</b>	<b>46,609</b>	<b>33,704</b>	<b>80,299</b>	<b>67,394</b>
<b>Amounts in SEK</b>							
Earnings per share, basic	8	0.93	1.46	2.02	2.14	3.90	4.01
Earnings per share, diluted	8	0.88	1.46	1.93	2.14	3.78	3.93

The profit and the total comprehensive income for the period are attributable in their entirety to the shareholders of the parent company.

**Consolidated statement of financial position**

Amounts in SEK thousand	Note	2021-06-30	2020-06-30	2020-12-31
<b>ASSETS</b>				
<b>Total non-current assets</b>				
Intangible non-current assets		671	870	805
Property, plant and equipment		284,851	259,799	275,253
Right-of-use assets		7,314	10,631	8,593
Other non-current receivables	4	5	3,171	14
<b>Total non-current assets</b>		<b>292,841</b>	<b>274,471</b>	<b>284,665</b>
<b>Current assets</b>				
Inventories	5	156,285	160,086	160,769
Accounts receivable	4	141,759	137,489	93,109
Other current receivables	4	6,431	13,522	10,788
Prepaid expenses and accrued income		1,717	772	2,884
Cash and cash equivalents	4	53,446	81,048	23,814
<b>Total current assets</b>		<b>359,638</b>	<b>392,917</b>	<b>291,364</b>
<b>TOTAL ASSETS</b>		<b>652,479</b>	<b>667,388</b>	<b>576,029</b>
<b>EQUITY</b>				
Share capital		2,400	2,400	2,400
Other capital contributions		1,666	-	1,666
Translation reserve		27,144	24,756	21,034
Retained earnings (including profit for the period)		404,846	426,935	364,347
<b>Total equity attributable to owners of the parent</b>		<b>436,056</b>	<b>454,091</b>	<b>389,447</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current portion of lease liability		2,764	6,031	4,041
Deferred tax liabilities		39,127	37,406	38,697
<b>Total non-current liabilities</b>		<b>41,891</b>	<b>43,437</b>	<b>42,738</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	4	62,137	35,632	52,186
Current portion of lease liability		4,572	4,743	4,624
Accounts payable	4	37,173	43,092	26,074
Current tax liabilities		340	-	6,609
Debt to Group companies	4	-	20,997	-
Derivative instruments	4	-	1,099	32
Other liabilities	4	25,468	17,178	29,067
Accrued expenses and deferred income		44,842	47,119	25,252
<b>Total current liabilities</b>		<b>174,532</b>	<b>169,860</b>	<b>143,844</b>
<b>Total liabilities</b>		<b>216,423</b>	<b>213,297</b>	<b>186,582</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>652,479</b>	<b>667,388</b>	<b>576,029</b>

**Condensed consolidated statement of changes in equity**

Amounts in SEK thousand	2021-06-30	2020-06-30	2020-12-31
<b>Opening balance</b>	<b>389,447</b>	<b>420,387</b>	<b>420,387</b>
Profit for the period	40,499	42,750	80,163
Other comprehensive income	6,110	-9,046	-12,769
<b>Total comprehensive income</b>	<b>46,609</b>	<b>33,704</b>	<b>67,394</b>
Dividend	-	-	-100,000
Cash for warrants	-	-	1,666
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-98,334</b>
<b>Closing balance</b>	<b>436,056</b>	<b>454,091</b>	<b>389,447</b>

**Consolidated statement of cash flows**

Amounts in SEK thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	Jan-Dec 2020
<b>Cash flow from operating activities</b>						
Operating profit	23,712	38,492	51,330	56,731	100,519	105,920
Adjustment for items not included in cash flow	9,717	4,828	18,671	15,438	40,167	36,934
Interest received	-	-15	-	274	-270	4
Interest paid	-168	-533	-325	-1,077	-1,160	-1,912
Income tax paid	-5,426	-4,328	-8,991	-10,149	-12,236	-13,394
<b>Cash flow from operating activities before changes in working capital</b>	<b>27,835</b>	<b>38,444</b>	<b>60,685</b>	<b>61,217</b>	<b>127,020</b>	<b>127,552</b>
<b>Cash flow from changes in working capital</b>						
Increase/decrease in inventories	8,624	12,895	6,836	9,477	2,574	5,215
Increase/decrease in operating receivables	-10,347	-10,629	-38,720	-44,018	-1,691	-6,989
Increase/decrease in operating liabilities	16,485	25,403	15,647	38,730	-21	23,062
<b>Total change in working capital</b>	<b>14,762</b>	<b>27,669</b>	<b>-16,237</b>	<b>4,189</b>	<b>862</b>	<b>21,288</b>
<b>Cash flow from operating activities</b>	<b>42,597</b>	<b>66,113</b>	<b>44,448</b>	<b>65,406</b>	<b>127,882</b>	<b>148,840</b>
<b>Cash flow from investing activities</b>						
Investments in intangible fixed assets	-28	-252	-28	-414	-112	-498
Investments in property, plant and equipment	-8,870	-6,263	-21,362	-8,241	-54,119	-40,998
Disposal of long-term receivables	-	-	-	-	3,129	3,129
<b>Cash flow from investing activities</b>	<b>-8,898</b>	<b>-6,515</b>	<b>-21,390</b>	<b>-8,655</b>	<b>-51,102</b>	<b>-38,367</b>
<b>Cash flow from financing activities</b>						
Derivative instruments	-	1,062	-	1,345	-1,529	-184
Dividend	-	-	-	-	-100,000	-100,000
Increased use of overdraft facility	-	106	9,112	-	27,663	17,022
Reduced use of overdraft facility	-9,189	-	-	-1,529	-	-
Amortization related to lease liability	-1,326	-1,247	-2,623	-2,627	-5,320	-5,324
Amortization of loans to credit institutions	-	-31,560	-	-31,560	-	-31,560
Amortization of debt to Group companies	-	-16,000	-	-19,100	-20,397	-39,497
Cash for warrants	-	-	-	-	1,666	1,666
<b>Cash flow from financing activities</b>	<b>-10,515</b>	<b>-47,639</b>	<b>6,489</b>	<b>-53,471</b>	<b>-97,917</b>	<b>-157,877</b>
<b>Cash flow for the period</b>	<b>23,184</b>	<b>11,959</b>	<b>29,547</b>	<b>3,280</b>	<b>-21,137</b>	<b>-47,404</b>
Cash and cash equivalents at beginning of period	30,794	71,029	23,814	77,430	81,048	77,430
Exchange differences in cash and cash equivalents	-532	-1,940	85	338	-6,465	-6,212
<b>Cash and cash equivalents at close of period</b>	<b>53,446</b>	<b>81,048</b>	<b>53,446</b>	<b>81,048</b>	<b>53,446</b>	<b>23,814</b>

**Condensed parent company income statement**

Amounts in SEK thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	Jan-Dec 2020
Net sales	163,529	184,222	318,871	322,749	610,199	614,077
Cost of goods sold	-121,695	-128,785	-235,328	-236,237	-448,302	-449,211
<b>Gross profit</b>	<b>41,834</b>	<b>55,437</b>	<b>83,543</b>	<b>86,512</b>	<b>161,897</b>	<b>164,866</b>
Selling expenses	-11,895	-10,290	-23,153	-26,420	-41,244	-49,337
Administrative expenses	-10,008	-8,398	-20,214	-12,578	-43,100	-30,638
Other operating income and operating expenses	769	-2,122	3,039	1,398	3,450	1,809
<b>Operating profit</b>	<b>20,700</b>	<b>34,627</b>	<b>43,215</b>	<b>48,912</b>	<b>81,003</b>	<b>86,700</b>
Financial income and financial expenses	-398	-1,649	-379	-2,259	-2,366	-4,246
<b>Profit before appropriations and tax</b>	<b>20,302</b>	<b>32,978</b>	<b>42,836</b>	<b>46,653</b>	<b>78,637</b>	<b>82,454</b>
Appropriations	-	-	-	-	-18,942	-18,942
<b>Profit before tax</b>	<b>20,302</b>	<b>32,978</b>	<b>42,836</b>	<b>46,653</b>	<b>59,695</b>	<b>63,512</b>
Tax expense	-4,183	-7,058	-8,825	-9,984	-12,480	-13,639
<b>Profit for the period</b>	<b>16,119</b>	<b>25,920</b>	<b>34,011</b>	<b>36,669</b>	<b>47,215</b>	<b>49,873</b>

**Parent company's condensed statement of comprehensive income**

<b>Profit for the period</b>	<b>16,119</b>	<b>25,920</b>	<b>34,011</b>	<b>36,669</b>	<b>47,215</b>	<b>49,873</b>
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,119</b>	<b>25,920</b>	<b>34,011</b>	<b>36,669</b>	<b>47,215</b>	<b>49,873</b>





## NOTES

### Not 1 Basic accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act. The same accounting policies as those in the last annual report have been applied for the Group and the Parent Company.

Significant estimates and judgements are set out in Note 4 of the 2020 Annual Report. No changes have been made to that could have a substantial impact on the current interim report.

New standards, amendments and interpretations effective from 1 January 2021 or later have not had a substantial impact on this financial report.

### Not 2 Categories of revenue

Below is a breakdown of revenue from contracts with customers in Arla Plast's largest markets based on the domicile of the customer and Arla Plast's product areas. No single customer accounts for 10 percent or more of sales, which means that dependence on individual customers is limited for Arla Plast.

External net sales per geographical market, SEK Thousand	April-June 2021	%	April - June 2020	%	Jan-June 2021	%	Jan-June 2020	%	R 12	%	Jan-Dec 2020	%
Sweden	34,818	14	27,627	11	61,042	13	56,134	12	116,680	13	111,772	13
Germany	49,498	20	75,535	29	101,339	22	141,733	31	194,104	22	234,498	26
Czech Republic	34,624	14	25,270	10	69,588	15	41,152	9	116,798	13	88,362	10
Polen	28,495	12	22,191	8	49,655	11	37,505	8	96,360	11	84,210	10
Rest of Europe	86,973	35	101,296	39	161,532	34	169,173	36	322,189	37	329,830	37
Rest of World	11,940	5	8,914	3	22,003	5	19,709	4	38,302	4	36,008	4
<b>Total</b>	<b>246,347</b>	<b>100</b>	<b>260,833</b>	<b>100</b>	<b>465,159</b>	<b>100</b>	<b>465,406</b>	<b>100</b>	<b>884,433</b>	<b>100</b>	<b>884,680</b>	<b>100</b>
<b>External net sales per product category, SEK Thousand</b>												
TPC	115,788	47	150,075	58	230,072	49	245,449	53	435,391	49	450,768	51
OPC	30,569	12	21,773	8	53,967	12	60,321	13	100,461	12	106,815	12
MWPC	58,510	24	43,783	17	98,396	21	74,610	16	179,594	20	155,808	18
ABS	23,711	10	14,533	5	45,163	10	42,159	9	90,426	10	87,422	10
PETG	17,769	7	30,669	12	37,561	8	42,867	9	78,561	9	83,867	9
<b>Summa</b>	<b>246,347</b>	<b>100</b>	<b>260,833</b>	<b>100</b>	<b>465,159</b>	<b>100</b>	<b>465,406</b>	<b>100</b>	<b>884,433</b>	<b>100</b>	<b>884,680</b>	<b>100</b>

### Note 3 Operating segments

The Group's activities are divided into two operating segments, Sweden and the Czech Republic.

Group-wide functions can be found in both Sweden and the Czech Republic and are internally invoiced to ensure that a fair result can be monitored in each segment. Items affecting comparability, which relate to preparation costs for a possible listing, are charged to Group-wide costs and have not been allocated. In the consolidated statement of comprehensive income, the items affecting comparability are included in administrative expenses. Intersegment sales take place on market terms. The CEO primarily uses net sales and adjusted operating profit in assessing the Group's performance

### Sweden

The Sweden segment is the Group's larger segment. This segment represents approximately 65 percent (68 percent) of the Group's total net sales in the second quarter of 2021 and includes all operations conducted and based in Borensberg. The main raw materials in the segment are polycarbonate and ABS. The product areas in which the segment operates are TPC, OPC and ABS. Approximately 63 percent (54 percent) of the net sales of the joint product area OPC are generated in the Sweden segment.

### Czech Republic

The Czech Republic segment represents approximately 35 percent (32 percent) of the Group's total net sales in the second quarter of 2021, but is expected to grow. This segment includes all activities conducted and originating in the Czech Republic. Production takes place in Kadaň and Pelhřimov. The main raw materials in the segment are polycarbonate and PETG. The product areas in which the segment operates are MWPC, OPC and PETG. Regarding the joint product area OPC, the Czech Republic segment accounts for approximately 37 percent (46 percent) of net sales.

### Revenue

Intersegment sales take place on market terms. Revenue from external parties reported to the CEO is measured in the same way as in the consolidated statement of comprehensive income.

Net sales and earnings by segment, net sales by geographic market and segment, as well as significant assets and liabilities by segment are shown below:

### NET SALES AND EARNINGS PER SEGMENT

Net sales and earnings	Segment	Segment	Jointly	Elim.	Group	Segment	Segment	Jointly	Elim.	Group
	Sweden	Czech				Sweden	Czech			
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
Sales volume, tonnes	3,891	2,500	-	-291	6,100	4,946	2,503	-	-249	7,200
Net sales, external, SEK million	161.2	85.1	-	-	246.3	177.2	83.6	-	-	260.8
Net sales, intern, SEK million	2.3	7.1	-	-9.4	-	7.0	-	-	-7.0	-
Total net sales, SEK million	163.5	92.2	-	-9.4	246.3	184.2	83.6	-	-7.0	260.8
Adjusted operating profit, SEK million	23.4	2.7	-	0.3	26.4	34.6	3.7	-	0.2	38.5
Items affecting comparability, SEK million	-	-	2.7	-	2.7	-	-	-	-	-
Operating profit, SEK million	23.4	2.7	-2.7	0.3	23.7	34.6	3.7	-	0.2	38.5
Net financial items, SEK million	-0.3	-0.1	-	-	-0.4	-1.7	0.2	-	-	-1.5
Profit before tax, SEK million	23.1	2.6	-2.7	0.3	23.3	32.9	3.9	-	0.2	37.0
Operating margin, %	14.3	2.9	-	-	9.6	18.8	4.4	-	-	14.8
Adjusted operating margin, %	14.3	2.9	-	-	10.7	18.8	4.4	-	-	14.8

Net sales and earnings	Segment Sweden Jan-Jun 2021	Segment Czech Jan-Jun 2021	Jointly Jan-Jun 2021	Elim. Jan-Jun 2021	Group Jan-Jun 2021	Segment Sweden Jan-Jun 2020	Segment Czech Jan-Jun 2020	Jointly Jan-Jun 2020	Elim. Jan-Jun 2020	Group Jan-Jun 2020
Sales volume, tonnes	8,150	4,703	-	-572	12,281	8,743	4,264	-	-300	12,707
Net sales, external, SEKmillion	315.6	149.6	-	-	465.2	309.3	156.1	-	-	465.4
Net sales, intern, SEK million	3.3	13.2	-	-16.5	-	13.4	-	-	-13.4	-
Total net sales, SEK million	318.9	162.8	-	-16.5	465.2	322.7	156.1	-	-13.4	465.4
Adjusted operating profit, SEK million	49.2	7.5	-	0.6	57.3	48.9	7.5	-	0.3	56.7
Items affecting comparability, SEK million	-	-	6.0	-	6.0	-	-	-	-	-
Operating profit, SEK million	49.2	7.5	-6.0	0.6	51.3	48.9	7.5	-	0.3	56.7
Net financial items, SEK million	-0.3	-0.2	-	-	-0.5	-2.3	-0.2	-	-	-2.5
Profiti before tax, SEK million	48.9	7.3	-6.0	0.6	50.8	46.6	7.3	-	0.3	54.2
Operating margin, %	15.4	4.6	-	-	11.0	15.2	4.8	-	-	12.2
Adjusted operating margin, %	15.4	4.6	-	-	12.3	15.2	4.8	-	-	12.2

Net sales and earnings	Segment Sweden R 12	Segment Czech R 12	Jointly R 12	Elim. R 12	Group R 12	Segment Sweden Jan-Dec 2020	Segment Czech Jan-Dec 2020	Jointly Jan-Dec 2020	Elim. Jan-Dec 2020	Group Jan-Dec 2020
Sales volume, tonnes	15,618	9,081	-	-1,133	23,566	16,211	8,642	-	-861	23,992
Net sales, external, SEKmillion	598.2	286.3	-	-	884.5	591.9	292.8	-	-	884.7
Net sales, intern, SEK million	12.0	34.6	-	-46.6	-	22.1	21.4	-	-43.5	-
Total net sales, SEK million	610.2	320.9	-	-46.6	884.5	614.1	314.1	-	-43.5	884.7
Adjusted operating profit, SEK million	94.7	18.7	-	0.7	114.1	94.4	18.7	-	0.4	113.5
Items affecting comparability, SEK million	-	-	13.6	-	13.6	-	-	7.6	-	7.6
Operating profit, SEK million	94.7	18.7	-13.6	0.7	100.5	94.4	18.7	-7.6	0.4	105.9
Net financial items, SEK million	-2.3	-1.0	-	-	-3.3	-4.3	-1.0	-	-	-5.3
Profiti before tax, SEK million	92.4	17.7	-13.6	0.7	97.2	90.1	17.7	-7.6	0.4	100.6
Operating margin, %	15.5	5.8	-	-	11.4	15.4	6.0	-	-	12.0
Adjusted operating margin, %	15.5	5.8	-	-	12.9	15.4	6.0	-	-	12.8

## NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK Thousands	Segment Sweden Q2 2021	Segment Czech Q2 2021	Internal Q2 2021	Group Q2 2021	Segment Sweden Q2 2020	Segment Czech Q2 2020	Intern Q2 2020	Group Q2 2020
Sweden	31,473	10,449	-7,104	34,818	27,279	349	-	27,628
Germany	34,256	15,242	-	49,498	55,684	19,851	-	75,535
Czech	9,531	27,380	-2,288	34,623	5,755	26,562	-7,047	25,270
Polen	18,605	9,890	-	28,495	16,767	5,423	-	22,191
Rest Europe	62,647	24,326	-	86,973	75,793	25,503	-	101,296
Rest World	7,017	4,923	-	11,940	2,944	5,969	-	8,913
<b>Total</b>	<b>163,529</b>	<b>92,210</b>	<b>-9,392</b>	<b>246,347</b>	<b>184,222</b>	<b>83,658</b>	<b>-7,047</b>	<b>260,833</b>

Geographical market, SEK Thousands	Segment Sweden Jan-Jun 2021	Segment Czech Jan-Jun 2021	Intern Jan-Jun 2021	Group Jan-Jun 2021	Segment Sweden Jan-Jun 2020	Segment Czech Jan-Jun 2020	Intern Jan-Jun 2020	Group Jan-Jun 2020
Sweden	54,167	20,080	-13,204	61,043	52,841	3,294	-	56,135
Germany	69,204	32,135	-	101,339	87,721	54,012	-	141,733
Czech	28,955	43,934	-3,302	69,587	19,344	35,275	-13,467	41,152
Polen	33,996	15,659	-	49,655	26,383	11,122	-	37,505
Rest Europe	118,036	43,496	-	161,532	125,333	43,840	-	169,173
Rest World	14,513	7,490	-	22,003	11,127	8,581	-	19,708
<b>Total</b>	<b>318,871</b>	<b>162,794</b>	<b>-16,506</b>	<b>465,159</b>	<b>322,749</b>	<b>156,124</b>	<b>-13,467</b>	<b>465,406</b>

Geographical market, SEK Thousands	Segment Sweden R12	Segment Czech R12	Intern R 12	Group R 12	Segment Sweden Jan-Dec 2020	Segment Czech Jan-Dec 2020	Intern Jan-Dec 2020	Group Jan-Dec 2020
Sweden	102,726	48,536	-34,582	116,680	101,400	31,750	-21,378	111,772
Germany	133,579	60,525	-	194,104	152,096	82,402	-	234,498
Czech	81,811	46,978	-11,992	116,797	72,200	38,319	-22,157	88,362
Polen	45,818	50,542	-	96,360	38,205	46,005	-	84,210
Rest Europe	217,861	104,328	-	322,189	225,158	104,672	-	329,830
Rest World	28,404	9,899	-	38,303	25,018	10,990	-	36,008
<b>Total</b>	<b>610,199</b>	<b>320,808</b>	<b>-46,574</b>	<b>884,433</b>	<b>614,077</b>	<b>314,138</b>	<b>-43,535</b>	<b>884,680</b>

## MATERIAL ASSETS AND LIABILITIES PER SEGMENT

Material assets and liabilities per segment, SEK Thousands	2021-06-30	2020-06-30	2020-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	176,719	144,675	167,735
Inventories	91,684	91,157	96,578
Liabilities	123,262	133,804	105,330

<i>Segment Czech</i>			
Property, plant and equipment	114,379	122,300	114,375
Inventories	64,601	68,929	64,191
Liabilities	70,008	57,116	49,590

**Note 4 Financial instruments**

The Group's financial assets and liabilities comprise the following items: other long-term receivables, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, leasing liabilities, liabilities to Group companies, accounts payable, other liabilities and derivative financial instruments.

For those financial instruments carried at amortized cost, the carrying amount is considered to be a reasonable estimate of fair value, as they are all current instruments.

All derivatives are measured at fair value and classified as Level 2, which means that all significant inputs required for measurement are observable.

The table below shows the fair value of outstanding derivatives (forward exchange contracts) included in the balance sheet:

Amounts in SEK Thousands	2021-06-30	2020-06-30	2020-12-31
Current assets	-	-	-
Current liabilities	-	1,099	32

**Note 5 Inventories**

Amounts in SEK Thousands	2021-06-30	2020-06-30	2020-12-31
Raw materials and merchandise in stock	81,201	90,442	88,855
Finished goods produced in-house	71,058	67,802	68,869
Products in progress	4,026	1,842	3,045
<b>Total inventories</b>	<b>156,285</b>	<b>160,086</b>	<b>160,769</b>

**Note 6 Related-party transactions**

There have been no changes in the Group's or Parent Company's related-party relationships compared to those described in the 2020 Annual Report. There were no material related-party transactions during the period.

**Note 7 Items affecting comparability**

Amounts in SEK thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	Jan-Dec
IPO costs	2,736	-	5,967	-	13,602	7,635
<b>Total</b>	<b>2,736</b>	<b>-</b>	<b>5,967</b>	<b>-</b>	<b>13,602</b>	<b>7,635</b>

In order to prepare Arla Plast for a possible listing on Nasdaq Stockholm, a number of different measures have been taken with external assistance. The listing is expected to take place in 2021, and the costs associated with the preparations amount to SEK 2.7 (0) million in the second quarter and SEK 6.0 million (0) for the six months period.

**Note 8 Earnings per share**

The share capital of Arla Plast AB amounts to SEK 2,400,000. The Extraordinary General Meeting on July 3, 2020, decided to merge shares and to split shares. Following these decisions, the number of shares in the company amounts to 20,000,000 with a quota value of SEK 0.12. Basic earnings per share for all periods have been based on 20,000,000 shares. Diluted earnings per share are calculated by adjusting the average number of shares to include all potential dilution of shares. The company issued a total of 980,000 warrants at the Annual General Meeting on 13 August 2020.

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	2020-12-31
<b>Basic and diluted earnings per share</b>						
Profit attributable to equity holders of the parent, SEK thousand	18,551	29,223	40,499	42,750	77,912	80,163
Weighted number of shares, basic	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Weighted number of shares, diluted	20,980,000	20,000,000	20,980,000	20,000,000	20,807,541	20,377,541
<b>Earnings per share, basic, SEK</b>	<b>0.93</b>	<b>1.46</b>	<b>2.02</b>	<b>2.14</b>	<b>3.90</b>	<b>4.01</b>
<b>Earnings per share, diluted, SEK</b>	<b>0.88</b>	<b>1.46</b>	<b>1.93</b>	<b>2.14</b>	<b>3.74</b>	<b>3.93</b>

#### Note 9 Alternative Performance Measures

The performance measures in this report take into account the nature of the operations and are deemed to provide relevant information to shareholders and other stakeholders, while also enabling comparability with other companies. In addition to the financial ratios prepared in accordance with IFRS, Arla Plast presents financial ratios that have not been defined in accordance with IFRS, for example EBITDA and adjusted operating margin. These alternative performance measures are considered important earnings and performance indicators for investors and other users of the interim report. The alternative performance measures should be considered a complement to, but not a substitute for, the financial information prepared in accordance with IFRS. The Arla Plast Group's definitions of these measures that are not defined under IFRS are described in this note.

Definitions	Calculation	Purpose
Gross margin, %	Gross profit/loss as a percentage of the net sales for the period.	The gross margin is used to measure profitability after the cost of goods sold.
Operating margin, %	Operating profit as a percentage of the net sales for the period.	The operating margin is used to measure operating profitability. The key ratio is one of the company's financial targets and should amount to at least 10% over a business cycle.
EBITDA, SEK thousand	Operating profit before depreciation, amortization and impairment.	The EBITDA is used to measure the operating profit without the effect of depreciation, amortization and impairment and therefore provides a measure of profit that is comparable over time.
Items affecting comparability, SEK thousand	Significant items not included in the ordinary course of business such as costs of preparing for a listing, restructuring and the impact of acquisitions or disposals.	Taking items affecting comparability into account increases the comparability and therefore the understanding of the Group's financial performance.
Adjusted operating profit, SEK thousand	Operating profit adjusted for items affecting comparability.	Adjusting the operating profit makes it more comparable. Used to monitor the Group's operating segment.
Adjusted operating margin, %	The adjusted operating profit as a percentage of the net sales for the period.	The adjusted operating margin excludes the effect of items affecting comparability, which enables a comparison of the underlying operating profitability.
Adjusted EBITDA, SEK thousand	EBITDA adjusted for items affecting comparability.	EBITDA adjusted increases the comparability of EBITDA.
Interest-bearing assets, SEK thousand	Cash and bank balances.	The interest-bearing assets are used to calculate the net debt.
Interest-bearing liabilities, SEK thousand	Current and non-current liabilities owed to credit institutions, current and non-current lease liabilities, and debt owed to the parent company.	The interest-bearing liabilities are used to calculate the net debt.
Net debt, SEK thousand	Interest-bearing liabilities less interest-bearing assets.	The net debt is used to measure the Company's ability to repay all of its debt using the Company's available cash if the debt matured on the calculation date.
Net debt/EBITDA, multiple	The net debt at period-end in relation to the EBITDA for the last 12 months.	The net debt/EBITDA ratio gives an indication of the company's ability to reduce its debt. It represents the number of years that it would take to repay the debt if the net debt and EBITDA stayed constant, without taking into account interest-, tax- and investment-related cash flow. The key ratio is one of the company's financial targets and should not exceed 2.5 times.



Organic growth, %	Organic growth is the sales growth excluding growth attributable to acquisitions, disposals and exchange rate fluctuations.	Organic growth is used to monitor the underlying change in income between different periods with constant exchange rates and excluding the effect of any acquisitions and/or divestments. The key ratio is one of the company's financial targets, and the annual organic sales growth over a business cycle should be 5%.
Working capital, SEK thousand	Inventories and other short-term operating assets less other short-term operating liabilities.	This measure is used to analyze the company's short-term tied-up capital.
Working capital/sales, %	Operating receivables less operating liabilities in relation to sales.	This key ratio is used to monitor the change in working capital in relation to net sales.
Capital employed, SEK thousand	Total assets less non-interest-bearing liabilities (including deferred tax).	Capital employed measures the ability of the enterprise to meet the needs of the business in addition to cash and cash equivalents.
Return on capital employed (ROCE), %	Adjusted operating profit divided by average capital employed. Average capital employed is calculated by adding the capital employed at period-end to the capital employed at period-end for the same period of the previous year and dividing it by two.	ROCE is a long-term profitability indicator that measures how effectively the company is using its capital.
Sales volume, metric tons	Volume sold stated in metric tons.	The sales volume is a key performance indicator used to assess the company's sales in relation to the total volume sold in the company's end markets.
R12, SEK thousand	A summary of outcomes from the last 12 months.	R12 allows for comparison with the full year 2020.
Operating cash flow, SEK thousand	Cash flow from operating activities and cash flow from investing activities.	This indicator measures the total cash flow in operating activities.
Equity/assets ratio	The equity at period-end as a percentage of total assets.	The equity ratio indicates the proportion of the company's assets that are financed by equity. This performance measure makes it possible to analyze a company's long-term ability to pay.

**Calculation of key ratios:**

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	R 12	2020
<b>Gross margin, %:</b>						
Gross profit, SEK thousand	50,443	65,046	101,353	104,952	205,450	209,049
Net sales, SEK thousand	246,347	260,833	465,159	465,406	884,433	884,680
<b>Gross margin, %</b>	<b>20.5</b>	<b>24.9</b>	<b>21.8</b>	<b>22.6</b>	<b>23.2</b>	<b>23.6</b>
<b>Operating margin, %, Sweden:</b>						
Net sales, SEK thousand	163,529	184,222	318,871	322,749	610,199	614,077
Operating profit, SEK thousand	23,437	34,636	49,201	48,928	94,651	94,378
<b>Operating margin, %, Sweden</b>	<b>14.3</b>	<b>18.8</b>	<b>15.4</b>	<b>15.2</b>	<b>15.5</b>	<b>15.4</b>
<b>Operating margin, %, Czech Republic</b>						
Net sales, SEK thousand	92,210	83,658	162,794	156,124	320,808	314,138
Operating profit, SEK thousand	2,705	3,697	7,484	7,485	18,741	18,742
<b>Operating margin, %, Czech Republic</b>	<b>2.9</b>	<b>4.4</b>	<b>4.6</b>	<b>4.8</b>	<b>5.8</b>	<b>6.0</b>
<b>Adjusted EBITDA, SEK thousand:</b>						
Operating profit	23,712	38,492	51,330	56,731	100,519	105,920
Less depreciation and amortization of non-current	9,554	8,270	18,395	17,183	36,430	35,218
Minus depreciation of non-current assets	-	-	-	-	-	-
<b>EBITDA</b>	<b>33,266</b>	<b>46,762</b>	<b>69,725</b>	<b>73,914</b>	<b>136,949</b>	<b>141,138</b>
Less items affecting comparability	2,736	-	5,967	-	13,602	7,635

<b>Adjusted EBITDA, SEK thousand</b>	<b>36,002</b>	<b>46,762</b>	<b>75,692</b>	<b>73,914</b>	<b>150,551</b>	<b>148,773</b>
<b>Organic growth, %:</b>						
Net sales, SEK thousand	246,347	260,833	465,159	465,406	884,433	884,680
Net sales for the same period of the previous year, SEK thousand	260,833	215,805	465,406	425,891	834,082	794,567
<b>Net sales, change</b>	<b>-14,486</b>	<b>45,028</b>	<b>-247</b>	<b>39,515</b>	<b>50,351</b>	<b>90,113</b>
Less exchange rate fluctuations, SEK thousand	-5,393	8,351	73	6,599	4,756	11,282
<b>Organic growth, %</b>	<b>-7.5</b>	<b>25.7</b>	<b>-</b>	<b>11.0</b>	<b>6.6</b>	<b>12.9</b>
<b>Working capital/sales, %:</b>						
Operating receivables, SEK thousand	306,192	304,565	306,192	304,565	306,192	267,550
Operating liabilities, SEK thousand	107,483	108,488	107,483	108,488	107,483	80,425
Net working capital, SEK thousand	198,709	196,077	198,709	196,077	198,709	187,125
Net sales, R12 SEK thousand	884,433	834,082	884,433	834,082	884,433	884,680
<b>Working capital/sales, %</b>	<b>22.5</b>	<b>23.5</b>	<b>22.5</b>	<b>23.5</b>	<b>22.5</b>	<b>21.2</b>
<b>Return on capital employed (ROCE), %:</b>						
Capital employed, SEK thousand	505,529	514,190	505,529	514,190	505,529	450,298
Average capital employed, SEK thousand	509,860	532,660	509,860	532,660	509,860	496,089
Adjusted operating profit R12, SEK thousand	114,121	82,251	114,121	82,251	114,121	113,555
<b>Return on capital employed (ROCE), %</b>	<b>22.4</b>	<b>15.4</b>	<b>22.4</b>	<b>15.4</b>	<b>22.4</b>	<b>22.9</b>
<b>Net debt/EBITDA, multiple:</b>						
Net debt, SEK thousand	16,027	-13,645	16,027	-13,645	16,027	37,037
EBITDA, R12 SEK thousand	136,949	117,447	136,949	117,447	136,949	141,138
<b>Net debt/EBITDA, multiple</b>	<b>0.12</b>	<b>-0.12</b>	<b>0.12</b>	<b>-0.12</b>	<b>0.12</b>	<b>0.26</b>
<b>Equity/assets ratio, %:</b>						
Equity, SEK thousand	436,056	454,091	436,056	454,091	436,056	389,447
Total capital, SEK thousand	652,479	667,388	652,479	667,388	652,479	576,029
<b>Equity/assets ratio, %</b>	<b>66.8</b>	<b>68.0</b>	<b>66.8</b>	<b>68.0</b>	<b>66.8</b>	<b>67.6</b>

## Financial information

Extraordinary General Meeting - 18 August 2021

Interim report January - September 2021 - 11 November 2021

Year-end report 2021 - 18 February 2022

Annual General meeting 2022 - 19 May 2022

## Assurance by the Board and CEO

The CEO and Board assure that this interim report provides a fair review of the Group's and Parent Company's operations, financial position and earnings and describes significant risks and uncertainties faced.

Borensberg 11 August 2021

Arla Plast AB (reg no 556131-2611)

Kenneth Synnersten  
Chairman of the Board

Annelie Arnbäck  
Board member

Sten Jakobsson  
Board member

Leif Nilsson  
Board member

Ola Salmén  
Board member

Jan Synnersten  
Board member

Andreas Johansson  
Employee representative

Joacim Törnroth  
Employee representative

Henrik Håkansson  
President and CEO

This interim report has not been reviewed by the company's auditor.

## For further information, please contact:

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## Forward-looking information

Certain statements in this report are forward-looking and the actual outcome may be significantly different. In addition to the specific mentioned factors, other factors may have material impact on the actual outcome. Such factors include, but are not limited to, the general economic climate, exchange-rate fluctuations and changes in interest rates, political developments, the impact of competing products and the prices of such products, interruptions to the access to raw materials.

*This information is such information that Arla Plast AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the abovementioned contact persons on 12 August 2021 at 8:00 am CET.*

## ABOUT ARLA PLAST

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Arla Plast is a producer and supplier of extruded sheets made of technical plastics. The plastic sheets are made of polycarbonate (PC), acrylonitrile butadiene styrene (ABS) and glycol-modified polyethylene terephthalate (PETG) and have a large number of areas of application, such as safety products, machine guards, ice hockey rinks, greenhouses, pool covers, sound walls, protective barriers (for COVID-19), suitcases, vehicle components and various construction-related areas of application. The company is headquartered in Borensberg, Sweden, and has production facilities in Borensberg and two in the Czech Republic. Arla Plast has around 260 employees and a turnover of just under SEK 900 million.

More information about Arla Plast is available at [www.arlaplastgroup.com](http://www.arlaplastgroup.com).

### Definitions of product areas

ABS:	Acrylonitrile butadiene styrene. The product group also includes products that are combinations of PC and ABS.
OPC:	Opaque polycarbonate.
MWPC:	Multiwall of polycarbonate.
PETG:	Polyethylene terephthalate glycol.
TPC:	Transparent polycarbonate.

