

# Arla Plast AB

## Interim Report January – September 2021



## STABLE RESULT – HESITANT MARKET

### JULY – SEPTEMBER 2021

- Sales volume declined by 15% to 4,862 tonnes (5,697).
- Net sales increased by 7% to SEK 222.0 (207.3) million. The organic increase was 10%.
- Operating profit increased by 13% to SEK 24.7 (21.8) million and adjusted operating profit by 5% to SEK 24.8 (23.6) million.
- The operating margin increased to 11.1% (10.5%) and adjusted operating margin to 11.2% (11.4%).
- Profit for the period improved by 10% to SEK 19.2 (17.5) million.
- Earnings per share before dilution amounted to SEK 0.96 (0.87), and after dilution, to SEK 0.91 (0.85).
- Cash flow from operating activities decreased to SEK -23.8 million (28.2).
- After the reporting period: Christian Krichau (Production Manager) has been appointed interim CEO, Henrik Håkansson resigned as of 1 November.

### JANUARY – SEPTEMBER 2021

- Sales volume declined by 7% to 17,143 tonnes (18,404 tonnes).
- Net sales increased by 2% to SEK 687.2 (672.7) million. The organic increase was 3%.
- Operating profit declined by 3% to SEK 76.0 (78.6) million, while the adjusted operating profit increased by 2% to SEK 82.1 (80.4) million.
- The operating margin decreased to 11.1% (11.7%) and the adjusted operating margin was unchanged 11.9 % (11.9%).
- Profit for the period declined by 1% to SEK 59.7 (60.2) million.
- Earnings per share, before dilution, amounted to SEK 2.98 (3.01) and after dilution to SEK 2.84 (2.99).
- Net debt amounted to SEK 63.1 (71.8) million at the end of the period, corresponding to 0.4 times (0.6 times) EBITDA.
- Cash flow from operating activities decreased to SEK 20.6 million (93.6).

### GROUP IN SUMMARY\*

	July-Sept 2021	July-Sept 2020	Δ,%	Jan-Sept 2021	Jan-Sept 2020	Δ,%	R 12	Jan-Dec 2020	Δ,%
Sales volume, tonnes	4,862	5,697	-15	17,143	18,404	-7	22,731	23,992	-5
Net sales, SEK million	222.0	207.3	7	687.2	672.7	2	899.1	884.7	2
Gross margin, %	19.9	23.8	-16	21.2	22.9	-7	22.3	23.6	-6
EBITDA, SEK million	34.5	30.9	12	104.3	104.9	-1	140.5	141.1	-
Adjusted EBITDA, SEK million	34.7	32.7	6	110.4	106.7	3	152.5	148.8	2
Operating profit, SEK million	24.7	21.8	13	76.0	78.6	-3	103.4	105.9	-2
Adjusted operating profit, SEK million	24.8	23.6	5	82.1	80.4	2	115.2	113.5	1
Operating margin, %	11.1	10.5	6	11.1	11.7	-5	11.5	12.0	-4
Adjusted operating margin, %	11.2	11.4	-2	11.9	11.9	-	12.8	12.8	-
Profit for the period, SEK million	19.2	17.5	10	59.7	60.2	-1	79.6	80.2	-1
Earnings per share before dilution, SEK	0.96	0.87	10	2.98	3.01	-1	3.98	4.01	-1
Earnings per share after dilution, SEK	0.91	0.85	7	2.84	2.99	-5	3.80	3.93	-3
Net debt/EBITDA, multiple	0.4	0.6	-33	0.4	0.6	-33	0.4	0,3	33
Net debt, SEK million	63.1	71.8	-12	63.1	71.8	-12	63.1	37.0	71
Cash flow from operating activities, SEK million	-23.8	28.2	N/A	20.6	93.6	-78	75.9	148.8	-49
Return on capital employed, %	21.3	15.8	35	21.3	15.8	35	21.3	22.9	-7
Equity/assets ratio, %	67.7	54.4	24	67.7	54.4	24	67.7	67.6	-

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

## STABLE RESULT – HESITANT MARKET

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### Market conditions

For Arla Plast, the pandemic meant new demand in the form of transparent barrier products, which are used as protection in stores as well as within the health care sector. The production facilities were busy producing large volumes of these products, which were delivered during 2020. As the world increasingly reverts to normal behavior in the wake of the pandemic, demand for transparent barrier products used for protection slowed down during 2021. During the second quarter 2021, demand begun to return from other applications, such as from manufacturing and construction, continuing during the third quarter. Demand from some applications, is however still hesitant due to the general uncertainty as well as changed prerequisite in the market.

The first half of 2021 was marked by turbulence in the market for input materials. During the summer we started to see signs of improvement regarding the supply and a stop for price increases of raw material. Surprisingly the prices, however, continued to increase slightly during the third quarter. The expected price decrease for input material is therefore still ahead of us.

### Higher net sales and good operating margin

During the third quarter sales volume in tonnes decreased by 15 percent, but compared to a very strong third quarter of 2020 which was influenced by the demand for pandemic-related products. Net sales increased, despite volume decline, by 7 percent to SEK 222.0 (207.3) million, and the organic increase was 10 percent. Price adjustments in order to meet the higher prices for input material together with changed product mix affected positively net sales. Operating margin continued to be good and amounted to 11.1 percent (10.5 percent).

### Outlook

The general European economy is still strong, however the uncertainty has increased, especially within the manufacturing industry. The players in market act cautiously due to uncertainty regarding high prices, semiconductor problems and transportation disturbances. Players within our value chain try to keep inventories at a low levels. Demand for our products is hampered due to high price levels and an unwillingness to buy more than necessary. Our feeling is that our customers are waiting to build inventory and are expecting prices for input material coming down and that the prices for our products will follow the same path.

After the end of the reporting period, 1 November, an agreement was made with the former CEO, Henrik Håkansson of his resignation. The background was a lack of consensus between the Board and Henrik Håkansson regarding the management of the Company. Henrik Håkansson left immediately and Christian Krichau was appointed interim CEO. The recruitment for a permanent solution has commenced. The Company's strategy stands unchanged and Arla Plast continues to act according to its long term agenda with sustainable and profitable growth.

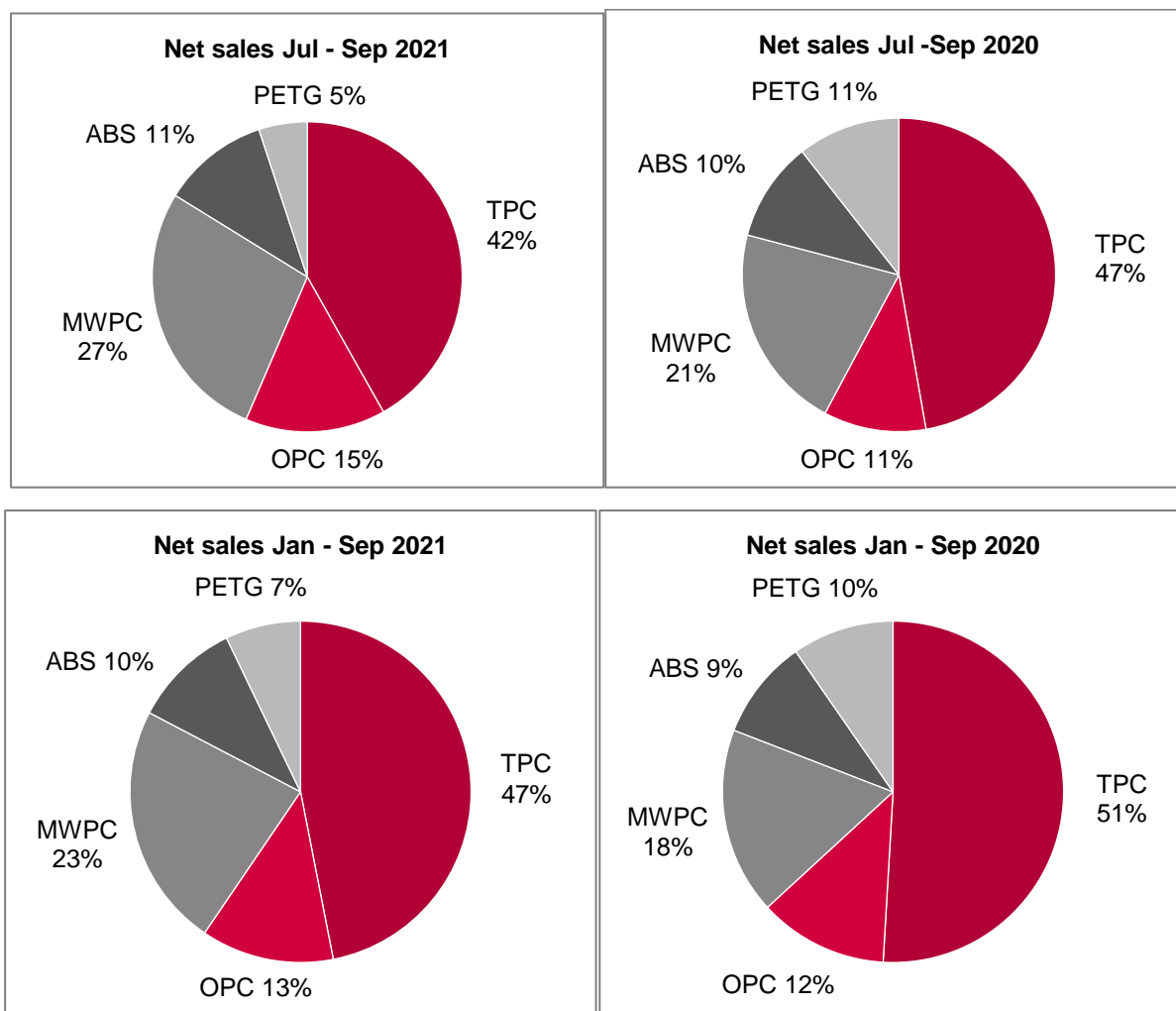
Kenneth Synnersten  
Chairman of the Board

Christian Krichau  
Interim 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 third quarter and nine months period:



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

### Net sales and operating profit

Arla Plast's sales volume in the third quarter 2021 declined by 15 percent to 4,862 tonnes (5,697 tonnes) compared to the corresponding quarter last year. The corresponding period 2020 reflects an unusually high demand for pandemic related products which now has been normalised at historically levels. Net sales increased by 7 percent to SEK 222.0 (207.3) million; organically the increase was 10 percent. Price adjustments in order to meet higher prices for input material together with a changed product mix affected net sales positively. Net sales increased in both segment Sweden and in segment Czech Republic.

Operating profit for the third quarter amounted to SEK 24.7 (21.8) million, an increase of 13 percent. Operating margin increased to 11.1 percent (10.5 percent). The operating profit for the third quarter has been positively affected by the repayment of AGS-fees of SEK 2.1 million which was paid out in October 2021. Previous year was affected by costs of SEK 6.3 millions related to a change in the sales organisation. Items affecting comparability, relates to the IPO and amounts to SEK -0.1 (-1.8) million, note 3 and note 9. Adjusted operating profit amounted to SEK 24.8 (23.6) million, and the adjusted operating margin, to 11.2 (11.4 percent).

Arla Plast's sales volume during the first nine months 2021 decreased by 7 percent to 17,143 tonnes (18,404 tonnes) compared to the corresponding period last year. The corresponding period 2020 reflects an unusually high demand for pandemic related products which now has been normalised. Net sales increased by 2 percent to SEK 687.2 million (SEK 672.7 million), organically an increase by 3 percent. Price adjustments in order to meet higher prices for input material together with a changed

product mix affected net sales positively. Net sales was unchanged in segment Sweden but increased in segment Czech Republic.

Operating profit for the nine months period amounted to SEK 76.0 (78.6) million, a decline of 3 percent. Operating margin amounted to 11.1 percent (11.7 percent). The period was marked by items affecting comparability amounting to SEK -6.1 (-1.8) million, which are costs related to preparations for the IPO, see note 3 and note 9. The adjusted operating profit amounted to SEK 82.1 (80.4) million, and the adjusted operating margin, to 11.9 percent (11.9 percent).

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

During the third quarter 2021, profit before tax amounted to SEK 24.7 (22.1) million. Net financial income and expenses totaled SEK 0 (0.3) million, including interest expenses of SEK -0.1 (-0.4) million. Taxes in the third quarter amounted to SEK -5.5 (-4.6) million, which corresponds to an effective tax rate of 22.4 percent (20.8 percent). Net profit for the period was SEK 19.2 (17.5) million during the third quarter 2021, and earnings per share before dilution was SEK 0.96 (0.87), and after dilution, SEK 0.91 (0.85).

During the nine months period, profit before tax amounted to SEK 75.5 (76.3) million. Net financial income and expenses totaled SEK -0.5 (-2.3) million, including interest expenses of SEK -0.5 (-1.2) million. Taxes in the nine months period amounted to SEK -15.8 (-16.1) million, which corresponds to an effective tax rate of 21.0 percent (21.1 percent). Net profit for the period was SEK 59.7 (60.2) million during the first nine months 2021 and earnings per share before dilution was SEK 2.98 (SEK 3.01), and after dilution, SEK 2.84 (SEK 2.99).

### Cash flow

Cash flow from operating activities decreased during the third quarter to SEK -23.8 (28.2) million. Cash flow was negatively impacted by a higher inventory due to increased prices for input material which has had an impact on both input material in inventory as well as on the inventory for finished goods. Part of the explanation is also that the production rate was higher than the sales rate during a short period which impacted inventory for finished goods.

Cash flow from investing activities was SEK -5.5 (-12.8) million during the quarter and refers mainly to new and replacement investments in the production facilities.

Cash flow from financing activities totaled SEK -1.5 (0) million.

During the first nine months of 2021, cash flow from operating activities amounted to SEK 20.6 (93.6) million. The decrease was mainly a result from increased inventory build up and lower operating liabilities. The increase in inventory is mainly a result from higher prices for input material which has had an impact both on input materials in the inventory but also on the inventory for finished goods but also a temporarily higher inventory for finished goods in segment Sweden.

Cash flow from investing activities during the nine months period amounted to SEK -26.9 (-21.5) million and refers mainly to new and replacement investments in the production facilities, of which SEK -12.5 million relates to a new production line in Borensberg.

Cash flow from financing activities totaled SEK 5.0 (-53.5) million during the first nine months. During the corresponding period 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 third quarter amounted to SEK 5.5 (12.8) million and refers primarily to new and replacement investments in our three production facilities. An extension of a five-year lease for the product facility in Czech Republic has affected the balance sheet of leases and lease liabilities in the quarter. Total depreciations for the third quarter amounted to SEK -9.9 (-9.1) million.

During the first nine months, the Group's investments in property, plant and equipment amounted to SEK 26.9 (21.5) million, of which SEK 12.5 (4.3) 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 1.1 million remains to be paid. Total depreciation for the first nine months amounted to SEK -28.3 (-26.3) million.

### Financial position

Arla Plast's total assets amounted to SEK 674.3 million as of 30 September 2021 (SEK 683.0 million).

The Group's net debt amounted to SEK 63.1 million as of 30 September 2021 (SEK 71.8 million), which corresponds to 0.4 times EBITDA (0.6 times). As of 30 September, SEK 24.2 (9.7) million of the net debt refers to a lease debt. The increase of the lease debt refers to the prolonging of a lease contract regarding the production facilities in Czech Republic. At the end of the corresponding period 2020, the Group's cash holdings as well as short term liabilities were higher, which explains the difference in net debt. This changed in the fourth quarter of 2020 due to that dividends of SEK 100.0 million were paid out.

The Group's equity ratio, equity at the end of the period as a percentage of total assets, was 67.7 percent (54.4 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 third quarter of 2021, net sales amounted to SEK 142.0 (138.6) million, and operating profit, to SEK 20.5 (19.6) million.

For the nine months period, net sales amounted to SEK 460.9 (461.3) million, and operating profit to, SEK 63.8 (68.5) million.

Cash and cash equivalents at 30 September 2021 amounted to SEK 21.2 million compared to SEK 94.0 million at 30 September 2020. The decrease in cash and cash equivalents is due to dividends paid in the fourth quarter of 2020 and an amortization of loan during the third quarter to an amount of EUR 1.9 million.

## 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			R 12	2020		
	Jul-Sep	Jul-Sep	Δ,%	Jan-Sep	Jan-Sep	Δ,%		Jan-Dec	Jan-Dec	Δ,%
Sales volume, tonnes	2,996	3,566	-16	11,146	12,309	-9	15,048	16,211	-7	
Net sales, SEK million	142.0	138.6	3	460.9	461.3	-	613.7	614.1	-	
Operating profit, SEK million	20.3	21.4	-5	69.5	70.4	-1	93.5	94.4	-1	
Operating margin, %	14.3	15.5	-8	15.1	15.3	-1	15.2	15.4	-1	

In the third quarter, sales volumes decreased by 16 percent. The volumes were unusually high during the third 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 increased by 3 percent to SEK 142.0 (138.6) million. Higher prices compensated both the lower sales volumes as well as a negativ currency impact. Operating profit declined to SEK 20.3 (21.4) million as a result of lower gross profit. The operating profit has been positively affected by the repayment of AGS-fees of SEK 2.1 million. The equivalent period previous year was negatively affected by SEK 4.9 million which related to change of the sales organization. Operating margin declined to 14.3 percent (15.5 percent).

During the nine months period 2021, sales volume declined by 9 percent. The volume decline refers to the second and third quarter, see above. Net sales declined was unchanged SEK 460.9 (461.3) million where higher prices not fully could compensate for lower sales volumes and a negative currency impact. Operating profit amounted to SEK 69.5 (70.4) million. Operating margin declined to 15.1 percent (15.3 percent).

### CZECH REPUBLIC

Key performance indicator	2021			2020			R 12	2020		
	Jul-Sep	Jul-Sep	Δ,%	Jan-Sep	Jan-Sep	Δ,%		Jan-Dec	Jan-Dec	Δ,%
Sales volume, tonnes	2,142	2,397	-11	6,845	6,661	3	9,081	8,642	5	
Net sales, SEK million	89.4	88.3	1	252.2	244.4	3	322.0	314.1	2	
Operating profit, SEK million	4.3	2.0	115	11.7	9.5	23	21.0	18.7	-	
Operating margin, %	4.7	2.3	104	4.7	3.9	21	6.5	6.0	-3	

In the third quarter 2021, sales volumes declined by 11 percent. A raising trend within home and garden has in volume not fully compensated for the normalization of the demand for barrier products. Net sales increased by 1 percent to SEK 89.4 (88.3) million, taking into account exchange rate fluctuations, the organic increase was 8 percent. Net sales increased thanks to market adjusted prices. Operating profit increased to SEK 4.3 (2.0) million as a result of higher gross profit. The equivalent period previous year was charged with costs of SEK 1.4 million related to change of the sales organization. Operating margin increased to 4.7 percent (2.3 percent). Higher demand within home and garden positively affected the result.

During the nine months period, sales volumes increased by 3 percent. Net sales increased by 3 percent to SEK 252.2 (244.4) million, taking into account exchange rate fluctuations, the organic increase was 6 percent. Operating profit improved to SEK 11.7 (9.5) million as a result of higher gross profit especially related to the third quarter. Operating margin increased to 4.7 percent (3.9 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

As a Group with international operations, Arla Plast is exposed to various risks and uncertainties. For Arla Plast, the risk management process involves identifying, valuing and reducing risks related to the Group's business and operations.

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 risks, Arla Plast's operations are met by a number of laws and regulations at national and international level. Non-compliance with these could involve exposure to material risk if not actively addressed. For this reason, significant resources and costs are used to ensure compliance with applicable rules but also to monitor future regulations.

Financial risks include market risk, liquidity risk, credit risk and refinancing risk. Currency risk is the most significant market risk as the Group is exposed to both transaction risk and translation risk. The Group is exposed to transaction risk mainly through EUR transactions within the Group. Furthermore, the Group is exposed to translation risk when converting the foreign subsidiary in the Czech Republic's revenues, costs, assets and liabilities in CZK into the Group's reporting currency, which is 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 Plast 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 KPI's related to sustainability which we follow up on. CO2 and sickness leave are two important KPI's. For the third quarter 2021, our CO2 footprint was in average 3.5 kilo CO2 per produced product and sick leave 5.4 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 third quarter of 2021 was 267 (256). During the third quarter, women accounted for 24 percent (23 percent) of employees. For the nine months period, the average number of full-time employees was 265 (252) whereof women accounted for 24 percent (23 percent).

## Extraordinary General Meeting

An Extraordinary General Meeting was held on Wednesday, August 18, 2021. Due to the coronavirus, the general meeting was held by postal vote. The main reason for the meeting was to decide to increase the Board of Directors with one 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).

## Events after the end of the reporting period

Henrik Håkansson, left the company on 1 November 2021. The fourth quarter 2021 will be charged with costs related to his resignation of a total of SEK 3.1 million referring to salary etc for 12 months.

Christian Krichau was appointed interim CEO as of 1 November 2021. Christian has been employed at Arla Plast for the last six years and his previous position was Production Manager. The recruitment process to find a new permanent CEO has commenced.

As the result of a minor organizational change on 1 November, Magnus Sävestam left the Group Management to take part of the Management of segment Sweden, instead.

## The share

On 25 May, 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 30 September, Synnersten Invest AB owns 48 percent, Svolder AB 13 percent, Nortal Investments AB 10 percent, Nordea Investment Funds 6 percent and Roosgruppen AB 5 percent. Arla Plast AB has a total of approximately 2,200 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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	Jan-Dec 2020
Net sales	2,3	222,049	207,334	687,208	672,740	899,148	884,680
Cost of goods sold		-177,937	-158,007	-541,743	-518,461	-698,913	-675,631
<b>Gross margin</b>		<b>44,112</b>	<b>49,327</b>	<b>145,465</b>	<b>154,279</b>	<b>200,235</b>	<b>209,049</b>
Selling expenses		-13,493	-19,196	-41,795	-51,644	-54,097	-63,946
Administrative expenses	9	-10,038	-9,767	-35,020	-27,661	-48,927	-41,568
Other operating income	4	4,010	1,153	9,686	5,277	10,465	6,056
Other operating expenses		91	307	-2,324	-1,696	-4,299	-3,671
<b>Operating profit</b>		<b>24,682</b>	<b>21,824</b>	<b>76,012</b>	<b>78,555</b>	<b>103,377</b>	<b>105,920</b>
Financial income		492	80	0	22	-18	4
Financial expense		-468	171	-520	-2,274	-3,529	-5,283
<b>Profit before tax</b>		<b>24,706</b>	<b>22,075</b>	<b>75,492</b>	<b>76,303</b>	<b>99,830</b>	<b>100,641</b>
Tax expense		-5,543	-4,592	-15,830	-16,070	-20,238	-20,478
<b>Profit for the period</b>		<b>19,163</b>	<b>17,483</b>	<b>59,662</b>	<b>60,233</b>	<b>79,592</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		1,093	-1,601	7,203	-10,647	5,081	-12,769
<b>Other comprehensive income for the period</b>		<b>1,093</b>	<b>-1,601</b>	<b>7,203</b>	<b>-10,647</b>	<b>5,081</b>	<b>-12,769</b>
<b>Total comprehensive income for the period</b>		<b>20,256</b>	<b>15,882</b>	<b>66,865</b>	<b>49,586</b>	<b>84,673</b>	<b>67,394</b>
<b>Amounts in SEK</b>							
Earnings per share, basic	10	0.96	0.87	2.98	3.01	3.98	4.01
Earnings per share, diluted	10	0.91	0.85	2.84	2.99	3.80	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	2021-09-30	2020-09-30	2020-12-31
<b>ASSETS</b>				
<b>Total non-current assets</b>				
Intangible non-current assets		591	881	805
Property, plant and equipment		282,116	264,114	275,253
Right-of-use assets	5	22,654	9,538	8,593
Other non-current receivables	6	129	3,183	14
<b>Total non-current assets</b>		<b>305,490</b>	<b>277,716</b>	<b>284,665</b>
<b>Current assets</b>				
Inventories	7	192,611	163,834	160,769
Accounts receivable	6	139,270	126,522	93,109
Other current receivables	6	8,278	16,615	10,788
Prepaid expenses and accrued income		5,374	2,308	2,884
Cash and cash equivalents	6	23,232	95,994	23,814
<b>Total current assets</b>		<b>368,765</b>	<b>405,273</b>	<b>291,364</b>
<b>TOTAL ASSETS</b>		<b>674,255</b>	<b>682,989</b>	<b>576,029</b>
<b>EQUITY</b>				
Share capital		2,400	2,400	2,400
Other capital contributions		1,666	1,666	1,666
Translation reserve		28,237	23,155	21,034
Retained earnings (including profit for the period)		424,009	344,418	364,347
<b>Total equity attributable to owners of the parent</b>		<b>456,312</b>	<b>371,639</b>	<b>389,447</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current portion of lease liability	5	17,921	5,004	4,041
Deferred tax liabilities		42,603	37,330	38,697
<b>Total non-current liabilities</b>		<b>60,524</b>	<b>42,334</b>	<b>42,738</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	6	62,131	37,106	52,186
Current portion of lease liability	5	6,286	4,656	4,624
Accounts payable	6	29,405	43,472	26,074
Current tax liabilities		1,108	-	6,609
Debt to Group companies	6	-	120,997	-
Derivative instruments	6	-	779	32
Other liabilities	6	30,739	24,883	29,067
Accrued expenses and deferred income		27,750	37,123	25,252
<b>Total current liabilities</b>		<b>157,419</b>	<b>269,016</b>	<b>143,844</b>
<b>Total liabilities</b>		<b>217,943</b>	<b>311,350</b>	<b>186,582</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>674,255</b>	<b>682,989</b>	<b>576,029</b>

**Condensed consolidated statement of changes in equity**

Amounts in SEK thousand	2021-09-30	2020-09-30	2020-12-31
<b>Opening balance</b>	<b>389,447</b>	<b>420,387</b>	<b>420,387</b>
Profit for the period	59,662	60,233	80,163
Other comprehensive income	7,203	-10,647	-12,769
<b>Total comprehensive income</b>	<b>66,865</b>	<b>49,586</b>	<b>67,394</b>
Dividend	-	-100,000	-100,000
Cash for warrants	-	1,666	1,666
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-98,334</b>	<b>-98,334</b>
<b>Closing balance</b>	<b>456,312</b>	<b>371,639</b>	<b>389,447</b>

**Consolidated statement of cash flows**

Amounts in SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	Jan-Dec 2020
<b>Cash flow from operating activities</b>						
Operating profit	24,682	21,824	76,012	78,555	103,377	105,920
Adjustment for items not included in cash flow	7,979	10,371	26,650	25,809	37,775	36,934
Interest received	-	80	-	354	-350	4
Interest paid	-158	-299	-483	-1,376	-1,019	-1,912
Income tax paid	-10,653	-3,112	-19,644	-13,261	-19,777	-13,394
<b>Cash flow from operating activities before changes in working capital</b>	<b>21,850</b>	<b>28,864</b>	<b>82,535</b>	<b>90,081</b>	<b>120,006</b>	<b>127,552</b>
<b>Cash flow from changes in working capital</b>						
Increase/decrease in inventories	-35,687	-4,595	-28,851	4,882	-28,518	5,215
Increase/decrease in operating receivables	7,349	8,223	-40,160	-35,795	-11,354	-6,989
Increase/decrease in operating liabilities	-17,331	-4,341	7,105	34,389	-4,222	23,062
<b>Total change in working capital</b>	<b>-45,669</b>	<b>-713</b>	<b>-61,906</b>	<b>3,476</b>	<b>-44,094</b>	<b>21,288</b>
<b>Cash flow from operating activities</b>	<b>-23,819</b>	<b>28,151</b>	<b>20,629</b>	<b>93,557</b>	<b>75,912</b>	<b>148,840</b>
<b>Cash flow from investing activities</b>						
Investments in intangible fixed assets	-	-84	-28	-498	-28	-498
Investments in property, plant and equipment	-5,463	-12,765	-26,825	-21,006	-46,817	-40,998
Disposal of long-term receivables	-	-	-	-	3,129	3,129
<b>Cash flow from investing activities</b>	<b>-5,463</b>	<b>-12,849</b>	<b>-26,853</b>	<b>-21,504</b>	<b>-43,716</b>	<b>-38,367</b>
<b>Cash flow from financing activities</b>						
Derivative instruments	-	-1,499	-	-154	-30	-184
Dividend	-	-	-	-	-100,000	-100,000
Increased use of overdraft facility	-	1,224	8,524	-	27,075	17,022
Reduced use of overdraft facility	-588	-	-	-305	-1,224	-
Amortization related to lease liability	-895	-1,396	-3,513	-4,023	-4,814	-5,324
Amortization of loans to credit institutions	-	-	-	-31,560	-	-31,560
Amortization of debt to Group companies	-	-	-	-19,100	-20,397	-39,497
Cash for warrants	-	1,666	-	1,666	-	1,666
<b>Cash flow from financing activities</b>	<b>-1,483</b>	<b>-5</b>	<b>5,011</b>	<b>-53,476</b>	<b>-99,390</b>	<b>-157,877</b>
<b>Cash flow for the period</b>	<b>-30,765</b>	<b>15,297</b>	<b>-1,213</b>	<b>18,577</b>	<b>-67,194</b>	<b>-47,404</b>
Cash and cash equivalents at beginning of period	53,446	81,048	23,814	77,430	95,994	77,430
Exchange differences in cash and cash equivalents	551	-351	631	-13	-5,568	-6,212
<b>Cash and cash equivalents at close of period</b>	<b>23,232</b>	<b>95,994</b>	<b>23,232</b>	<b>95,994</b>	<b>23,232</b>	<b>23,814</b>

**Condensed parent company income statement**

Amounts in SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	Jan-Dec 2020
Net sales	142,039	138,571	460,910	461,320	613,667	614,077
Cost of goods sold	-108,511	-98,694	-343,839	-334,931	-458,119	-449,211
<b>Gross profit</b>	<b>33,528</b>	<b>39,877</b>	<b>117,071</b>	<b>126,389</b>	<b>155,548</b>	<b>164,866</b>
Selling expenses	-9,932	-14,466	-33,085	-40,886	-41,536	-49,337
Administrative expenses	-7,024	-7,075	-27,238	-19,653	-38,223	-30,638
Other operating income and operating expenses	3,976	1,282	7,015	2,680	6,144	1,809
<b>Operating profit</b>	<b>20,548</b>	<b>19,618</b>	<b>63,763</b>	<b>68,530</b>	<b>81,933</b>	<b>86,700</b>
Financial income and financial expenses	54	373	-325	-1,886	-2,685	-4,246
<b>Profit before appropriations and tax</b>	<b>20,602</b>	<b>19,991</b>	<b>63,438</b>	<b>66,644</b>	<b>79,248</b>	<b>82,454</b>
Appropriations	-	-	-	-	-18,942	-18,942
<b>Profit before tax</b>	<b>20,602</b>	<b>19,991</b>	<b>63,438</b>	<b>66,644</b>	<b>60,306</b>	<b>63,512</b>
Tax expense	-1,072	-4,278	-9,897	-14,262	-9,274	-13,639
<b>Profit for the period</b>	<b>19,530</b>	<b>15,713</b>	<b>53,541</b>	<b>52,382</b>	<b>51,032</b>	<b>49,873</b>

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

<b>Profit for the period</b>	<b>19,530</b>	<b>15,713</b>	<b>53,541</b>	<b>52,382</b>	<b>51,032</b>	<b>49,873</b>
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>19,530</b>	<b>15,713</b>	<b>53,541</b>	<b>52,382</b>	<b>51,032</b>	<b>49,873</b>

## Condensed parent company balance sheet

Amounts in SEK thousand	2021-09-30	2020-09-30	2020-12-31
<b>ASSETS</b>			
<b>Total non-current assets</b>			
Intangible non-current assets	583	878	803
Property, plant and equipment	176,219	152,053	167,735
Financial fixed assets	28,986	69,318	28,986
<b>Total non-current assets</b>	<b>205,788</b>	<b>222,249</b>	<b>197,524</b>
<b>Current assets</b>			
Inventories	114,870	91,617	96,578
Total current assets	100,856	104,659	79,396
Cash and bank balances	21,244	94,025	23,126
<b>Total current assets</b>	<b>236,970</b>	<b>290,301</b>	<b>199,100</b>
<b>TOTAL ASSETS</b>	<b>442,758</b>	<b>512,550</b>	<b>396,624</b>
	2021-09-30	2020-09-30	2020-12-31
<b>EQUITY</b>			
Restricted equity	2,880	2,880	2,880
Unrestricted equity	214,491	163,458	160,950
<b>Total equity</b>	<b>217,371</b>	<b>166,338</b>	<b>163,830</b>
<b>Untaxed reserves</b>	<b>127,464</b>	<b>108,521</b>	<b>127,464</b>
<b>LIABILITIES</b>			
Liabilities to credit institutions	28,379	37,106	38,366
Other current liabilities	69,544	200,585	66,964
<b>Total current liabilities</b>	<b>97,923</b>	<b>237,691</b>	<b>105,330</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>442,758</b>	<b>512,550</b>	<b>396,624</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	Jul-Sep 2021	%	Jul-Sep 2020	%	Jan-Sep 2021	%	Jan-Sep 2020	%	R 12	%	Jan-Dec 2020	%
Sweden	28,856	13	25,652	12	89,899	13	81,786	12	119,885	13	111,772	13
Germany	37,513	17	46,737	23	138,852	20	188,470	28	184,880	21	234,498	26
Czech Republic	32,213	15	24,048	12	101,801	15	65,200	10	124,963	14	88,362	10
Polen	24,946	11	21,938	11	74,601	11	59,443	9	99,368	11	84,210	10
Rest of Europe	86,220	39	82,591	40	247,751	36	251,764	37	325,817	36	329,830	37
Rest of World	12,301	6	6,368	3	34,304	5	26,077	4	44,235	5	36,008	4
<b>Total</b>	<b>222,049</b>	<b>100</b>	<b>207,334</b>	<b>100</b>	<b>687,208</b>	<b>100</b>	<b>672,740</b>	<b>100</b>	<b>899,148</b>	<b>100</b>	<b>884,680</b>	<b>100</b>
<b>External net sales per product category, SEK Thousand</b>												
TPC	93,518	42	98,183	47	323,591	47	343,632	51	430,727	48	450,768	51
OPC	32,270	15	21,885	11	86,237	13	82,206	12	110,846	12	106,815	12
MWPC	60,244	27	44,023	21	158,640	23	118,633	18	195,815	22	155,808	18
ABS	24,670	11	21,321	10	69,832	10	63,480	9	93,774	10	87,422	10
PETG	11,347	5	21,922	11	48,908	7	64,789	10	67,986	8	83,867	9
<b>Summa</b>	<b>222,049</b>	<b>100</b>	<b>207,334</b>	<b>100</b>	<b>687,208</b>	<b>100</b>	<b>672,740</b>	<b>100</b>	<b>899,148</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 63 percent (64 percent) of the Group's total net sales in the third 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 56 percent (56 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 37 percent (36 percent) of the Group's total net sales in the third 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 44 percent (44 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			
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
Sales volume, tonnes	2,996	2,142	-	-276	4,862	3,566	2,397	-	-266	5,697
Net sales, external, SEK million	139,0	83,0	-	-	222,0	133,6	73,7	-	-	207,3
Net sales, intern, SEK million	3,0	.64	-	-9,4	-	5,0	14,6	-	-19,6	-
Total net sales, SEK million	142,0	89,4	-	-9,4	222,0	138,6	88,3	-	-19,6	207,3
Adjusted operating profit, SEK million	20,2	4,3	-	0,3	24,8	21,4	2,0	-	0,2	23,6
Items affecting comparability, SEK million	-	-	0,1	-	0,1	-	-	1,8	-	1,8
Operating profit, SEK million	20,2	4,3	-0,1	0,3	24,7	21,4	2,0	-1,8	0,2	21,8
Net financial items, SEK million	-	-	-	-	-	0,4	-0,2	-	-	0,2
Profit before tax, SEK million	20,2	4,3	-0,1	0,3	24,7	21,8	1,8	-1,8	0,2	22,0
Operating margin, %	14,3	4,7	-	-	11,1	15,5	2,3	-	-	10,5
Adjusted operating margin, %	14,3	4,7	-	-	11,2	15,5	2,3	-	-	11,4



Net sales and earnings	Segment Sweden Jan-Sep 2021	Segment Czech Jan-Sep 2021	Jointly Jan-Sep 2021	Elim. Jan-Sep 2021	Group Jan-Sep 2021	Segment Sweden Jan-Sep 2020	Segment Czech Jan-Sep 2020	Jointly Jan-Sep 2020	Elim. Jan-Sep 2020	Group Jan-Sep 2020
Sales volume, tonnes	11,146	6,845	-	-848	17,143	12,309	6,661	-	-566	18,404
Net sales, external, SEK million	454.6	232.6	-	-	687.2	442.9	229.8	-	-	672.7
Net sales, intern, SEK million	6.3	19.6	-	-25.9	-	18.4	14.6	-	-33.0	-
Total net sales, SEK million	460.9	252.2	-	-25.9	687.2	461.3	244.4	-	-33.0	672.7
Adjusted operating profit, SEK million	69.5	11.7	-	0.9	82.1	70.4	9.5	-	0.5	80.4
Items affecting comparability, SEK million	-	-	6.1	-	6.1	-	-	1.8	-	1.8
Operating profit, SEK million	69.5	11.7	-6.1	0.9	76.0	70.4	9.5	-1.8	0.5	78.6
Net financial items, SEK million	-0.3	-0.2	-	-	-0.5	-1.9	-0.4	-	-	-2.3
Profit before tax, SEK million	69.2	11.5	-6.1	0.9	75.5	68.5	9.1	-1.8	0.5	76.3
Operating margin, %	15.1	4.7	-	-	11.1	15.3	3.9	-	-	11.7
Adjusted operating margin, %	15.1	4.7	-	-	11.9	15.3	3.9	-	-	11.9

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	15,048	8,826	-	-1,143	22,731	16,211	8,642	-	-861	23,992
Net sales, external, SEK million	603.6	295.6	-	-	899.2	59.9	292.8	-	-	884.7
Net sales, intern, SEK million	10.0	26.4	-	-36.4	-	22.1	21.4	-	-43.5	-
Total net sales, SEK million	613.6	322.0	-	-36.4	899.2	614.1	314.1	-	-43.5	884.7
Adjusted operating profit, SEK million	93.5	20.9	-	0.8	115.2	94.4	18.7	-	0.4	113.5
Items affecting comparability, SEK million	-	-	11.9	-	11.9	-	-	7.6	-	7.6
Operating profit, SEK million	93.5	20.9	-11.9	0.8	103.3	94.4	18.7	-7.6	0.4	105.9
Net financial items, SEK million	-2.7	-0.8	-	-	-3.5	-4.3	-1.0	-	-	-5.3
Profit before tax, SEK million	90.8	20.1	-11.9	0.8	99.8	90.1	17.7	-7.6	0.4	100.6
Operating margin, %	15.2	6.5	-	-	11.5	15.4	6.0	-	-	12.0
Adjusted operating margin, %	15.2	6.5	-	-	12.8	15.4	6.0	-	-	12.8

## NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK Thousands	Segment Sweden Q3 2021	Segment Czech Q3 2021	Internal Q3 2021	Group Q3 2021	Segment Sweden Q3 2020	Segment Czech Q3 2020	Internal Q3 2020	Group Q3 2020
Sweden	26,576	8,713	-6,433	28,856	23,689	16,591	-14,628	25,652
Germany	24,838	12,675	-	37,513	30,627	16,110	-	46,737
Czech	7,765	27,407	-2,959	32,213	18,195	10,717	-4,864	24,048
Polen	16,639	8,307	-	24,946	12,284	9,654	-	21,938
Rest Europe	58,073	28,147	-	86,220	47,883	34,708	-	82,591
Rest World	8,148	4,153	-	12,301	5,893	475	-	6,368
<b>Total</b>	<b>142,039</b>	<b>89,402</b>	<b>-9,392</b>	<b>222,049</b>	<b>138,571</b>	<b>88,255</b>	<b>-19,492</b>	<b>207,334</b>

Geographical market, SEK Thousands	Segment Sweden Jan-Sep 2021	Segment Czech Jan-Sep 2021	Internal Jan-Sep 2021	Group Jan-Sep 2021	Segment Sweden Jan-Sep 2020	Segment Czech Jan-Sep 2020	Internal Jan-Sep 2020	Group Jan-Sep 2020
Sweden	80,743	28,793	-19,637	89,899	76,530	19,884	-14,628	81,786
Germany	94,042	44,810	-	138,852	118,348	70,122	-	188,470
Czech	36,720	71,342	-6,261	101,801	37,539	45,992	-18,331	65,200
Polen	50,635	23,966	-	74,601	38,667	20,776	-	59,443
Rest Europe	176,109	71,642	-	247,751	173,216	78,548	-	251,764
Rest World	22,661	11,643	-	34,304	17,020	9,057	-	26,077
<b>Total</b>	<b>460,910</b>	<b>252,196</b>	<b>-25,898</b>	<b>687,208</b>	<b>461,320</b>	<b>244,379</b>	<b>-32,959</b>	<b>672,740</b>

Geographical market, SEK Thousands	Segment Sweden R12	Segment Czech R12	Internal R 12	Group R 12	Segment Sweden Jan-Dec 2020	Segment Czech Jan-Dec 2020	Internal Jan-Dec 2020	Group Jan-Dec 2020
Sweden	105,613	40,659	-26,387	119,885	101,400	31,750	-21,378	111,772
Germany	127,790	57,090	-	184,880	152,096	82,402	-	234,498
Czech	71,381	63,669	-10,087	124,963	72,200	38,319	-22,157	88,362
Polen	50,173	49,195	-	99,368	38,205	46,005	-	84,210
Rest Europe	228,051	97,766	-	325,817	225,158	104,672	-	329,830
Rest World	30,659	13,576	-	44,235	25,018	10,990	-	36,008
<b>Total</b>	<b>613,667</b>	<b>321,955</b>	<b>- 36,474</b>	<b>899,148</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	2021-09-30	2020-09-30	2020-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	176,219	152,053	167,735
Inventories	114,870	91,617	96,578
Liabilities	97,923	237,691	105,330

<i>Segment Czech</i>			
Property, plant and equipment	111,838	119,079	114,375
Inventories	77,741	72,217	64,191
Liabilities	85,713	52,229	49,590

**Not 4 Other operating income**

Other operating income includes consideration for sales other than in the ordinary course of business, such as net gains on the sale of non-current assets, government grants received and exchange gains of an operating nature. Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached to the grants. Afa Sjukförsäkringsaktiebolag has decided to pay out consolidation funds available within the collectively agreed health insurance AGS to certain employers. For Arla Plast, this meant SEK 2.1 million and the payment was made via Fora in October 2021. As the information was available at the preparation of the reports, this item was reported as other operating income and receivables.

**Not 5 Right-of-use assets**

The Group leases buildings, vehicles and other technical equipment such as a container compactor, inkjet printer, scrubbing machines and a vending machine. These are recognized as right-of-use assets with a corresponding liability. During the third quarter 2021, an agreement was reached on an extension of the lease of a production facility in the Czech Republic by 5 years, which affected the value of right-of-use assets by SEK 16.3 million and with a corresponding leasing debt.

**Note 6 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.

At the end of the reporting period, the Group did not have any outstanding derivatives.

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

Amounts in SEK Thousands	2021-09-30	2020-09-30	2020-12-31
Current assets	-	-	-
Current liabilities	-	779	32

**Note 7 Inventories**

Amounts in SEK Thousands	2021-09-30	2020-09-30	2020-12-31
Raw materials and merchandise in stock	94,518	98,333	88,855
Finished goods produced in-house	93,333	63,146	68,869
Products in progress	4,760	2,355	3,045
<b>Total inventories</b>	<b>192,611</b>	<b>163,834</b>	<b>160,769</b>

**Note 8 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 9**      **Items affecting comparability**

Amounts in SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	Jan-Dec
IPO costs	140	1,802	6,107	1,802	11,940	7,635
<b>Total</b>	<b>140</b>	<b>1,802</b>	<b>6,107</b>	<b>1,802</b>	<b>11,940</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 took place in May 2021, and the costs associated with the preparations amount to SEK 0,1 (1,8) million in the third quarter and SEK 6,1 million (1,8) for the nine months period.

**Note 10**      **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.

Basic and diluted earnings per share	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	2020-12-31
Profit attributable to equity holders of the parent, SEK thousand	19,163	17,483	59,662	60,233	79,592	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>0.96</b>	<b>0.87</b>	<b>2.98</b>	<b>3.01</b>	<b>3.98</b>	<b>4.01</b>
<b>Earnings per share, diluted, SEK</b>	<b>0.91</b>	<b>0.85</b>	<b>2.84</b>	<b>2.99</b>	<b>3.80</b>	<b>3.93</b>

**Note 11**      **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:**

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R 12	2020
<b>Gross margin, %:</b>						
Gross profit, SEK thousand	44 112	49 327	145 465	154 279	200 235	209,049
Net sales, SEK thousand	222 049	207 334	687 208	672 740	899 148	884,680

<b>Gross margin, %</b>	<b>19,9</b>	<b>23,8</b>	<b>21,2</b>	<b>22,9</b>	<b>22,3</b>	<b>23,6</b>
<b>Operating margin, %, Sweden:</b>						
Net sales, SEK thousand	142 039	138 571	460 910	461 320	613 667	614,077
Operating profit, SEK thousand	20 260	21 427	69 461	70 355	93 484	94,378
<b>Operating margin, %, Sweden</b>	<b>14,3</b>	<b>15,5</b>	<b>15,1</b>	<b>15,3</b>	<b>15,2</b>	<b>15,4</b>
<b>Operating margin, %, Czech Republic</b>						
Net sales, SEK thousand	89 402	88 255	252 196	244 379	321 955	314,138
Operating profit, SEK thousand	4 256	2 041	11 740	9 526	20 956	18,742
<b>Operating margin, %, Czech Republic</b>	<b>4,7</b>	<b>2,3</b>	<b>4,7</b>	<b>3,9</b>	<b>6,5</b>	<b>6,0</b>
<b>Adjusted EBITDA, SEK thousand:</b>						
Operating profit	24 682	21 824	76 012	78 555	103 377	105,920
Less depreciation and amortization of non-current	9 858	9 123	28 253	26 306	37 165	35,218
Minus depreciation of non-current assets	-	-	-	-	-	-
<b>EBITDA</b>	<b>34 540</b>	<b>30 947</b>	<b>104 265</b>	<b>104 861</b>	<b>140 542</b>	<b>141,138</b>
Less items affecting comparability	140	1 802	6 107	1 802	11 940	7,635
<b>Adjusted EBITDA, SEK thousand</b>	<b>34 680</b>	<b>32 749</b>	<b>110 372</b>	<b>106 663</b>	<b>152 482</b>	<b>148,773</b>
<b>Organic growth, %:</b>						
Net sales, SEK thousand	222 049	207 334	687 208	672 740	899 148	884,680
Net sales for the same period of the previous year, SEK thousand	207 334	191 756	672 740	617 647	849 660	794,567
<b>Net sales, change</b>	<b>14 715</b>	<b>15 578</b>	<b>14 468</b>	<b>55 093</b>	<b>49 488</b>	<b>90,113</b>
Less exchange rate fluctuations, SEK thousand	5 621	-1 625	5 654	4 665	11 271	11,282
<b>Organic growth, %</b>	<b>10,1</b>	<b>7,2</b>	<b>3,0</b>	<b>9,7</b>	<b>7,2</b>	<b>12,9</b>
<b>Working capital/sales, %:</b>						
Operating receivables, SEK thousand	345 533	309 279	345 533	309 279	345 533	267,550
Operating liabilities, SEK thousand	87 894	106 257	87 894	106 257	87 894	80,425
Net working capital, SEK thousand	257 639	203 022	257 639	203 022	257 639	187,125
Net sales, R12 SEK thousand	899 148	849 660	899 148	849 660	899 148	884,680
<b>Working capital/sales, %</b>	<b>28,6</b>	<b>23,9</b>	<b>28,6</b>	<b>23,9</b>	<b>28,6</b>	<b>21,2</b>
<b>Return on capital employed (ROCE), %:</b>						
Capital employed, SEK thousand	542 650	539 402	542 650	539 402	542 650	450,298
Average capital employed, SEK thousand	541 026	543 774	541 026	543 774	541 026	496,089
Adjusted operating profit R12, SEK thousand	115 317	85 662	115 317	85 662	115 317	113,555
<b>Return on capital employed (ROCE), %</b>	<b>21,3</b>	<b>15,8</b>	<b>21,3</b>	<b>15,8</b>	<b>21,3</b>	<b>22,9</b>
<b>Net debt/EBITDA, multiple:</b>						
Net debt, SEK thousand	63 106	71 769	63 106	71 769	63 106	37,037
EBITDA, R12 SEK thousand	140 542	119 338	140 542	119 338	140 542	141,138
<b>Net debt/EBITDA, multiple</b>	<b>0,45</b>	<b>0,60</b>	<b>0,45</b>	<b>0,60</b>	<b>0,45</b>	<b>0,26</b>
<b>Equity/assets ratio, %:</b>						
Equity, SEK thousand	456 312	371 639	456 312	371 639	456 312	389,447
Total capital, SEK thousand	674 255	682 989	674 255	682 989	674 255	576,029
<b>Equity/assets ratio, %</b>	<b>67,7</b>	<b>54,4</b>	<b>67,7</b>	<b>54,4</b>	<b>67,7</b>	<b>67,6</b>

## Financial information

Year-end report 2021 - 18 February 2022

Interim report January - March 2022 - 11 May 2022

Annual General meeting 2022 - 19 May 2022

Interim report January - June 2022 - 18 August 2022

Interim report January - September 2022 - 10 November 2022

Year-end report 2022 - 17 February 2023

## 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 10 November 2021

Arla Plast AB (reg no 556131-2611)

Kenneth Synnersten  
Chairman of the Board

Annelie Arnbäck  
Board Member

Ulf Hedlundh  
Board Member

Sten Jakobsson  
Board Member

Leif Nilsson  
Board Member

Ola Salmén  
Board Member

Jan Synnersten  
Board Member

Christian Krichau  
Interim CEO

Andreas Johansson  
Employee representative

Joacim Törnroth  
Employee representative

This interim report has been reviewed by the company's auditor.

## For further information, please contact:

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Monica Ljung, CFO, +46 141 20 38 02

Boel Sundvall, IR, +46 705 606018

## 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. The information was published by the abovementioned contact persons on 11 November 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.







## Review report

Arla Plast AB, corporate identity number 556131-2611

### Introduction

We have reviewed the condensed interim report for Arla Plast AB as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the CEO and President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Borensberg den 10 november 2021

Ernst & Young AB

Johan Eklund  
Authorized Public Accountant