

Arla Plast AB

Interim report January – June 2022



SATISFACTORY RESULTS IN A CONTINUED CHALLENGING MARKET

APRIL – JUNE 2022

- Sales volume amounted to 5,371 (6,100 tonnes) a decline by 12%.
- Net sales amounted to SEK 267.1 (246.3) million, an increase by 8%. The organic increase was 5%.
- Operating profit amounted to SEK 13.5 (23.7) million, a decline by 43%. The adjusted operating profit amounted to SEK 13.5 (26.4) million, a decline by 49%.
- The operating margin declined to 5.0% (9.6%) and adjusted operating margin declined to 5.0% (10.7%).
- Profit for the period amounted to SEK 9.4 (18.6) million, a decline by 49%.
- Earnings per share before dilution amounted to SEK 0.47 (0.93), and after dilution, to SEK 0.45 (0.88).
- Net debt amounted to SEK 107.1 (16.0) million at the end of the period, 1.1 times (0.1 times) EBITDA.
- Equity/assets ratio amounted to 64.4% (66.8%).
- After the end of the reporting period, Alphaplex GmbH in Germany was acquired.

JANUARY – JUNE 2022

- Sales volume amounted to 10,312 (12,281 tonnes) a decline by 16%.
- Net sales amounted to SEK 493.8 (465.2) million, an increase by 6%. The organic increase was 3%.
- Operating profit amounted to SEK 24.9 (51.3) million, a decline by 51%. The adjusted operating profit amounted to SEK 24.9 (57.3) million, a decline by 56%.
- The operating margin declined to 5.0% (11.0%) and adjusted operating margin declined to 5.0% (12.3%).
- Profit for the period amounted to SEK 18.2 (40.5) million, a decline by 55%.
- Earnings per share before dilution amounted to SEK 0.91 (2.02), and after dilution, to SEK 0.87 (1.93).
- Net debt amounted to SEK 107.1 (16.0) million at the end of the period, 1.1 times (0.1 times) EBITDA.
- Equity/assets ratio amounted to 64.4% (66.8%).

GROUP IN SUMMARY*

	Apr-Jun 2022	Apr-Jun 2021	Δ,%	Jan-Jun 2022	Jan-Jun 2021	Δ,%	R 12	Jan-Dec 2021	Δ,%
Sales volume, tonnes	5,371	6,100	-12	10,312	12,281	-16	20,677	22,646	-9
Net sales, SEK million	267.1	246.3	8	493.8	465.2	6	956.1	927.5	3
Gross margin, %	14.3	20.5	-30	14.7	21.8	-33	15.9	19.5	-18
EBITDA, SEK million	23.4	33.3	-30	45.0	69.7	-35	99.7	124.4	-20
Adjusted EBITDA, SEK million	23.4	36.0	-35	45.0	75.7	-41	99.8	130.5	-24
Operating profit, SEK million	13.5	23.7	-43	24.9	51.3	-51	59.8	86.2	-31
Adjusted operating profit, SEK million	13.5	26.4	-49	24.9	57.3	-56	59.9	92.3	-35
Operating margin, %	5,0	9,6	-48	5,0	11,0	-55	6,3	9,3	-32
Adjusted operating margin, %	5,0	10,7	-53	5,0	12,3	-59	6,3	10,0	-37
Profit for the period, SEK million	9.4	18.6	-49	18.2	40.5	-55	45.8	68.1	-33
Earnings per share before dilution, SEK	0.7	0.93	-49	0.91	2.02	-55	2.29	3.41	-33
Earnings per share after dilution, SEK	0.45	0.88	-49	0.87	1.93	-55	2.18	3.25	-33
Net debt/EBITDA, multiple	1.1	0.1	N/A	1.1	0.1	N/A	1.1	0.4	175
Net debt, SEK million	107.1	16.0	N/A	107.1	16.0	N/A	107.1	44.5	141
Cash flow from operating activities, SEK million	-18.1	42.6	-143	-17.1	44.4	-139	-13.8	47.7	-129
Return on capital employed, %	10.9	22.4	-51	10.9	22.4	-51	10.9	18.8	-42
Equity/assets ratio, %	64.4	66.8	-4	64.4	66.8	-4	64.4	72.6	-11

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

SATISFACTORY RESULTS IN A CONTINUED CHALLENGING MARKET

When we put the first half of 2022 behind us, we see a market climate that is radically different from the one we had a year ago. The aftermath of the pandemic, with inflationary pressures, supply chain disruptions and rising interest rates, worsened by the war in Europe, has affected the world economy. For us, this means that we see a general restraint in demand from most of the application areas where our products are used. The high price picture and the general economy have a strong impact and create uncertainty in the market. In the short term, higher freight rates and higher costs for energy have had a negative impact on our cost structure. We have a long-term view of our business and a strong financial position and focus on our overall strategy.

After the end of the quarter, we acquired Alphaplex GmbH in Germany. With this acquisition, we strengthen our presence in the important German market. The acquisition also supports our ambition to increase our presence in Austria and Switzerland and advances our position in the value chain.

Market conditions

Our view is that volumes continue to fall for the entire industry in Europe but that we maintain our market position. The decline in volume is largely due to the fact that demand for pandemic-related barrier products has slowed down while application areas such as the travel and automotive industries have not fully recovered. Throughout 2021, we had a turbulent commodity situation with sharply rising prices that almost doubled during the year. The trend has continued in the first half of 2022 and is affected by the war in Ukraine, where sharply rising gas prices and uncertainty in the world economy have a major impact on the cost situation. Raw material prices have continued to rise, albeit at a slower pace than in the first quarter. In the situation of rising raw material prices and falling demand, price competition has continued.

Historically high raw material prices – weaker margins

Arla Plast's volumes declined by 12 percent and net sales increased by 8 percent in the second quarter. The high raw material prices, currencies and product mix had a positive impact on net sales. The gross margin declined to 14.3 percent (20.5) and the adjusted operating margin to 5.0 percent (10.7). Price competition due to a fall in demand, combined with historically high raw material prices, has led to weaker gross margins. Higher energy prices and higher freight costs had a negative impact on margins.

Outlook

The uncertainty is high, and we are in a challenging period. However, our financial position is strong and our ambition is to continue develop our organization and customer offering. We have continued our work to strengthen our marketing and sales organization where the acquisition of Alphaplex means an increased local presence in Germany, enables added value and strengthens our sustainability ambitions. We are proud of our sustainability work and will now intensify this work. Among other things, we will strengthen our ambition to achieve increased circularity in the value chain and thereby help us and our customers on the journey towards a lower climate footprint.

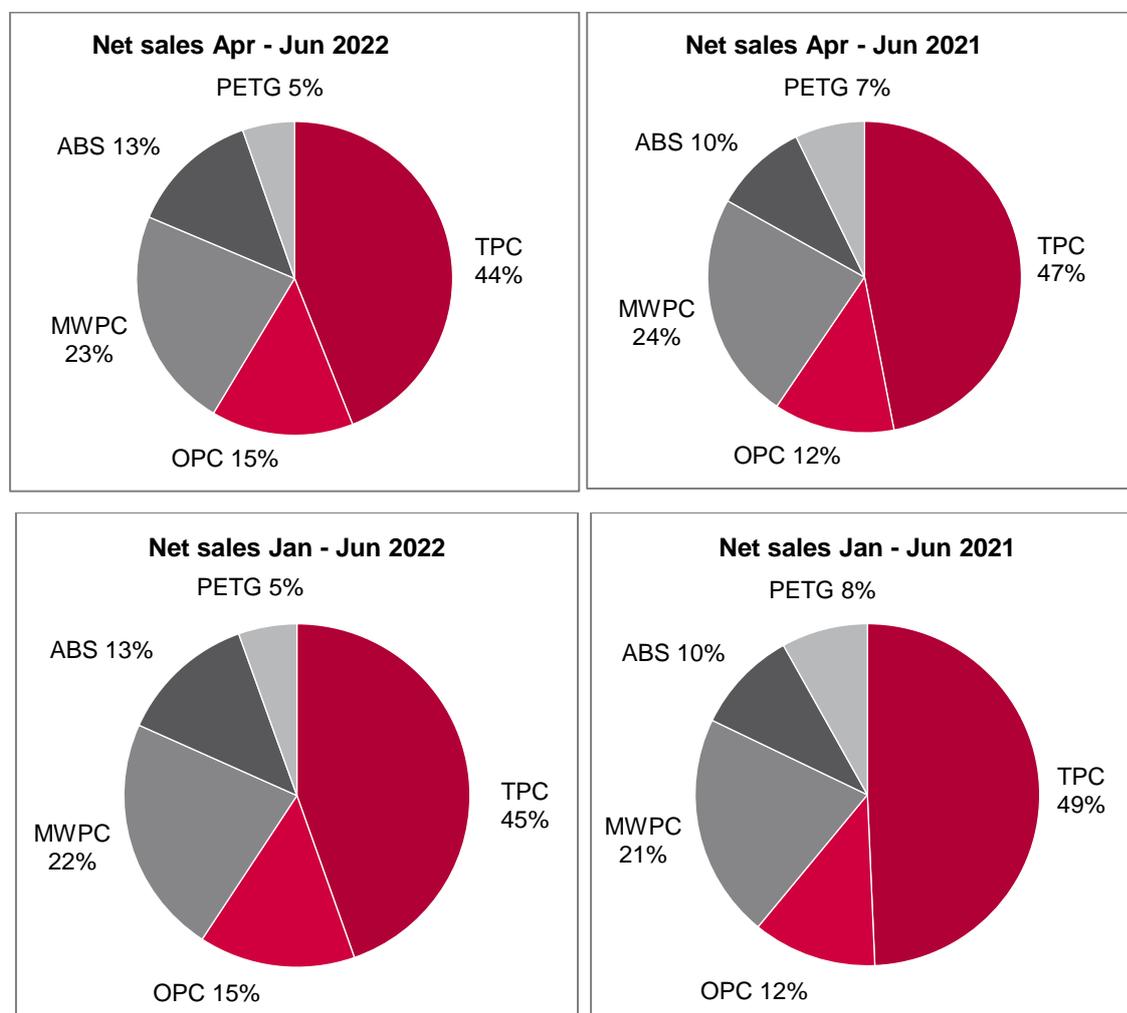
I have great confidence in our ability to be flexible and handle challenges and opportunities in the best of ways, as we have shown many times before. Together with dedicated employees, we work strategically and long-term towards our objectives, both the financial and sustainability goals.

Christian Krichau
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 Plast's sales volume in the second quarter of 2022 declined by 12 per cent to 5,371 tonnes (6,100 tonnes) compared with the corresponding quarter last year. The decline in volume is largely due to the fact that demand for pandemic-related barrier products has slowed down while application areas such as the travel and automotive industries have not fully recovered. Net sales increased by 8 per cent to SEK 267.1 million (SEK 246.3 million), organically the increase was 5 per cent. Price adjustments to meet higher prices for input materials had a positive impact on net sales. Price competition continued during the quarter and we could not fully compensate for the high raw material prices, with the gross margin declining to 14.3 per cent (20.5 per cent).

Operating profit for the second quarter amounted to SEK 13.5 million (SEK 23.7 million), a decrease of 43 per cent. The operating margin decreased to 5.0 per cent (9.6 per cent). The operating margin decreased mainly due to lower gross margin. Adjusted operating profit amounted to SEK 13.5 million (SEK 26.4 million) and the adjusted operating margin was 5.0 per cent (10.7 per cent).

Arla Plast's sales volume during the six months period 2022 decreased by 16 per cent to 10,312 tonnes (12,281 tonnes) compared with the corresponding period last year. The decrease is related to lower sales of pandemic-related barrier products. Net sales amounted to SEK 493.8 million (SEK 465.2 million), an increase of 6 per cent. Organically, the increase was 3 per cent. The decrease in volume and currency effects were offset by higher sales prices. Net sales increased in both segment Sweden and in segment Czech Republic.

Operating profit for the six months period amounted to SEK 24.9 million (SEK 51.3 million), a decline of 51 percent. The operating margin amounted to 5.0 percent (11.0 percent). The adjusted operating profit amounted to SEK 24.9 million (SEK 57.3 million) and the adjusted operating margin was 5.0 percent (12.3 percent).

Profit/loss for the period and earnings per share

During the second quarter of 2022, profit before tax amounted to SEK 11.2 million (SEK 23.3 million). Net financial income and expenses totaled SEK -2.3 million (SEK -0.4 million), including interest expenses of SEK -1.0 million (SEK -0.2 million). Taxes in the second quarter amounted to SEK -1.8 million (SEK -4.8 million), corresponding to an effective tax rate of 15.7 percent (20.4 percent). Net profit for the period was SEK 9.4 (18.6) million during the second quarter 2022, and earnings per share before dilution was SEK 0.47 (0.93), and after dilution, SEK 0.45 (0.88).

During the six months period, profit before tax amounted to SEK 22.0 million (SEK 50.8 million). Net financial income and expenses totaled SEK -2.9 million (SEK -0.5 million), including interest expenses of SEK -1.3 million (SEK -0.4 million). Taxes in the six months period amounted to SEK -3.8 million (SEK -10.3 million), corresponding to an effective tax rate of 17.3 percent (20.3 percent). Net profit for the period was SEK 18.2 (40.5) million during the first half year 2022 and earnings per share before dilution was SEK 0.91 (SEK 2.02), and after dilution, SEK 0.87 (SEK 1.93).

Cash flow

Cash flow from operating activities decreased during the third quarter to SEK -18.1 (42.6) million. Cash flow was negatively impacted by lower operating profit and increased working capital compared to the comparison quarter. The increase in working capital is explained by high raw material prices affecting the value of inventories and accounts receivable.

Cash flow from investing activities was SEK -5.8 (-8.9) million during the quarter and refers mainly to replacement investments in our three production facilities.

Cash flow from financing activities amounted to SEK 13.2 million (SEK -10.5 million) and includes a dividend of SEK -30.0 million in accordance with the decision of Arla Plast's Annual General Meeting 2022, new loans raised of SEK 50.1 million and amortization of loans of SEK -15.5 million.

For the first half year 2022, cash flow from operating activities amounted to SEK -17.1 million (SEK 44.4 million). The decrease is mainly explained by lower operating profit and an increased inventory value. The high raw material prices have affected the increase in the value of inventories.

Cash flow from investing activities during the six months period amounted to SEK -9.9 (- 21.4) million and refers mainly to replacement investments in our three production facilities.

Cash flow from financing activities totaled SEK 28.3 (6.5) million during the first nine months and includes a dividend of SEK -30.0 million, new loans raised of SEK 50.1 million and amortization of loans of SEK -15.5 million.

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 5.8 (8.9) million and refers primarily to replacement investments in our three production facilities. Total depreciations for the second quarter amounted to SEK -9.9 (-9.6) million.

During the first half year, the Group's investments in property, plant and equipment amounted to SEK 9.9 (21.4) million. Total depreciation for the first six months amounted to SEK -20.1 (-18.4) million.

Financial position

Arla Plast's total assets amounted to SEK 726.2 million as of 30 June 2022 (SEK 652.5 million).

The Group's net debt amounted to SEK 107.1 million as of June 30, 2022 (SEK 16.0 million), corresponding to 1.1 times EBITDA (0.1 times). Net debt has increased as a result of reduced cash and new raised loans of SEK 50.1 million.

The Group's equity ratio, equity at the end of the period as a percentage of total assets was 64.4 percent (66.8 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 2022, net sales amounted to SEK 175.8 (163.5) million, and operating profit, to SEK 8.2 (20.7 million).

For the six months period, net sales amounted to SEK 323.7 (318.9) million, and operating profit to, SEK 15.9 (43.2) million.

Cash and cash equivalents as of June 30, 2022, amounted to SEK 15.4 million compared to SEK 53.3 million as of June 30, 2021.

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 are charged to Group-wide costs and have not been allocated.

SWEDEN

Key performance indicator	2022			2021			R 12	2021		
	Apr-Jun	Apr-Jun	Δ,%	Jan-Jun	Jan-Jun	Δ,%		Jan-Dec	Δ,%	
Sales volume, tonnes	3,546	3,891	-9	6,878	8,150	-16	13,599	14,871	-9	
Net sales, SEK million	175.7	163.6	7	323.7	318.9	2	623.3	618.5	1	
Operating profit, SEK million	8.2	23.5	-65	15.9	49.2	-68	37.2	70.5	-47	
Operating margin, %	4.7	14.3	-67	4.9	15.4	-68	6.0	11.4	-47	

In the second quarter, sales volumes decreased by 9 percent. The decline in volume is largely due to the fact that demand for pandemic-related barrier products has slowed down while application areas such as the automotive industry have not fully recovered. Net sales increased by 7 percent to SEK 175.7 (163.6) million. Price competition continued during the quarter and we could not fully compensate for the high raw material prices. Operating profit decreased to SEK 8.2 million (SEK 23.5 million), mainly as a result of the lower gross profit. The operating margin decreased to 4.7 percent (14.3 percent).

In the six months period 2022, sales volume decreased by 16 per cent. The volume decline is related to that demand for pandemic-related barrier products has slowed down while application areas such as the automotive industry have not fully recovered. Net sales increased by 2 percent to SEK 323.7 (318.9) million. Operating profit decreased to SEK 15.9 million (SEK 49.2 million) mainly as a result of the lower gross profit. The operating margin decreased to 4.9 percent (15.4 percent).

CZECH REPUBLIC

Key performance indicator	2022			2021			R 12	2021		
	Apr-Jun	Apr-Jun	Δ,%	Jan-Jun	Jan-Jun	Δ,%		Jan-Dec	Δ,%	
Sales volume, tonnes	2,098	2,500	-16	3,838	4,703	-18	8,064	8,929	-10	
Net sales, SEK million	100.7	92.2	9	182.7	162.8	12	363.5	343.6	6	
Operating profit, SEK million	5.0	2.7	85	8.4	7.5	12	21.5	20.6	4	
Operating margin, %	4.9	2.9	69	4.6	4.6	-	5.9	6.0	-2	

In the second quarter 2022, sales volume decreased by 16 percent. Net sales increased by 9 percent to SEK 100.7 (92.2) million. Organic growth was 1 percent. In this segment, prices have to a greater extent than in Sweden been compensated for increased raw material prices. Operating profit increased to SEK 5.0 (2.7) million. The operating margin increased to 4.9 percent (2.9 percent).

During the six months period, sales volumes decreased by 18 per cent. Net sales increased by 12 percent to SEK 182.7 million (SEK 162.8 million), the organic increase was 4 percent. Net sales increased mainly as a result of higher prices for raw materials being partially offset by price increases to customers. Operating profit amounted to SEK 8.4 million (SEK 7.5 million) and the operating margin was unchanged 4.6 percent (4.6 percent).

Financial objectives*Sales growth*

Annual organic sales growth over a business cycle should be 5 percent.

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 had a significant and positive impact on the

Group's operations in terms of demand and results, but the risk of contagion could have led to difficulties in staffing the production facilities. The ongoing war in Ukraine has led to the identification of a number of new risks, such as increased costs for input materials and transport, as well as currency fluctuations.

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 2021 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. During the second quarter 2022, our carbon footprint related to the production of raw materials consumed was in average 3.3 kg CO₂e per kg of finished product produced (3.4 kg CO₂e) and sick leave was 5.6 percent (6.2 percent).

During the quarter, we received certification according to the standard for ISCC (International Sustainability Carbon Certification) in the Swedish production unit and have the ambition to be approved during the fourth quarter of 2022 in the Czech production units. The certification is a quality stamp for us and also an important step for us to increase the circular value chain and help our customers towards a lower climate footprint.

During the quarter, we have raised our ambitions in order to develop a sustainable product portfolio, increase supplier responsibility, raise the level of responsible operations, develop a sustainable workforce and directly address climate change.

For further information regarding our sustainability work please find our Sustainability report for 2021 on 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 2022 was 254 (264). During the second quarter, women accounted for 26 percent (25 percent) of the employees. For the six months period, the average number of full-time employees was 261 (264) whereof women accounted for 25 percent (25 percent).

Annual General Meeting 2022

Arla Plast AB held its Annual General Meeting on Thursday 19 May 2022.

The Annual General Meeting re-elected Kenneth Synnersten, Sten Jakobsson, Ola Salmén, Leif Nilsson, Jan Synnersten, Ulf Hedlundh and Annelie Arnbäck as Board members. Kenneth Synnersten was re-elected as Chairman of the Board.

The Annual General Meeting resolved, in accordance with the Board's proposal, on a dividend of SEK 1.50 per share, a total of SEK 30.0 million, corresponding to 44 percent of the result for the financial year 2021. The dividend was paid on May 27, 2022.

The Annual General Meeting further resolved, in accordance with the Board's proposal, to authorize the Board of Directors to, on one or more occasions before the next annual general meeting, to issue new shares up to 10 percent of the total number of outstanding shares at the time of the resolution on the authorization. It shall be possible to issue shares with or without deviation from the shareholders' preferential rights.

More information about the resolutions at the meeting and the content of these can be found on the company's website, www.arlaplastgroup.com.

Events after the end of the reporting period

On July 26, Arla Plast acquired all shares in Alphaplex GmbH in Germany with net sales of EUR 10.1 million in 2021, corresponding to approximately SEK 102.2 million, and an operating margin of approximately 8.2 percent. Alphaplex is a service partner within the plastics industry based close to Hannover. In addition to a well consolidated sales organization Alphaplex also has processing and warehousing. Sales are primarily within Germany. Alphaplex GmbH is already a strong partner to Arla Plast and the additional sales for the Arla Plast Group are estimated to SEK 60 million. The preliminary purchase price amounts to approximately EUR 4.1 million, corresponding to approximately SEK 43.2 million on a cash and debt free basis, IFRS effects excluded. In addition to this, a conditional earn-out payment of a maximum of EUR 1.3 million based on the next three years EBIT will be paid after the end of the three-year period.

The acquisition is financed through Arla Plast's credit facilities. Acquisition costs are estimated to amount to approximately SEK 1.5 million and will be charged in the third quarter of 2022. Alphaplex GmbH will be consolidated into the Arla Plast Group as of the closing date 1 August 2022 and reported in the new operating segment Germany.

No other significant events after the reporting period.

The share

As of 30 June 2022, Synnersten Invest AB owns 48 percent, Svolder AB 13 percent, Nortal Investments AB 10 percent, Nordea Investment Funds 8 percent and Roosgruppen AB 5 percent. Arla Plast AB has a total of approximately 1,800 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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R 12	Jan-Dec 2021
Net sales	2,3	267,106	246,347	493,764	465,159	956,099	927,494
Cost of goods sold		-228,901	-195,904	-421,095	-363,806	-804,276	-746,987
Gross margin		38,205	50,443	72,669	101,353	151,823	180,507
Selling expenses		-14,631	-14,159	-29,369	-28,302	-58,696	-57,629
Administrative expenses	9	-13,567	-12,555	-23,922	-24,982	-44,141	-45,201
Other operating income	4	3,308	276	5,609	3,675	10,789	8,855
Other operating expenses		152	-293	-90	-414	7	-317
Operating profit		13,467	23,712	24,897	51,330	59,782	86,215
Financial income		326	-	326	-	639	313
Financial expense		-2,622	-394	-3,242	-544	-3,714	-1,016
Profit before tax		11,171	23,318	21,981	50,786	56,707	85,512
Tax expense		-1,750	-4,767	-3,809	-10,287	-10,922	-17,400
Profit for the period		9,421	18,551	18,172	40,499	45,785	68,112
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		4,252	2,566	9,963	6,110	16,082	12,229
Other comprehensive income for the period		4,252	2,566	9,963	6,110	16,082	12,229
Total comprehensive income for the period		13,673	21,117	28,135	46,609	61,867	80,341
Amounts in SEK							
Earnings per share, basic	10	0.47	0.93	0.91	2.02	2.29	3.41
Earnings per share, diluted	10	0.45	0.88	0.87	1.93	2.18	3.25

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	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Total non-current assets				
Intangible non-current assets		361	671	509
Property, plant and equipment		277,554	284,851	280,836
Right-of-use assets	5	21,251	7,314	21,941
Other non-current receivables	6	10	5	7
Total non-current assets		299,176	292,841	303,293
Current assets				
Inventories	7	232,962	156,285	184,306
Accounts receivable	6	166,044	141,759	126,229
Other current receivables	6	4,847	6,431	11,136
Prepaid expenses and accrued income		3,688	1,717	3,110
Cash and cash equivalents	6	19,527	53,446	18,565
Total current assets		427,068	359,638	343,346
TOTAL ASSETS		726,244	652,479	646,639
EQUITY				
Share capital		2,400	2,400	2,400
Other capital contributions		1,666	1,666	1,666
Translation reserve		43,226	27,144	33,263
Retained earnings (including profit for the period)		420,631	404,846	432,459
Total equity attributable to owners of the parent		467,923	436,056	469,788
LIABILITIES				
Non-current liabilities				
Non-current portion of lease liability	5	16,615	2,764	17,310
Deferred tax liabilities		40,377	39,127	40,549
Total non-current liabilities		56,992	41,891	57,859
Current liabilities				
Liabilities to credit institutions	6	105,331	62,137	41,106
Current portion of lease liability	5	4,686	4,572	4,661
Accounts payable	6	20,219	37,173	14,078
Current tax liabilities		-	340	4,771
Derivative instruments	6	719	-	-
Other liabilities	6	28,803	25,468	28,273
Accrued expenses and deferred income		41,571	44,842	26,103
Total current liabilities		201,329	174,532	118,992
Total liabilities		258,321	216,423	176,851
TOTAL EQUITY AND LIABILITIES		726,244	652,479	646,639

Condensed consolidated statement of changes in equity

Amounts in SEK thousand	2022-06-30	2021-06-30	2021-12-31
Opening balance	469,788	389,447	389,447
Profit for the period	18,172	40,499	68,112
Other comprehensive income	9,963	6,110	12,229
Total comprehensive income	28,135	46,609	80,341
Dividend	-30,000	-	-
Cash for warrants	-	-	-
Total transactions with shareholders	-30,000	-	-
Closing balance	467,923	436,056	469,788

Consolidated statement of cash flows

Amounts in SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R 12	Jan-Dec 2021
Cash flow from operating activities						
Operating profit	13,467	23,712	24,897	51,330	59,782	86,215
Adjustment for items not included in cash flow	10,159	9,717	21,109	18,671	44,198	41,760
Interest received	326	-	326	-	326	-
Interest paid	-909	-168	-1,030	-325	-1,470	-765
Income tax paid	-3,879	-5,426	-12,092	-8,991	-19,833	-16,732
Cash flow from operating activities before changes in working capital	19,164	27,835	33,210	60,685	83,003	110,478
Cash flow from changes in working capital						
Increase/decrease in inventories	-9,078	8,624	-44,014	6,836	-69,301	-18,451
Increase/decrease in operating receivables	-22,012	-10,347	-30,066	-38,720	-19,569	-28,223
Increase/decrease in operating liabilities	-6,160	16,485	23,816	15,647	-7,941	-16,110
Total change in working capital	-37,250	14,762	-50,264	-16,237	-96,811	-62,784
Cash flow from operating activities	-18,086	42,597	-17,054	44,448	-13,808	47,694
Cash flow from investing activities						
Investments in intangible fixed assets	-	-28	-	-28	-1	-29
Investments in property, plant and equipment	-5,788	-8,870	-9,923	-21,362	-23,123	-34,562
Cash flow from investing activities	-5,788	-8,898	-9,923	-21,390	-23,124	-34,591
Cash flow from financing activities						
Dividend	-30,000	-	-30,000	-	-30,000	-
Increased use of overdraft facility	9,925	-	26,478	9,112	23,910	6,544
Reduced use of overdraft facility	-	-9,189	-	-	-	-
Borrowing from credit institutions	50,103	-	50,103	-	50,103	-
Amortization related to lease liability	-1,388	-1,326	-2,811	-2,623	-6,580	-6,392
Amortization of loans to credit institutions	-15,466	-	-15,466	-	-34,770	-19,304
Cash flow from financing activities	13,174	-10,515	28,304	6,489	2,663	-19,152
Cash flow for the period	-10,700	23,184	1,327	29,547	-34,269	-6,049
Cash and cash equivalents at beginning of period	30,183	30,794	18,565	23,814	53,446	23,814
Exchange differences in cash and cash equivalents	44	-532	-365	85	350	800
Cash and cash equivalents at close of period	19,527	53,446	19,527	53,446	19,527	18,565

Condensed parent company income statement

Amounts in SEK thousand	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	
	2022	2021	2022	2021	R 12	2021
Net sales	175,753	163,529	323,729	318,871	623,359	618,501
Cost of goods sold	-148,293	-121,695	-271,244	-235,328	-517,721	-481,805
Gross profit	27,460	41,834	52,485	83,543	105,638	136,696
Selling expenses	-11,792	-11,895	-23,306	-23,153	-46,855	-46,702
Administrative expenses	-10,626	-10,008	-18,460	-20,214	-32,746	-34,500
Other operating income and operating expenses	3,135	769	5,174	3,039	10,999	8,864
Operating profit	8,177	20,700	15,893	43,215	37,036	64,358
Financial income and financial expenses	-1,532	-398	-2,123	-379	-1,951	-207
Profit before appropriations and tax	6,645	20,302	13,770	42,836	35,085	64,151
Appropriations	-	-	-	-	-13,218	-13,218
Profit before tax	6,645	20,302	13,770	42,836	21,867	50,933
Tax expense	-1,368	-4,183	-2,836	-8,825	-4,836	-10,825
Profit for the period	5,277	16,119	10,934	34,011	17,031	40,108

Parent company's condensed statement of comprehensive income

Profit for the period	5,277	16,119	10,934	34,011	17,031	40,108
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	5,277	16,119	10,934	34,011	17,031	40,108

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 2021 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 2022 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	Apr-Jun 2022		Apr-Jun 2021		Jan-Jun 2022		Jan-Jun 2021		R 12		Jan-Dec 2021	
		%		%		%		%		%		%
Sweden	32,009	12	34,818	14	58,557	12	61,042	13	119,319	13	121,805	13
Germany	42,233	16	49,498	20	80,393	16	101,339	22	153,826	16	174,772	19
Czech Republic	55,886	21	34,624	14	102,425	21	69,588	15	169,362	18	136,523	15
Polen	33,290	12	28,495	12	58,928	12	49,655	11	115,796	12	106,524	12
Rest of Europe	81,983	31	86,973	35	160,535	32	161,532	34	336,829	35	337,826	36
Rest of World	21,705	8	11,940	5	32,926	7	22,003	5	60,967	6	50,044	5
Total	267,106	100	246,347	100	493,764	100	465,159	100	956,099	100	927,494	100
External net sales per product category, SEK Thousand												
TPC	118,327	44	115,788	47	221,963	45	230,072	49	419,249	44	427,358	46
OPC	38,686	15	30,569	12	71,730	15	53,967	12	141,911	15	124,148	13
MWPC	60,641	23	58,510	24	110,344	22	98,396	21	223,301	23	211,353	23
ABS	35,300	13	23,711	10	62,917	13	45,163	10	116,643	12	98,889	11
PETG	14,152	5	17,769	7	26,810	5	37,561	8	54,995	6	65,746	7
Summa	267,106	100	246,347	100	493,764	100	465,159	100	956,099	100	927,494	100

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 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 (65 percent) of the Group's total net sales in the second quarter of 2022 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 52 percent (63 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 (35 percent) of the Group's total net sales in the second quarter of 2022. 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 48 percent (37 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			
	Q 2	Q 2	Q 2	Q 2	Q 2	Q 2	Q 2	Q 2	Q 2	Q 2
	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021
Sales volume, tonnes	3,546	2,098	-	-273	5,371	3,891	2,500	-	-291	6,100
Net sales, external, SEK million	173.3	93.8	-	-	267.1	161.2	85.1	-	-	246.3
Net sales, intern, SEK million	2.4	6.9	-	-9.3	-	2.3	7.1	-	-9.4	-
Total net sales, SEK million	175.7	100.7	-	-9.3	267.1	163.5	92.2	-	-9.4	246.3
Adjusted operating profit, SEK million	8.2	5.0	-	0.3	13.5	23.4	2.7	-	0.3	26.4
Items affecting comparability, SEK million	-	-	-	-	-	-	-	2.7	-	2.7
Operating profit, SEK million	8.2	5.0	-	0.3	13.5	23.4	2.7	-2.7	0.3	23.7
Net financial items, SEK million	-1.5	-0.8	-	-	-2.3	-0.3	-0.1	-	-	-0.4
Profit before tax, SEK million	6.7	4.2	-	0.3	11.2	23.1	2.6	-2.7	0.3	23.3
Operating margin, %	4.7	4.9	-	-	5.0	14.3	2.9	-	-	9.6
Adjusted operating margin, %	4.7	4.9	-	-	5.0	14.3	2.9	-	-	10.7

Net sales and earnings	Segment Sweden Jan-Jun 2022	Segment Czech Jan-Jun 2022	Jointly Jan-Jun 2022	Elim. Jan-Jun 2022	Group Jan-Jun 2022	Segment Sweden Jan-Jun 2021	Segment Czech Jan-Jun 2021	Jointly Jan-Jun 2021	Elim. Jan-Jun 2021	Group Jan-Jun 2021
Sales volume, tonnes	6,878	3,838	-	-404	10,312	8,150	4,703	-	-572	12,281
Net sales, external, SEK million	321.3	172.5	-	-	493.8	315.6	149.6	-	-	465.2
Net sales, intern, SEK million	2.4	10.2	-	-12.6	-	3.3	13.2	-	-16.5	-
Total net sales, SEK million	323.7	182.7	-	-12.6	493.8	318.9	162.8	-	-16.5	465.2
Adjusted operating profit, SEK million	15.9	8.4	-	0.6	24.9	49.2	7.5	-	0.6	57.3
Items affecting comparability, SEK million	-	-	-	-	-	-	-	6.0	-	6.0
Operating profit, SEK million	15.9	8.4	-	0.6	24.9	49.2	7.5	-6.0	0.6	51.3
Net financial items, SEK million	-2.1	-0.8	-	-	-2.9	-0.3	-0.2	-	-	-0.5
Profit before tax, SEK million	13.8	7.6	-	0.6	22.0	48.9	7.3	-6.0	0.6	50.8
Operating margin, %	4.9	4.6	-	-	5.0	15.4	4.6	-	-	11.0
Adjusted operating margin, %	4.9	4.6	-	-	5.0	15.4	4.6	-	-	12.3

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 2021	Segment Czech Jan-Dec 2021	Jointly Jan-Dec 2021	Elim. Jan-Dec 2021	Group Jan-Dec 2021
Sales volume, tonnes	13,599	8,064	-	-986	20,677	14,871	8,929	-	-1,154	22,646
Net sales, external, SEK million	615.9	340.2	-	-	956.1	610.2	317.3	-	-	927.5
Net sales, intern, SEK million	7.4	23.3	-	-30.7	-	8.3	26.3	-	-34.6	-
Total net sales, SEK million	623.3	363.5	-	-30.7	956.1	618.5	343.6	-	-34.6	927.5
Adjusted operating profit, SEK million	37.2	21.5	-	1.2	59.9	70.5	20.6	-	1.2	92.3
Items affecting comparability, SEK million	-	-	0.1	-	0.1	-	-	6.1	-	6.1
Operating profit, SEK million	37.2	21.5	-0.1	1.2	59.8	70.5	20.6	-6.1	1.2	86.2
Net financial items, SEK million	-2.0	-1.1	-	-	-3.1	-0.2	-0.5	-	-	-0.7
Profit before tax, SEK million	35.2	20.4	-0.1	1.2	56.7	70.3	20.1	-6.1	1.2	85.5
Operating margin, %	6.0	5.9	-	-	6.3	11.4	6.0	-	-	9.3
Adjusted operating margin, %	6.0	5.9	-	-	6.3	11.4	6.0	-	-	10.0

NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK Thousands	Segment Sweden Q 2 2022	Segment Czech Q 2 2022	Internal Q 2 2022	Group Q 2 2022	Segment Sweden Q 1 2021	Segment Czech Q 1 2021	Internal Q 1 2021	Group Q 1 2021
Sweden	30,175	8,756	-6,922	32,009	31,473	10,449	-7,104	34,818
Germany	31,880	10,353	-	42,233	34,256	15,242	-	49,498
Czech	23,453	34,810	-2,377	55,886	9,531	27,380	-2,288	34,623
Polen	22,303	10,987	-	33,290	18,605	9,890	-	28,495
Rest Europe	53,742	28,241	-	81,983	62,647	24,326	-	86,973
Rest World	14,200	7,505	-	21,705	7,017	4,923	-	11,940
Total	175,753	100,652	-9,299	267,106	163,529	92,210	-9,392	246,347

Geographical market, SEK Thousands	Segment Sweden Jan-Jun 2022	Segment Czech Jan-Jun 2022	Internal Jan-Jun 2022	Group Jan-Jun 2022	Segment Sweden Jan-Jun 2021	Segment Czech Jan-Jun 2021	Internal Jan-Jun 2021	Group Jan-Jun 2021
Sweden	54,624	14,163	-10,230	58,557	54,167	20,080	-13,204	61,043
Germany	64,667	15,726	-	80,393	69,204	32,135	-	101,339
Czech	35,937	68,889	-2,401	102,425	28,955	43,934	-3,302	69,587
Polen	40,287	18,641	-	58,928	33,996	15,659	-	49,655
Rest Europe	108,022	52,513	-	160,535	118,036	43,496	-	161,532
Rest World	20,192	12,734	-	32,926	14,513	7,490	-	22,003
Total	323,729	182,666	-12,631	493,764	318,871	162,794	-16,506	465,159

Geographical market, SEK Thousands	Segment Sweden R12	Segment Czech R12	Internal R 12	Group R 12	Segment Sweden Jan-Dec 2021	Segment Czech Jan-Dec 2021	Internal Jan-Dec 2021	Group Jan-Dec 2021
Sweden	110,316	32,343	-23,340	119,319	109,859	38,260	-26,314	121,805
Germany	116,004	37,822	-	153,826	120,541	54,231	-	174,772
Czech	56,496	120,280	-7,414	169,362	49,514	95,325	-8,315	136,524
Polen	77,431	38,365	-	115,796	71,140	35,383	-	106,523
Rest Europe	224,573	112,256	-	336,829	234,587	103,239	-	337,826
Rest World	38,539	22,428	-	60,967	32,860	17,184	-	50,044
Total	623,359	363,494	-30,754	956,099	618,501	343,622	-34,629	927,494

MATERIAL ASSETS AND LIABILITIES PER SEGMENT

Material assets and liabilities per segment, SEK Thousands

	2022-06-30	2021-06-30	2021-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	166,550	176,719	173,124
Inventories	127,193	91,684	103,712
Liabilities	122,907	123,262	73,295

Segment Czech

Property, plant and equipment	116,021	114,379	113,347
Inventories	105,769	64,601	80,594
Liabilities	120,549	70,008	56,687

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 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. This item was reported as other operating income and receivables in the third quarter 2021.

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 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	2022-06-30	2021-06-30	2021-12-31
Current liabilities	719	-	-

Note 7 Inventories

Amounts in SEK Thousands	2022-06-30	2021-06-30	2021-12-31
Raw materials and merchandise in stock	117,619	81,201	97,654
Finished goods produced in-house	109,073	71,058	80,100
Products in progress	6,270	4,026	6,552
Total inventories	232,962	156,285	184,306

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 2021 Annual Report. There were no material related-party transactions during the period.

Note 9 Items affecting comparability

Amounts in SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R 12	Jan-Dec 2021
IPO costs	-	2 736	-	5 967	140	6 107
Total	-	2 736	-	5 967	140	6 107

In order to prepare Arla Plast for a possible listing on Nasdaq Stockholm, a number of different measures were taken with external assistance. The listing took place in May 2021, and the costs associated with the preparations amount to SEK 0 (2,7) million in the second quarter and SEK 0 million (6,0) for the six 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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R 12	2021-12-31
Profit attributable to equity holders of the parent, SEK thousand	9,421	18,551	18,172	40,499	45,785	68,112
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	20,980,000	20,980,000	20,980,000	20,980,000	20,980,000
Earnings per share, basic, SEK	0.47	0.93	0.91	2.02	2.29	3.41
Earnings per share, diluted, SEK	0.45	0.88	0.87	1.93	2.18	3.25

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 the company's long-term ability to pay.

Calculation of key ratios:

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R 12	2021
Gross margin, %:						
Gross profit, SEK thousand	38,205	50,443	72,669	101,353	151,823	180,507
Net sales, SEK thousand	267,106	246,347	493,764	465,159	956,099	927,494
Gross margin, %	14.3	20.5	14.7	21.8	15.9	19.5
Operating margin, %, Sweden:						
Net sales, SEK thousand	175,753	163,529	323,729	318,871	623,359	618,501
Operating profit, SEK thousand	8,185	23,437	15,909	49,201	37,197	70,490
Operating margin, %, Sweden	4.7	14.3	4.9	15.4	6.0	11.4

Operating margin, %, Czech Republic						
Net sales, SEK thousand	100,652	92,210	182,666	162,794	363,494	343,622
Operating profit, SEK thousand	4,973	2,705	8,370	7,484	21,494	20,608
Operating margin, %, Czech Republic	4.9	2.9	4.6	4.6	5.9	6.0
Adjusted EBITDA, SEK thousand:						
Operating profit	13,467	23,712	24,897	51,330	59,782	86,215
Less depreciation and amortization of non-current	9,909	9,554	20,075	18,395	39,873	38,193
Minus depreciation of non-current assets	-	-	-	-	-	-
EBITDA	23,376	33,266	44,972	69,725	99,655	124,408
Less items affecting comparability	-	2,736	-	5,967	140	6,107
Adjusted EBITDA, SEK thousand	23,376	36,002	44,972	75,692	99,795	130,515
Organic growth, %:						
Net sales, SEK thousand	267,106	246,347	493,764	465,159	956,099	927,494
Net sales for the same period of the previous year, SEK thousand	246,347	260,833	465,159	465,406	884,433	884,680
Net sales, change	20,759	-14,486	28,605	-247	71,666	42,814
Less exchange rate fluctuations, SEK thousand	-7,075	-5,393	-13,607	73	-10,126	3,554
Organic growth, %	5.4	-7.5	3.1	-	6.9	5.3
Working capital/sales, %:						
Operating receivables, SEK thousand	404,759	306,192	404,759	306,192	404,759	324,781
Operating liabilities, SEK thousand	91,312	107,483	91,312	107,483	91,312	68,454
Net working capital, SEK thousand	313,447	198,709	313,447	198,709	313,447	256,327
Net sales, R12 SEK thousand	956,099	884,433	956,099	884,433	956,099	927,494
Working capital/sales, %	32.8	22.5	32.8	22.5	32.8	27.6
Return on capital employed (ROCE), %:						
Capital employed, SEK thousand	594,555	505,529	594,555	505,529	594,555	532,865
Average capital employed, SEK thousand	550,042	509,860	550,042	509,860	550,042	491,582
Adjusted operating profit R12, SEK thousand	59,922	114,121	59,922	114,121	59,922	92,322
Return on capital employed (ROCE), %	10.9	22.4	10.9	22.4	10.9	18.8
Net debt/EBITDA, multiple:						
Net debt, SEK thousand	107,105	16,027	107,105	16,027	107,105	44,512
EBITDA, R12 SEK thousand	99,655	136,949	99,655	136,949	99,655	124,408
Net debt/EBITDA, multiple	1.07	0.12	1.07	0.12	1.07	0.36
Equity/assets ratio, %:						
Equity, SEK thousand	467,923	436,056	467,923	436,056	467,923	469,788
Total capital, SEK thousand	726,244	652,479	726,244	652,479	726,244	646,639
Equity/assets ratio, %	64.4	66.8	64.4	66.8	64.4	72.6

Financial information

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 17 August 2022

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

Ulf Hedlundh
Board Member

Annika Erlandsson
Employee representative

Klas Renlund
Employee representative

Christian Krichau
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 18 August 2022 at 8:00 am CET.

ABOUT ARLA PLAST

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 more than SEK 900 million.

More information about Arla Plast is available at 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.

