

# Arla Plast AB

## Interim report January – September 2022



## HIGHER NET SALES BUT LOWER VOLUMES – CONTINUED CHALLENGING MARKET

### JULY – SEPTEMBER 2022

- Sales volume amounted to 3,817 tonnes (4,862 tonnes) a decline by 21%.
- Net sales amounted to SEK 232.0 million (SEK 222.0 million), an increase by 5%. The organic increase was 1%.
- Operating profit amounted to SEK 10.8 million (SEK 24.7 million), a decline by 56%. The adjusted operating profit amounted to SEK 12.0 million (SEK 24.8 million), a decline by 52%.
- The operating margin declined to 4.7% (11.1%) and adjusted operating margin declined to 5.2% (11.2%).
- Profit for the period amounted to SEK 7.6 million (SEK 19.2 million), a decline by 60%.
- Earnings per share before dilution amounted to SEK 0.38 (SEK 0.96), and after dilution to SEK 0.36 (SEK 0.91).
- The cash flow from operating activities amounted to SEK 52.9 million (SEK -23.8 million).
- During the quarter Alphaplex GmbH in Germany was acquired and is consolidated as of August.

### JANUARY – SEPTEMBER 2022

- Sales volume amounted to 14,533 tonnes (17,143 tonnes) a decline by 15%.
- Net sales amounted to SEK 725.7 million (SEK 687.2 million), an increase by 6%. The organic increase was 3%.
- Operating profit amounted to SEK 35.7 million (SEK 76.0 million), a decline by 53%. The adjusted operating profit amounted to SEK 36.9 million (SEK 82.1 million), a decline by 55%.
- The operating margin declined to 4.9% (11.1%) and adjusted operating margin declined to 5.1% (11.9%).
- Profit for the period amounted to SEK 25.8 million (SEK 59.7 million), a decline by 57%.
- Earnings per share before dilution amounted to SEK 1.29 (SEK 2.98), and after dilution to SEK 1.23 (SEK 2.84).
- Net debt amounted to SEK 108.0 million (SEK 63.1 million) at the end of the period, 1.3 times (0.4 times) EBITDA.
- Equity/assets ratio amounted to 59.0% (67.7%).

### GROUP IN SUMMARY\*

	Jul-Sep 2022	Jul-Sep 2021	Δ,%	Jan-Sep 2022	Jan-Sep 2021	Δ,%	R 12	Jan-Dec 2021	Δ,%
Sales volume, tonnes	3,817	4,862	-21	14,533	17,143	-15	20,036	22,646	-11
Net sales, SEK million	232.0	222.0	5	725.7	687.2	6	966.0	927.5	4
Gross margin, %	16.0	19.9	-20	15.1	21.2	-29	15.0	19.5	-23
EBITDA, SEK million	21.3	34.5	-38	66.2	104.3	-37	86.4	124.4	-31
Adjusted EBITDA, SEK million	22.4	34.7	-35	67.4	110.4	-39	87.6	130.5	-33
Operating profit, SEK million	10.8	24.7	-56	35.7	76.0	-53	45.9	86.2	-47
Adjusted operating profit, SEK million	12.0	24.8	-52	36.9	82.1	-55	47.1	92.3	-49
Operating margin, %	4.7	11.1	-58	4.9	11.1	-56	4.8	9.3	-48
Adjusted operating margin, %	5.2	11.2	-54	5.1	11.9	-57	4.9	10.0	-51
Profit for the period, SEK million	7.6	19.2	-60	25.8	59.7	-57	34.2	68.1	-50
Earnings per share before dilution, SEK	0.38	0.96	-60	1.29	2.98	-57	1.71	3.41	-50
Earnings per share after dilution, SEK	0.36	0.91	-60	1.23	2.84	-57	1.63	3.25	-50
Net debt/EBITDA, multiple	1.3	0.4	N/A	1.3	0.4	N/A	1.3	0.4	N/A
Net debt, SEK million	108.0	63.1	N/A	108.0	63.1	N/A	108.0	44.5	N/A
Cash flow from operating activities, SEK million	52.9	-23.8	N/A	35.5	20.6	72	62.5	47.7	31
Return on capital employed, %	7.9	21.3	-63	7.9	21.3	-63	7.9	18.8	-58
Equity/assets ratio, %	59.0	67.7	-13	59.0	67.7	-13	59.0	72.6	-19

\* For definitions and alternative performance measures, see page 22.

## HIGHER NET SALES BUT LOWER VOLUMES – CONTINUED CHALLENGING MARKET

### The market

Our view is that we are maintaining our market position in a sharply weakening European market. The entire industry is characterized by the weak economy with declining demand combined with higher production capacity compared with previous year. The higher production capacity applies particularly for the TPC and MWPC product areas and is a result of the pandemic-related demand, motivating the industry to implement investments and efficiency measures. In the current market situation, this has contributed to increased volume and price competition.

The price picture for raw materials is volatile with great uncertainty about the development. The market indicates continued high inventories at the distribution level.

### Third quarter

Sales volumes decreased by 21 percent to 3,817 tonnes (4,862 tonnes) while net sales increased by 5 per cent to SEK 232.0 million (SEK 222 million). Organically, the increase was 1 percent. The gross margin was negatively impacted mainly by high raw material prices and by under absorption of fixed costs due to the lower production volume. The lower production volume is in turn due to the weak demand in combination with a reduction of our inventory. The adjusted operating margin decreased to 5.2 percent (11.2 percent). As part of adapting to market conditions, we have implemented personnel redundancies. Costs for this amounted to SEK 1.6 million in the quarter and was charged to operating profit.

### Outlook

We have a strong financial position, and our internal focus is on continuing to develop our organization, primarily within the marketing and sales organization. Our view is that we are well positioned with our customer offering as we offer more specific and more customized products than many companies within our industry. We are proud of our sustainability work which is now further intensified. The objective is to increase the use of recycled materials to help our customers reduce their climate footprint as well as our own. We are of course reviewing our costs, among other things, there has been a certain reduction in the workforce both in Sweden and in the Czech Republic. This has been possible mainly through natural departures, which we have not replaced. At the beginning of the year, we had a total of 262 employees, reduced to 242 before acquisitions at the end of September.

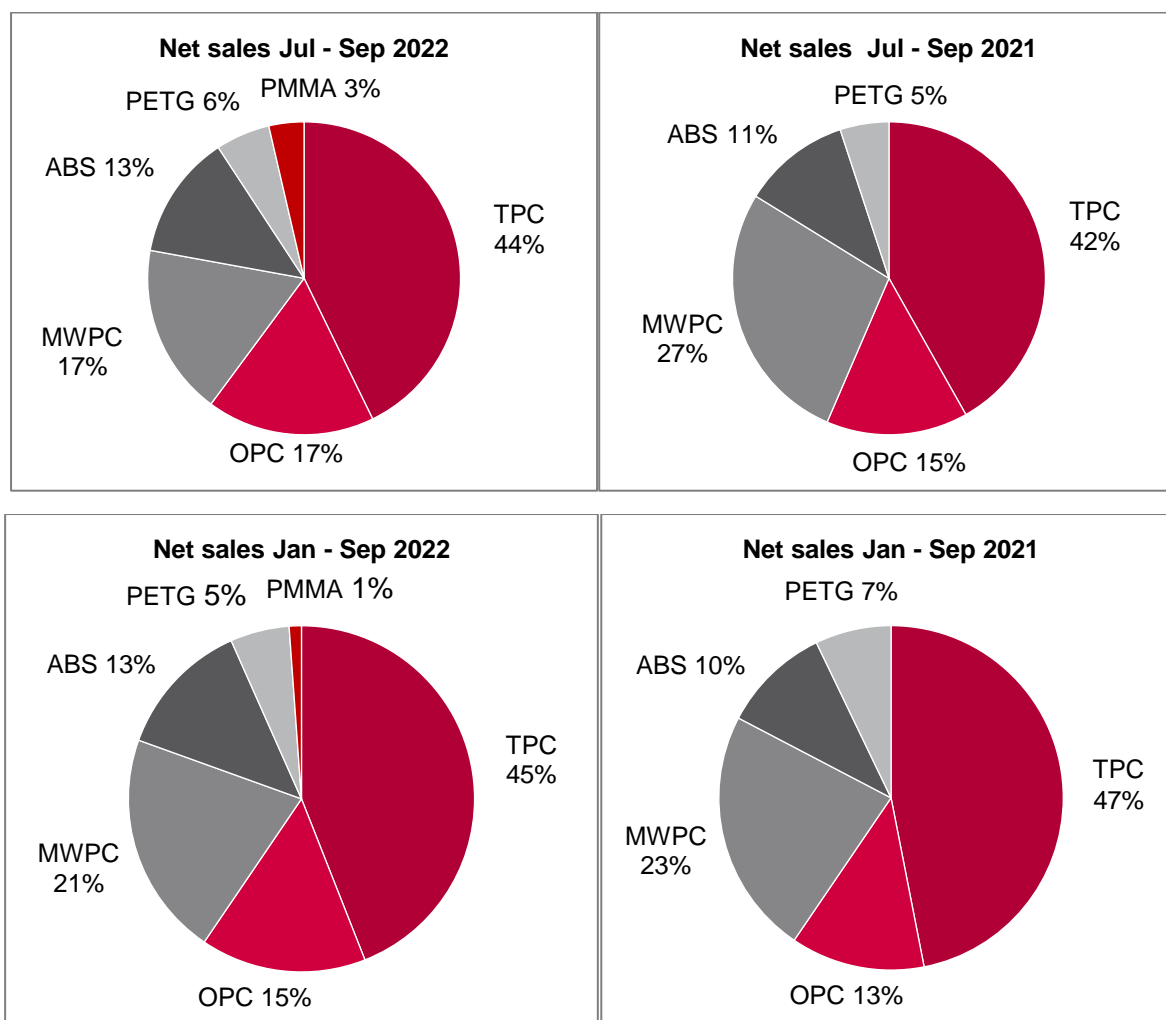
With the acquisition of Alphaplex GmbH, we have added presence in the for us important German market and the objective is also to strengthen our sales in Austria and Switzerland. The integration of the acquisition is going according to plan. We continue to face challenging times; there are many indications that raw material prices should go down, but so far we have not yet seen any certain signs of this. In a weaker economy, the strength of our well-diversified customer and product portfolio become even more important.

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 third quarter and nine months period:



\*For definitions of product areas, see page 26.

### Net sales and operating profit

Arla Plast's sales volume in the third quarter 2022 declined by 21 percent to 3,817 tonnes (4,862 tonnes) compared with the corresponding quarter last year. Net sales increased by 5 percent to SEK 232.0 million (SEK 222.0 million), organically the increase was 1 percent. The total demand on the market measured in sales volume declined, Arla Plast maintained its market position. A positive product mix with a higher share of premium products within TPC, together with that we partly could compensate us for price increases in raw materials had a positive impact on net sales despite lower volumes. The gross margin declined to 16.0 percent (19.9 percent). The gross margin was negatively affected by primarily higher raw material prices and under absorption of fixed costs due to lower production volumes.

Operating profit for the third quarter amounted to SEK 10.8 million (SEK 24.7 million), a decrease of 56 percent. The operating margin decreased to 4.7 percent (11.1 percent). The operating margin decreased mainly due to lower gross margin. Adjusted operating profit amounted to SEK 12.0 million (SEK 24.8 million) and the adjusted operating margin was 5.2 percent (11.2 percent). The operating profit is charged with acquisition cost amounting to SEK 1.2 million which are included in items affecting comparability. The operating profit is also charged by SEK 1,6 million which relates to redundancies of personnel within production.

Arla Plast's sales volume during the nine months period 2022 decreased by 15 percent to 14,533 tonnes (17,143 tonnes) compared with the corresponding period last year. Net sales amounted to SEK 725.7 million (SEK 687.2 million), an increase of 6 percent. Organically, the increase was 3 percent. The gross margin decreased to 15.1 percent (21,2 percent). The gross

margin was negatively affected by primarily higher raw material costs and of under absorption of fixed cost due to the lower production volume.

Operating profit for the nine months period amounted to SEK 35.7 million (SEK 76.0 million), a decline of 53 percent. The operating margin amounted to 4.9 percent (11.1 percent). The adjusted operating profit amounted to SEK 36.9 million (SEK 82.1 million) and the adjusted operating margin was 5.1 percent (11.9 percent). The operating profit is charged with acquisition cost amounting to SEK 1.2 million which are included in items affecting comparability. The operating profit is also charged with a SEK 1,6 million which relates to redundancies of the personnel within production.

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

During the third quarter of 2022, the profit before tax amounted to SEK 12.4 million (SEK 24.7 million). Net financial income and expenses totalled SEK 1.5 million (SEK 0.0 million), including interest expenses of SEK -0.8 million (SEK -0.1 million). Taxes in the third quarter amounted to SEK -4.7 million (SEK -5.5 million), corresponding to an effective tax rate of 38.3 percent (22.4 percent). Net profit for the period was SEK 7.6 (19.2) million during the third quarter 2022, and earnings per share before dilution was SEK 0.38 (SEK 0.96), and after dilution, SEK 0.36 (SEK 0.91).

During the nine months period 2022, profit before tax amounted to SEK 34.3 million (SEK 75.5 million). Net financial income and expenses totalled SEK -1.4 million (SEK -0.5 million), including interest expenses of SEK -1.2 million (SEK -0.5 million). Taxes in the nine months period amounted to SEK -8.5 million (SEK -15.8 million), corresponding to an effective tax rate of 24.9 percent (21.0 percent). Net profit for the period was SEK 25.8 (SEK 59.7) million during the nine months period and earnings per share before dilution was SEK 1.29 (SEK 2.98), and after dilution, SEK 1.23 (SEK 2.84)

### Cash flow

Cash flow from operating activities increased during the third quarter to SEK 52.8 million (SEK -23.8 million). The cash flow was negatively impacted by lower operating profit but positively impacted by heavily decreased working capital compared to the comparison quarter. The working capital declined as an effect of decreased business activity and high focus on inventory control.

Cash flow from investing activities was SEK -41.7 million (SEK -5.5 million) during the quarter and refers mainly to the acquisition of Alphaplex GmbH, see note 12 for additional information, and to a lesser part maintenance investments in our three production facilities.

Cash flow from financing activities amounted to SEK 34.3 million (SEK -1.5 million) and includes new loan of SEK 45.0 million referring to the acquisition of Alphaplex GmbH.

For the nine months period the cash flow from operating activities amounted to SEK 35.5 million (SEK 20.6 million). The improvement in cash flow is explained by a positive effect from change in working capital which compensates the lower operating profit.

Cash flow from investing activities during the nine months period amounted to SEK -51.6 million (SEK -26.9 million) and refers mainly to the acquisition of Alphaplex GmbH and to maintenance investments in our three production facilities.

Cash flow from financing activities totalled SEK 62.6 million (SEK 5.0 million) during the first nine months and includes a dividend of SEK -30.0 million, new loans raised of SEK 65.7 million, amortization of loans of SEK -15.5 million and increased utilization of overdraft facilities of SEK 47.1 million.

### Investments

Arla Plast continuously invests in its facilities. The Group's investments in property, plant and equipment during the third quarter amounted to SEK 4.3 million (SEK 5.5 million) and refers primarily to maintenance investments in our three production facilities. During the quarter Alphaplex GmbH was acquired, an investment amounting to SEK 46.5 million (SEK 0.0 million) where of SEK 37.4 million have been paid in the quarter. Remaining SEK 9.1 million will be paid in the coming quarter. Total depreciations for the third quarter amounted to SEK -10.4 million (SEK -9.9 million).

During the nine months period 2022 the Group's investments in property, plant and equipment amounted to SEK 14.2 million (SEK 26.9 million) and payment for the acquisition amounted to SEK 37.4 million (SEK 0.0 million). Total depreciation for the nine months amounted to SEK -30.5 million (SEK -28.3 million).

### Financial position

Arla Plast's total assets amounted to SEK 818.1 million as of 30 September 2022 (SEK 674.3 million).

The Group's net debt amounted to SEK 108.0 million as of September 30, 2022 (SEK 63.1 million), corresponding to 1.3 times EBITDA (0.4 times). Net debt has increased as a consequence of new raised loans of SEK 45.0 million related to the acquisition.

The Group's equity ratio, equity at the end of the period as a percentage of total assets was 59.0 percent (67.7 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 2022, net sales amounted to SEK 141.7 million (SEK 142.0 million) and operating profit to SEK 9.0 million (SEK 20.5 million).

For the nine months period, net sales amounted to SEK 465.5 million (SEK 460.9 million) and operating profit to SEK 24.9 million (SEK 63.8 million).

Cash and cash equivalents as of September 30, 2022, amounted to SEK 62.4 million compared to SEK 21.2 million as of September 30, 2021.

## Segments

The Group's activities are monitored through the three operating segments, Sweden, the Czech Republic and Germany. 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.

### SWEDEN

Key performance indicator	2022			2021			R 12	2021	
	Jul-Sep	Jul-Sep	Δ,%	Jan-Sep	Jan-Sep	Δ,%		Jan-Dec	Δ,%
Sales volume, tonnes	2,582	2,996	-14	9,460	11,146	-15	13,185	14,871	-11
Net sales, SEK million	141.7	142.0	-	465.5	460.9	1	623.1	618.5	1
Operating profit, SEK million	9.1	20.3	-55	25.0	69.5	-64	26.0	70.5	-63
Operating margin, %	6.4	14.3	-55	5.4	15.1	-64	4.2	11.4	-63

During the third quarter, sales volumes decreased by 14 percent. The total market demand declined in volume; Arla Plast maintained its market position. A positive product mix with a higher portion of premium products within TPC, together with that we partly could compensate us for price increases in raw materials had a positive impact on net sales despite lower volumes. Net sales were unchanged SEK 141.7 million (SEK 142.0 million). Operating profit decreased to SEK 9.1 million (SEK 20.3 million), mainly as a result of the lower gross profit. The operating profit is also charged by SEK 1,6 million which relates to redundancies of personnel within production. The operating margin decreased to 6.4 percent (14.3 percent).

In the nine months period 2022, sales volume decreased by 15 per cent. The volume decline relates to weaker demand for the whole industry. Net sales increased by 1 percent to SEK 465.5 million (SEK 460.9 million). Operating profit decreased to SEK 25.0 million (SEK 69.5 million) mainly as a result of the lower gross profit. The operating profit is also charged by SEK 1,6 million which relates to redundancies of personnel within production. The operating margin decreased to 5.4 percent (15.1 percent).

### CZECH REPUBLIC

Key performance indicator	2022			2021			R 12	2021	
	Jul-Sep	Jul-Sep	Δ,%	Jan-Sep	Jan-Sep	Δ,%		Jan-Dec	Δ,%
Sales volume, tonnes	1,257	2,142	-41	5,499	6,845	-20	7,583	8,929	-15
Net sales, SEK million	84.4	89.4	-6	267.0	252.2	6	358.4	343.6	4
Operating profit, SEK million	2.7	4.3	-35	11.1	11.7	-5	20.0	20.6	-3
Operating margin, %	3.3	4.7	-30	4.2	4.7	-11	5.6	6.0	-7

In the third quarter 2022, sales volume decreased by 41 percent. Net sales decreased by 6 percent to SEK 84.4 million (SEK 89.4 million). The organic decrease was 13 percent. The demand within home and garden, which was important during the third quarter 2021, was almost non existing during the third quarter 2022 and at the same time the demand weakened for other application areas. Operating profit decreased to SEK 2.7 million (SEK 4.3 million). The operating margin decreased to 3.3 percent (4.7 percent).

During the nine months period, sales volumes decreased by 20 percent. Net sales increased by 6 percent to SEK 267.0 million (SEK 252.2 million) and considering the currency rate change the organic decrease was 2 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 11.1 million (SEK 11.7 million) and the operating margin decreased to 4.2 percent (4.7 percent).

### GERMANY

Key performance indicator	2022
	Aug-Sep
Sales volume, tonnes	381
Net sales, SEK million	19.2
Operating profit, SEK million	0.8
Operating margin, %	3.9



The new operating segment Germany started as of August 1, 2022 and for the two consolidated months in the third quarter the sales volume amounted to 381.0 tonnes. The segment has operating activities within all product areas as well as within PMMA. PMMA is short for polymethyl methacrylate and is used for applications to for example store interiors and displays. Net sales amounted to SEK 19.2 million and the operating profit to SEK 0.8 million. The operating margin amounted to 3.9 percent. For further information about the segment see note 3 and about the acquisition see note 12.

## 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 2.5 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, evaluating 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. Energy crises in Europe, the war in Ukraine, high inflation and increasing interest rates involve uncertainty and risks.

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 several 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 subsidiaries in the Czech Republic and Germany. The risk is related to converting revenues, costs, assets and liabilities in CZK and EUR 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 several KPI's related to sustainability which we follow up on. CO<sub>2</sub> and sickness leave are two important KPI's. During the third quarter 2022, our carbon footprint related to the production of raw materials consumed was in average 3.1 kg CO<sub>2</sub>e per kg of finished product produced (3.5 kg CO<sub>2</sub>e) and sick leave was 4.3 percent (5.4 percent). The acquired company Alphaplex GmbH does not produce finished products and is thus not included in the calculation of CO<sub>2</sub>e per kg of finished product produced.

During quarter two 2022 Arla Plast received certification according to the standard for ISCC (International Sustainability Carbon Certification) in the Swedish production unit with 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 an important step for us to increase the circular value chain and help our customers towards a lower climate footprint. Due to the present weak economy additional certification within the Group has been postponed for products based on ISCC certified raw material.

During the year, 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, see the 2021 Annual report 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 do 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 2022 was 254 (267). During the third quarter, women accounted for 25 percent (24 percent) of the employees. For the nine months period, the average number of full-time employees was 260 (265) whereof women accounted for 27 percent (24 percent).

## Events after the end of the reporting period

After the end of the reporting period, the Nomination Committee prior to the Annual General Meeting on May 10, 2023, has been formed. The Nomination Committee consists of Lars Kvarnsund, Chairman, representing Svolder AB, Kenneth Synnersten, represents own holdings, Fredrik Persson, representing Nortal Investments AB.

No other significant events after the reporting period.

## The share

As of 30 September 2022, Mats Synnersten AB owns 14 percent, Svolder AB 13 percent, K Synnersten Holding AB 12 percent, Ranzom AB 11 percent, Jan Synnersten AB 11 percent, Nortal Investments AB 10 percent, Nordea Investment Funds 6 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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	Jan-Dec 2021
Net sales	2,3	231,963	222,049	725,727	687,208	966,013	927,494
Cost of goods sold		-194,821	-177,937	-615,916	-541,743	-821,160	-746,987
<b>Gross margin</b>		<b>37,142</b>	<b>44,112</b>	<b>109,811</b>	<b>145,465</b>	<b>144,853</b>	<b>180,507</b>
Selling expenses		-15,203	-13,493	-44,572	-41,795	-60,406	-57,629
Administrative expenses	10	-12,455	-10,038	-36,377	-35,020	-46,558	-45,201
Other operating income	4	2,519	4,010	8,128	9,686	7,821	8,855
Other operating expenses	10	-1,169	91	-1,259	-2,324	224	-317
<b>Operating profit</b>		<b>10,834</b>	<b>24,682</b>	<b>35,731</b>	<b>76,012</b>	<b>45,934</b>	<b>86,215</b>
Financial income	5	2,409	151	1,883	-	2,196	313
Financial expense	5	-878	-127	-3,268	-520	-3,764	-1,016
<b>Profit before tax</b>		<b>12,365</b>	<b>24,706</b>	<b>34,346</b>	<b>75,492</b>	<b>44,366</b>	<b>85,512</b>
Tax expense		-4,740	-5,543	-8,549	-15,830	-10,119	-17,400
<b>Profit for the period</b>		<b>7,625</b>	<b>19,163</b>	<b>25,797</b>	<b>59,662</b>	<b>34,247</b>	<b>68,112</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		7,016	1,093	16,979	7,203	22,005	12,229
<b>Other comprehensive income for the period</b>		<b>7,016</b>	<b>1,093</b>	<b>16,979</b>	<b>7,203</b>	<b>22,005</b>	<b>12,229</b>
<b>Total comprehensive income for the period</b>		<b>14,641</b>	<b>20,256</b>	<b>42,776</b>	<b>66,865</b>	<b>56,252</b>	<b>80,341</b>
<b>Amounts in SEK</b>							
Earnings per share, basic	11	0,38	0,96	1,29	2,98	1,71	3,41
Earnings per share, diluted	11	0,36	0,91	1,23	2,84	1,63	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	2022-09-30	2021-09-30	2021-12-31
<b>ASSETS</b>				
<b>Total non-current assets</b>				
Intangible non-current assets		30,203	591	509
Property, plant and equipment		276,516	282,116	280,836
Right-of-use assets	6	30,574	22,654	21,941
Other non-current receivables	7	-	129	7
<b>Total non-current assets</b>		<b>337,293</b>	<b>305,490</b>	<b>303,293</b>
<b>Current assets</b>				
Inventories	8	229,014	192,611	184,306
Accounts receivable	7	155,614	139,270	126,229
Other current receivables	7	24,401	8,278	11,136
Prepaid expenses and accrued income		3,385	5,374	3,110
Derivative instruments	7	1,255	-	-
Cash and cash equivalents	7	67,160	23,232	18,565
<b>Total current assets</b>		<b>480,829</b>	<b>368,765</b>	<b>343,346</b>
<b>TOTAL ASSETS</b>		<b>818,122</b>	<b>674,255</b>	<b>646,639</b>
<b>EQUITY</b>				
Share capital		2,400	2,400	2,400
Other capital contributions		1,666	1,666	1,666
Translation reserve		50,242	28,237	33,263
Retained earnings (including profit for the period)		428,256	424,009	432,459
<b>Total equity attributable to owners of the parent</b>		<b>482,564</b>	<b>456,312</b>	<b>469,788</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current portion of lease liability	6	23,566	17,921	17,310
Deferred tax liabilities		43,693	42,603	40,549
<b>Total non-current liabilities</b>		<b>67,259</b>	<b>60,524</b>	<b>57,859</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	7	144,670	62,131	41,106
Current portion of lease liability	6	6,973	6,286	4,661
Accounts payable	7	40,996	29,405	14,078
Current tax liabilities		-	1,108	4,771
Other liabilities	7	37,101	30,739	28,273
Accrued expenses and deferred income		38,559	27,750	26,103
<b>Total current liabilities</b>		<b>268,299</b>	<b>157,419</b>	<b>118,992</b>
<b>Total liabilities</b>		<b>335,558</b>	<b>217,943</b>	<b>176,851</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>818,122</b>	<b>674,255</b>	<b>646,639</b>

**Condensed consolidated statement of changes in equity**

Amounts in SEK thousand	2022-09-30	2021-09-30	2021-12-31
<b>Opening balance</b>	<b>469,788</b>	<b>389,447</b>	<b>389,447</b>
Profit for the period	25,797	59,662	68,112
Other comprehensive income	16,979	7,203	12,229
<b>Total comprehensive income</b>	<b>42,776</b>	<b>66,865</b>	<b>80,341</b>
Dividend	-30,000	-	-
<b>Total transactions with shareholders</b>	<b>-30,000</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>482,564</b>	<b>456,312</b>	<b>469,788</b>

**Consolidated statement of cash flows**

Amounts in SEK thousand	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	Jan-Dec 2021
<b>Cash flow from operating activities</b>						
Operating profit	10,834	24,682	35,731	76,012	45,934	86,215
Adjustment for items not included in cash flow	9,949	7,979	31,058	26,650	46,168	41,760
Interest received	2,409	-	2,735	-	2,735	-
Interest paid	-694	-158	-1,724	-483	-2,006	-765
Income tax paid	-8,287	-10,653	-20,379	-19,644	-17,467	-16,732
<b>Cash flow from operating activities before changes in working capital</b>	<b>14,211</b>	<b>21,850</b>	<b>47,421</b>	<b>82,535</b>	<b>75,364</b>	<b>110,478</b>
<b>Cash flow from changes in working capital</b>						
Increase/decrease in inventories	30,234	-35,687	-13,780	-28,851	-3,380	-18,451
Increase/decrease in operating receivables	16,174	7,349	-13,892	-40,160	-1,955	-28,223
Increase/decrease in operating liabilities	-7,770	-17,331	15,707	7,105	-7,508	-16,110
<b>Total change in working capital</b>	<b>38,638</b>	<b>-45,669</b>	<b>-11,965</b>	<b>-61,906</b>	<b>-12,843</b>	<b>-62,784</b>
<b>Cash flow from operating activities</b>	<b>52,849</b>	<b>-23,819</b>	<b>35,456</b>	<b>20,629</b>	<b>62,521</b>	<b>47,694</b>
<b>Cash flow from investing activities</b>						
Investments in intangible fixed assets	-	-	-	-28	-1	-29
Investments in property, plant and equipment	-4,309	-5,463	-14,232	-26,825	-21,961	-34,562
Acquisitions	-37,380	-	-37,380	-	-37,380	-
<b>Cash flow from investing activities</b>	<b>-41,689</b>	<b>-5,463</b>	<b>-51,612</b>	<b>-26,853</b>	<b>-59,350</b>	<b>-34,591</b>
<b>Cash flow from financing activities</b>						
Dividend	-	-	-30,000	-	-30,000	-
Increased use of overdraft facility	-	-	47,119	8,524	45,139	6,544
Reduced use of overdraft facility	-8,840	-588	-	-	-	-
Borrowing from credit institutions	45,045	-	65,667	-	65,667	-
Amortization related to lease liability	-1,776	-895	-4,701	-3,513	-7,580	-6,392
Amortization of loans to credit institutions	-	-	-15,466	-	-34,770	-19,304
<b>Cash flow from financing activities</b>	<b>34,429</b>	<b>-1,483</b>	<b>62,619</b>	<b>5,011</b>	<b>38,456</b>	<b>-19,152</b>
<b>Cash flow for the period</b>	<b>45,475</b>	<b>-30,765</b>	<b>46,463</b>	<b>-1,213</b>	<b>41,627</b>	<b>-6,049</b>
Cash and cash equivalents at beginning of period	19,527	53,446	18,565	23,814	23,232	23,814
Exchange differences in cash and cash equivalents	2,158	551	2,132	631	2,301	800
<b>Cash and cash equivalents at close of period</b>	<b>67,160</b>	<b>23,232</b>	<b>67,160</b>	<b>23,232</b>	<b>67,160</b>	<b>18,565</b>

**Condensed parent company income statement**

Amounts in SEK thousand	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	Jan-Dec 2021
Net sales	141,738	142,039	465,468	460,910	623,058	618,501
Cost of goods sold	-116,267	-108,511	-387,512	-343,839	-525,477	-481,805
<b>Gross profit</b>	<b>25,471</b>	<b>33,528</b>	<b>77,956</b>	<b>117,071</b>	<b>97,581</b>	<b>136,696</b>
Selling expenses	-10,599	-9,932	-33,905	-33,085	-47,522	-46,702
Administrative expenses	-7,934	-7,024	-26,394	-27,238	-33,656	-34,500
Other operating income and operating expenses	2,105	3,976	7,279	7,015	9,128	8,864
<b>Operating profit</b>	<b>9,043</b>	<b>20,548</b>	<b>24,936</b>	<b>63,763</b>	<b>25,531</b>	<b>64,358</b>
Financial income and financial expenses	-481	54	-2,604	-325	-2,486	-207
<b>Profit before appropriations and tax</b>	<b>8,562</b>	<b>20,602</b>	<b>22,332</b>	<b>63,438</b>	<b>23,045</b>	<b>64,151</b>
Appropriations	-	-	-	-	-13,218	-13,218
<b>Profit before tax</b>	<b>8,562</b>	<b>20,602</b>	<b>22,332</b>	<b>63,438</b>	<b>9,827</b>	<b>50,933</b>
Tax expense	-2,931	-1,072	-5,767	-9,897	-6,695	-10,825
<b>Profit for the period</b>	<b>5,631</b>	<b>19,530</b>	<b>16,565</b>	<b>53,541</b>	<b>3,132</b>	<b>40,108</b>

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

<b>Profit for the period</b>	<b>5,631</b>	<b>19,530</b>	<b>16,565</b>	<b>53,541</b>	<b>3,132</b>	<b>40,108</b>
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,631</b>	<b>19,530</b>	<b>16,565</b>	<b>53,541</b>	<b>3,132</b>	<b>40,108</b>

**Condensed parent company balance sheet**

Amounts in SEK thousand	2022-09-30	2021-09-30	2021-12-31
<b>ASSETS</b>			
<b>Total non-current assets</b>			
Intangible non-current assets	288	583	509
Property, plant and equipment	162,642	176,219	173,124
Financial fixed assets	90,870	28,986	28,986
<b>Total non-current assets</b>	<b>253,800</b>	<b>205,788</b>	<b>202,619</b>
<b>Current assets</b>			
Inventories	110,012	114,870	103,712
Total current assets	99,648	100,856	93,187
Cash and bank balances	62,414	21,244	18,397
<b>Total current assets</b>	<b>272,074</b>	<b>236,970</b>	<b>215,296</b>
<b>TOTAL ASSETS</b>	<b>525,874</b>	<b>442,758</b>	<b>417,915</b>

	2022-09-30	2021-09-30	2021-12-31
<b>EQUITY</b>			
Restricted equity	2,880	2,880	2,880
Unrestricted equity	187,622	214,491	201,058
<b>Total equity</b>	<b>190,502</b>	<b>217,371</b>	<b>203,938</b>
<b>Untaxed reserves</b>	<b>140,682</b>	<b>127,464</b>	<b>140,682</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Provisions	14,193	-	-
<b>Current liabilities</b>			
Liabilities to credit institutions	70,281	28,379	21,937
Other current liabilities	110,216	69,544	51,358
<b>Total current liabilities</b>	<b>180,497</b>	<b>97,923</b>	<b>73,295</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>525,874</b>	<b>442,758</b>	<b>417,915</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 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	Jul-Sep 2022	%	Jul-Sep 2021	%	Jan-Sep 2022	%	Jan-Sep 2021	%	R 12	%	Jan-Dec 2021	%
Sweden	30,501	13	28,856	13	89,058	12	89,899	13	120,964	12	121,805	13
Germany	41,322	18	37,513	17	121,715	17	138,852	20	157,635	16	174,772	19
Czech Republic	33,838	15	32,213	15	136,263	19	101,801	15	170,985	18	136,523	15
Polen	30,388	13	24,946	11	89,316	12	74,601	11	121,239	13	106,524	12
Rest of Europe	73,957	32	86,220	39	234,492	32	247,751	36	324,567	34	337,826	36
Rest of World	21,957	9	12,301	6	54,883	8	34,304	5	70,623	7	50,044	5
<b>Total</b>	<b>231,963</b>	<b>100</b>	<b>222,049</b>	<b>100</b>	<b>725,727</b>	<b>100</b>	<b>687,208</b>	<b>100</b>	<b>966,013</b>	<b>100</b>	<b>927,494</b>	<b>100</b>
<b>External net sales per product category, SEK thousand</b>												
TPC	101,690	44	93,518	42	323,653	45	323,591	47	427,420	44	427,358	46
OPC	39,423	17	32,270	15	111,153	15	86,237	13	149,064	15	124,148	13
MWPC	40,526	17	60,244	27	150,869	21	158,640	23	203,582	21	211,353	23
ABS	29,330	13	24,670	11	92,248	13	69,832	10	121,305	13	98,889	11
PETG	12,799	6	11,347	5	39,609	5	48,908	7	56,447	6	65,746	7
PMMA	8,195	3	-	-	8,195	1	-	-	8,195	1	-	7
<b>Summa</b>	<b>231,963</b>	<b>100</b>	<b>222,049</b>	<b>100</b>	<b>725,727</b>	<b>100</b>	<b>687,208</b>	<b>100</b>	<b>966,013</b>	<b>100</b>	<b>927,494</b>	<b>100</b>

### Note 3 Operating segments

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

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 60 percent (63 percent) of the Group's total net sales in the third quarter of 2022 and includes all operations conducted and originating 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 48 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 32 percent (37 percent) of the Group's total net sales in the third quarter of 2022. This segment includes all operations 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 52 percent (37 percent) of net sales.

### Germany

The German segment represents approximately 8 percent (0 percent) of the Group's total net sales in the third quarter of 2022. This segment includes all activities conducted and originating in Hüllhorst Germany. The segment is only to a limited extent active in the common product area OPC and for the reporting periods there was no net sales in the product area.

### 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. Segment Germany is included with two months in the quarter and the nine months period.

### NET SALES AND EARNINGS PER SEGMENT

Net sales and earnings	Segment Sweden	Segment Czech	Segment Germany	Jointly	Elim.	Group	Segment Sweden	Segment Czech	Jointly	Elim.	Group
	Q 3 2022	Q 3 2022	Q 3 2022	Q 3 2022	Q 3 2022	Q 3 2022	Q 3 2021	Q 3 2021	Q 3 2021	Q 3 2021	Q 3 2021
Sales volume, tonnes	2,582	1,257	381	-	-403	3,817	2,996	2,142	-	-276	4,862
Net sales, external, SEK million	138.2	74.6	19.2	-	-	232.0	139.0	83.0	-	-	222.0
Net sales, intern, SEK million	3.5	9.8	-	-	-13.3	-	3.0	6.4	-	-9.4	-
Total net sales, SEK million	141.7	84.4	19.2	-	-13.3	232.0	142.0	89.4	-	-9.4	222.0
Adjusted operating profit, SEK million	9.1	2.7	0.8	-0.9	0.3	12.0	20.2	4.3	-	0.3	24.8
Items affecting comparability, SEK million	-	-	-	1.2	-	1.2	-	-	0.1	-	0.1
Operating profit, SEK million	9.1	2.7	0.8	-2.1	0.3	10.8	20.2	4.3	-0.1	0.3	24.7
Net financial items, SEK million	-0.5	2.1	-0.1	-	-	1.5	-	-	-	-	-
Profti before tax, SEK million	8.6	4.8	0.7	-2.1	0.3	12.3	20.2	4.3	-0.1	0.3	24.7
Operating margin, %	6.4	3.3	3.9	-	-	4.7	14.3	4.7	-	-	11.1
Adjusted operating margin, %	6.4	3.3	3.9	-	-	5.2	14.3	4.7	-	-	11.2

Net sales and earnings	Segment Sweden Jan-Sep 2022	Segment Czech Jan-Sep 2022	Segment Germany Jan-Sep 2022	Jointly Jan-Sep 2022	Elim. Jan-Sep 2022	Group Jan-Sep 2022	Segment Sweden Jan-Sep 2021	Segment Czech Jan-Sep 2021	Jointly Jan-Sep 2021	Elim. Jan-Sep 2021	Group Jan-Sep 2021
Sales volume, tonnes	9,460	5,499	381	-	-807	14,533	11,146	6,845	-	-848	17,143
Net sales, external, SEK million	459.5	247.0	19.2	-	-	725.7	454.6	232.6	-	-	687.2
Net sales, intern, SEK million	6.0	20.0	-	-	-26.0	-	6.3	19.6	-	-25.9	-
Total net sales, SEK million	465.5	267.0	19.2	-	-26.0	725.7	460.9	252.2	-	-25.9	687.2
Adjusted operating profit, SEK million	25.0	11.1	0.8	-0.9	0.9	36.9	69.5	11.7	-	0.9	82.1
Items affecting comparability, SEK million	-	-	-	1.2	-	1.2	-	-	6.1	-	6.1
Operating profit, SEK million	25.0	11.1	0.8	-2.1	0.9	35.7	69.5	11.7	-6.1	0.9	76.0
Net financial items, SEK million	-2.6	1.3	-0.1	-	-	-1.4	-0.3	-0.2	-	-	-0.5
Profit before tax, SEK million	22.4	12.4	0.7	-2.1	0.9	34.3	69.2	11.5	-6.1	0.9	75.5
Operating margin, %	5.4	4.2	3.9	-	-	4.9	15.1	4.7	-	-	11.1
Adjusted operating margin, %	5.4	4.2	3.9	-	-	5.1	15.1	4.7	-	-	11.9

Net sales and earnings	Segment Sweden R 12	Segment Czech R 12	Segment Germany 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	13,185	7,583	381	-	-1,113	20,049	14,871	8,929	-	-1,154	22,646
Net sales, external, SEK million	615.1	331.7	19.2	-	-	966.0	610.2	317.3	-	-	927.5
Net sales, intern, SEK million	8.0	26.7	-	-	-34.7	-	8.3	26.3	-	-34.6	-
Total net sales, SEK million	623.1	358.4	19.2	-	-34.7	966.0	618.5	343.6	-	-34.6	927.5
Adjusted operating profit, SEK million	26.0	20.0	0.8	-0.9	1.2	47.1	70.5	20.6	-	1.2	92.3
Items affecting comparability, SEK million	-	-	-	1.2	-	1.2	-	-	6.1	-	6.1
Operating profit, SEK million	26.0	20.0	0.8	-2.1	1.2	45.9	70.5	20.6	-6.1	1.2	86.2
Net financial items, SEK million	-2.5	1.0	-0.1	-	-	-1.6	-0.2	-0.5	-	-	-0.7
Profit before tax, SEK million	23.5	21.0	0.7	-2.1	1.2	44.3	70.3	20.1	-6.1	1.2	85.5
Operating margin, %	4.2	5.6	3.9	-	-	4.8	11.4	6.0	-	-	9.3
Adjusted operating margin, %	4.2	5.6	3.9	-	-	4.9	11.4	6.0	-	-	10.0

## NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK thousands	Segment Sweden Q 3 2022	Segment Czech Q 3 2022	Segment Germany Q 3 2022	Internal Q 3 2022	Group Q 3 2022	Segment Sweden Q 3 2021	Segment Czech Q 3 2021	Internal Q 3 2021	Group Q 3 2021
Sweden	28,556	8,798	56	-6,909	30,501	26,576	8,713	-6,433	28,856
Germany	21,853	8,624	16,931	-6,086	41,322	24,838	12,675	-	37,513
Czech	5,767	28,411	16	-355	33,838	7,765	27,407	-2,959	32,213
Polen	19,627	10,761	-	-	30,388	16,639	8,307	-	24,946
Rest Europe	51,512	20,236	2,208	-	73,957	58,073	28,147	-	86,220
Rest World	14,424	7,533	-	-	21,957	8,148	4,153	-	12,301
<b>Total</b>	<b>141,739</b>	<b>84,363</b>	<b>19,211</b>	<b>-13,350</b>	<b>231,963</b>	<b>142,039</b>	<b>89,402</b>	<b>-9,392</b>	<b>222,049</b>

Geographical market, SEK thousands	Segment Sweden Jan-Sep 2022	Segment Czech Jan-Sep 2022	Segment Germany Jan-Sep 2022	Internal Jan-Sep 2022	Group Jan-Sep 2022	Segment Sweden Jan-Sep 2021	Segment Czech Jan-Sep 2021	Internal Jan-Sep 2021	Group Jan-Sep 2021
Sweden	83,180	22,961	56	-17,139	89,058	80,743	28,793	-19,637	89,899
Germany	86,520	24,350	16,931	-6,086	121,715	94,042	44,810	-	138,852
Czech	41,704	97,299	16	-2,756	136,263	36,720	71,342	-6,261	101,801
Polen	59,914	29,403	-	-	89,316	50,635	23,966	-	74,601
Rest Europe	159,534	72,749	2,208	-	234,492	176,109	71,642	-	247,751
Rest World	34,616	20,267	-	-	54,883	22,661	11,643	-	34,304
<b>Total</b>	<b>465,468</b>	<b>267,029</b>	<b>19,211</b>	<b>-25,981</b>	<b>725,727</b>	<b>460,910</b>	<b>252,196</b>	<b>-25,898</b>	<b>687,208</b>

Geographical market, SEK thousands	Segment Sweden R12	Segment Czech R12	Segment Germany 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	112,296	32,428	56	-23,816	120,964	109,859	38,260	-26,314	121,805
Germany	113,019	33,771	16,931	-6,086	157,635	120,541	54,231	-	174,772
Czech	54,498	121,282	16	-4,810	170,985	49,514	95,325	-8,315	136,524
Polen	80,419	40,820	-	-	121,239	71,140	35,383	-	106,523
Rest Europe	218,012	104,346	2,208	-	324,567	234,587	103,239	-	337,826
Rest World	44,815	25,808	-	-	70,623	32,860	17,184	-	50,044
<b>Total</b>	<b>623,059</b>	<b>358,455</b>	<b>19,211</b>	<b>-34,712</b>	<b>966,013</b>	<b>618,501</b>	<b>343,622</b>	<b>-34,629</b>	<b>927,494</b>

## MATERIAL ASSETS AND LIABILITIES PER SEGMENT

## Material assets and liabilities per segment, SEK thousands

	2022-09-30	2021-09-30	2021-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	162,642	176,219	173,124
Inventories	110,012	114,870	103,712
Liabilities	194,690	97,923	73,295

<i>Segment Czech</i>			
Property, plant and equipment	116,519	111,838	113,347
Inventories	94,688	77,741	80,594
Liabilities	102,762	85,713	56,687
<i>Segment Germany</i>			
Property, plant and equipment	2,063	-	-
Inventories	24,314	-	-
Liabilities	29,924	-	-

**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 Financial income and financial expense**

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	Jan-Dec 2021
Interest income	114	-	116	-	116	-
Change in value of forward exchange contracts	2,080	-	1,767	-	1,767	-
Foreign exchange gains	-	151	-	-	313	313
<b>Total financial income</b>	<b>2,194</b>	<b>151</b>	<b>1,883</b>	<b>-</b>	<b>2,196</b>	<b>313</b>
Interest payable to credit institutions	-479	-158	-872	-483	-1,154	-765
Interest on lease liabilities	-138	31	-362	-52	-561	-251
Foreign exchange losses	-46	-	-2,034	15	-2,049	-
<b>Total financial expense</b>	<b>-663</b>	<b>-127</b>	<b>-3,268</b>	<b>-520</b>	<b>-3,764</b>	<b>-1,016</b>
<b>Financial items – net</b>	<b>1,531</b>	<b>24</b>	<b>-1,385</b>	<b>-520</b>	<b>-1,568</b>	<b>-703</b>

New loans in EUR have contributed to increased foreign exchange losses than in comparison periods. Forward exchange contracts in Arla Plast s.r.o, where future cash flow of EUR has been exchanged to CZK, will affect at maturity and as well as when evaluating the market value of contracts not yet due. In the third quarter of 2022 the positive effect amounted to SEK 2.6 million (SEK 0.3 million) and for the nine months period SEK 2.6 million (SEK 0.0 million). At the end of the period there were outstanding forward exchange contracts.

**Not 6 Right-of-use assets**

The Group leases buildings, vehicles and other technical equipment such as a container compactor and a vending machine. These are recognized as right-of-use assets with a corresponding liability. In connection with the acquisition of Alphaplex GmbH, right-of-use assets were added in buildings and vehicles corresponding to SEK 9.5 million with corresponding leasing debt. 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 7 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, 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 forward exchange contracts included in the balance sheet:

Amounts in SEK thousands	2022-09-30	2021-09-30	2021-12-31
Current assets	1,255	-	-

The asset has occurred by signed, not yet due, forward exchange contracts in Arla Plast s.r.o. where future flows of EUR has been exchanged to CZK. There were no outstanding forward exchange contracts at the end of comparison period.

#### Note 8 Inventories

Amounts in SEK thousands	2022-09-30	2021-09-30	2021-12-31
Raw materials and merchandise in stock	100,698	94,518	97,654
Finished goods produced in-house	120,728	93,333	80,100
Products in progress	7,588	4,760	6,552
<b>Total inventories</b>	<b>229,014</b>	<b>192,611</b>	<b>184,306</b>

The increase in inventory is mainly due to the acquisition of Alphaplex GmbH and increased prices on input material which has affected the value of raw material in inventory as well as finished goods produced in-house.

#### Note 9 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 10 Items affecting comparability

Amounts in SEK thousands	Jul-Sep 2022	Jul-Sep 2021	Jul-Sep 2022	Jan-Sep 2021	R 12	Jan-Dec 2021
IPO costs	-	140	-	6,107	-	6,107
Acquisition costs	1,184	-	1,184	-	1,184	-
<b>Total</b>	<b>1,184</b>	<b>140</b>	<b>1,184</b>	<b>6,107</b>	<b>1,184</b>	<b>6,107</b>

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 million (SEK 0,1 million) in the third quarter and SEK 0 million (SEK 6,1 million) for the nine months period. In connection with the acquisition of Alphaplex GmbH in the third quarter of 2022 external lawyers were hired. These acquisition costs affect the Group operating profit by SEK 1,2 million (SEK 0.0 million) in the third quarter and the period of nine months. The items affecting comparability are not allocated per segment. In the consolidated statement of comprehensive income the items affecting comparability can be found amongst administration costs and other operating costs.

#### Note 11 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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	2021-12-31
Profit attributable to equity holders of the parent, SEK thousand	7,625	19,163	25,797	59,662	34,247	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
<b>Earnings per share, basic, SEK</b>	<b>0.38</b>	<b>0.96</b>	<b>1.29</b>	<b>2.98</b>	<b>1.71</b>	<b>3.41</b>
<b>Earnings per share, diluted, SEK</b>	<b>0.36</b>	<b>0.91</b>	<b>1.23</b>	<b>2.84</b>	<b>1.63</b>	<b>3.25</b>



**Not 12 Acquisition**

On July 26 2022 Arla Plast completed the acquisition of Alphaplex GmbH, a distributor within the plastic industry based in Hüllhorst, outside Hannover in Germany. The acquisition of Alphaplex GmbH strengthens the Arla Plast Group's position on the important German market and support the ambition of increased presence in Austria and Switzerland. The acquisition suits Arla Plast very well and strengthens the Group's platform for sustainable and profitable growth.

Alphaplex GmbH is consolidated from August 2022. Below the preliminary purchase price allocation.

**PRELIMINARY PURCHASE PRICE ALLOCATION ALPHAPLEX GMBH**

	TEUR	TSEK
Intangible non-current assets	743	7,937
Property, plant and equipment	173	1,848
Inventories	1,960	20,937
Other current receivables	904	9,657
Cash and cash equivalents	35	374
Deferred tax liability	224	2,392
Other interest-bearing liabilities	950	10,148
Other current liabilities	300	3,205
<b>Net identified assets and liabilities</b>	<b>2,341</b>	<b>25,008</b>
Goodwill	2,009	21,461
<b>Purchase price</b>	<b>4,350</b>	<b>46,469</b>
<b>Cash consideration paid for acquisition</b>	<b>4,350</b>	<b>46,469</b>
New loan	4,100	43,797
<b>Effect on the Group's cash and cash equivalents</b>	<b>-250</b>	<b>-2,672</b>

The purchase price allocation is preliminary and can be subject for change if additional information of fair value is obtained or if there are deviations in the final purchase price. Goodwill is mainly justified by the access to new attractive product areas, the strong organizational knowledge of the industry and the growth potential. The acquisition has initiated preliminary transaction costs of EUR 113 thousand corresponding to SEK 1.2 million which have affected the operating profit for the quarter and the nine months period as an item affecting comparability. In the consolidated statement of comprehensive income the cost can be found amongst other operating costs.

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 condition is linked to the employment of two key persons where of a provision is made based on maximum additional earn-out payment and as salaries. The cost can be found amongst the sales costs in the consolidated statement of comprehensive income.

The effect of the acquisition on the Group's consolidated income statement for the third quarter 2022 is presented below.

TSEK	TSEK
<b>Net sales</b>	13,125
Cost of goods sold	-10,455
Selling expenses	-1,227
Administrative expenses	-1,619
Other operating income	53
Other operating expenses	-1,184
<b>Operating profit</b>	<b>-1,307</b>
Items affecting comparability	-1,184
<b>Adjusted operating profit</b>	<b>-123</b>

If the acquisition had been consolidated as from 1 January 2022, the estimated effect on the Group's adjusted operating profit would have been as presented below.

TSEK	TSEK
<b>Net sales</b>	54,734
Cost of goods sold	-42,666
Selling expenses	-5,645
Administrative expenses	-5,970
Other operating income	199
Other operating expenses	-1,184
<b>Operating profit</b>	<b>-532</b>
Items affecting comparability	-1,184
<b>Adjusted operating profit</b>	<b>652</b>

### Note 13 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:**

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R 12	2021
<b>Gross margin, %:</b>						
Gross profit, SEK thousand	37,142	44,112	109,811	145,465	144,853	180,507
Net sales, SEK thousand	231,963	222,049	725,727	687,208	966,013	927,494
<b>Gross margin, %</b>	<b>16.0</b>	<b>19.9</b>	<b>15.1</b>	<b>21.2</b>	<b>15.0</b>	<b>19.5</b>
<b>Operating margin, %, Sweden:</b>						
Net sales, SEK thousand	141,739	142,039	465,468	460,910	623,059	618,501
Operating profit, SEK thousand	9,052	20,260	24,961	69,461	25,990	70,490
<b>Operating margin, %, Sweden</b>	<b>6.4</b>	<b>14.3</b>	<b>5.4</b>	<b>15.1</b>	<b>4.2</b>	<b>11.4</b>
<b>Operating margin, %, Czech Republic</b>						
Net sales, SEK thousand	84,363	89,402	267,029	252,196	358,455	343,622
Operating profit, SEK thousand	2,780	4,256	11,150	11,740	20,018	20,608
<b>Operating margin, %, Czech Republic</b>	<b>3.3</b>	<b>4.7</b>	<b>4.2</b>	<b>4.7</b>	<b>5.6</b>	<b>6.0</b>

<b>Operating margin, %, Germany</b>						
Net sales, SEK thousand	19,211	-	19,211	-	19,211	-
Operating profit, SEK thousand	757	-	757	-	757	-
<b>Operating margin, %, Germany</b>	<b>3.9</b>	<b>-</b>	<b>3.9</b>	<b>-</b>	<b>3.9</b>	<b>-</b>
<b>Adjusted EBITDA, SEK thousand:</b>						
Operating profit	10,834	24,682	35,731	76,012	45,934	86,215
Less depreciation and amortization of non-current	10,424	9,858	30,499	28,253	40,439	38,193
Minus depreciation of non-current assets	-	-	-	-	-	-
<b>EBITDA</b>	<b>21,258</b>	<b>34,540</b>	<b>66,230</b>	<b>104,265</b>	<b>86,373</b>	<b>124,408</b>
Less items affecting comparability	1,184	140	1,184	6,107	1,184	6,107
<b>Adjusted EBITDA, SEK thousand</b>	<b>22,442</b>	<b>34,680</b>	<b>67,414</b>	<b>110,372</b>	<b>87,557</b>	<b>130,515</b>
<b>Organic growth, %:</b>						
Net sales, SEK thousand	231,963	222,049	725,727	687,208	966,013	927,494
Net sales for the same period of the previous year, SEK thousand	222,049	207,334	687,208	672,740	899,148	884,680
<b>Net sales, change</b>	<b>9,914</b>	<b>14,715</b>	<b>38,519</b>	<b>14,468</b>	<b>66,865</b>	<b>42,814</b>
Less exchange rate fluctuations, SEK thousand	-7,284	5,621	-20,715	5,654	-22,815	3,554
<b>Organic growth, %</b>	<b>1.1</b>	<b>10.1</b>	<b>2.5</b>	<b>3.0</b>	<b>4.8</b>	<b>5.3</b>
<b>Working capital/sales, %:</b>						
Operating receivables, SEK thousand	394,753	345,533	394,753	345,533	394,753	324,781
Operating liabilities, SEK thousand	116,656	87,894	116,656	87,894	116,656	68,454
Net working capital, SEK thousand	278,097	297,455	278,097	297,455	278,097	256,327
Net sales, R12 SEK thousand	966,013	899,148	966,013	899,148	966,013	927,494
<b>Working capital/sales, %</b>	<b>28.8</b>	<b>28.6</b>	<b>28.8</b>	<b>28.6</b>	<b>28.8</b>	<b>27.6</b>
<b>Return on capital employed (ROCE), %:</b>						
Capital employed, SEK thousand	657,773	542,650	657,773	542,650	657,773	532,865
Average capital employed, SEK thousand	600,212	541,026	600,212	541,026	600,212	491,582
Adjusted operating profit R12, SEK thousand	47,118	115,317	47,118	115,317	47,118	92,322
<b>Return on capital employed (ROCE), %</b>	<b>7.9</b>	<b>21.3</b>	<b>7.9</b>	<b>21.3</b>	<b>7.9</b>	<b>18.8</b>
<b>Net debt/EBITDA, multiple:</b>						
Net debt, SEK thousand	108,049	63,106	108,049	63,106	108,049	44,512
EBITDA, R12 SEK thousand	86,373	140,542	86,373	140,542	86,373	124,408
<b>Net debt/EBITDA, multiple</b>	<b>1.25</b>	<b>0.45</b>	<b>1.25</b>	<b>0.45</b>	<b>1.25</b>	<b>0.36</b>
<b>Equity/assets ratio, %:</b>						
Equity, SEK thousand	482,564	456,312	482,564	456,312	482,564	469,788
Total capital, SEK thousand	818,122	674,255	818,122	674,255	818,122	646,639
<b>Equity/assets ratio, %</b>	<b>59.0</b>	<b>67.7</b>	<b>59.0</b>	<b>67.7</b>	<b>59.0</b>	<b>72.6</b>

## Financial information

Year-end report 2022 - 17 February 2023

Interim report January – March 2023 – 9 May 2023

AGM 2023 – 10 May 2023 in Borensberg

Interim report January – June 2023 – 17 August 2023

Interim report January – September 2023 – 9 November 2023

Year-end report 2023 – 22 February 2024

## 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 9 November 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  
member

Klas Renlund  
Employee representative  
member

Christian Krichau  
CEO

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 10 November 2022 at 8:00 am CET.*

## ABOUT ARLA PLAST

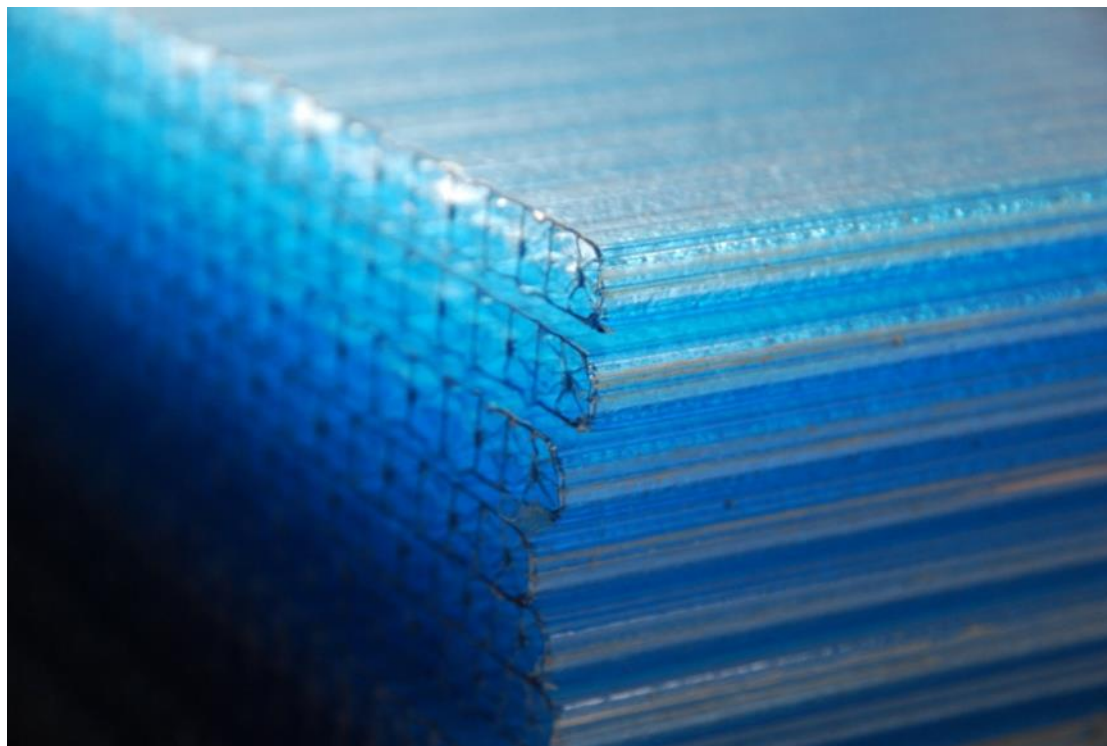
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Arla Plast is a producer and supplier of extruded sheets made of technical plastics. The plastic sheets are made of polycarbonate (PC), acrylonitrile butadiene styrene (ABS) and glycol-modified polyethylene terephthalate (PETG) and have a large number of areas of application, such as safety products, machine guards, ice hockey rinks, greenhouses, pool covers, sound walls, suitcases, vehicle components and various construction-related areas of application. The company is headquartered in Borensberg, Sweden, and has a total of three production facilities in Sweden and the Czech Republic. Arla Plast has a turnover of more than SEK 900 million and has approximately 260 employees and delivers to more than 700 customers in over 45 countries. In 2022, Arla Plast completed its first acquisition by acquiring Alphaplex GmbH in Germany.

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.
PMMA:	Polymethyl methacrylate







## 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, 2022 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 9 november 2022

Ernst & Young AB

Johan Eklund  
Authorized Public Accountant