

# Arla Plast AB

## Year-end report 2022



## IMPROVED PROFIT IN QUARTER DESPITE LOWER VOLUMES

### OCTOBER – DECEMBER 2022

- Sales volume amounted to 4,124 tonnes (5,503 tonnes) a decline by 25%.
- Net sales amounted to SEK 232.0 million (SEK 240.3 million), a decline by 3%. The organic decline was 17%.
- Operating profit amounted to SEK 11.3 million (SEK 10.2 million), an increase by 11%.
- The adjusted operating profit amounted to SEK 10.9 million (SEK 10.2 million), an increase by 10%.
- The operating margin and adjusted operating margin increased to 4.9% (4.2%).
- Profit for the period amounted to SEK 8.6 million (SEK 8.4 million).
- Earnings per share before dilution amounted to SEK 0.43 (SEK 0.42), and after dilution to SEK 0.41 (SEK 0.40).
- The cash flow from operating activities amounted to SEK 51.3 million (SEK 27.1 million).

### JANUARY – DECEMBER 2022

- Sales volume amounted to 18,657 tonnes (22,646 tonnes) a decline by 18%.
- Net sales amounted to SEK 957.8 million (SEK 927.5 million), an increase by 3%. The organic decrease was 3%.
- Operating profit amounted to SEK 47.0 million (SEK 86.2 million), a decline by 45%. The adjusted operating profit amounted to SEK 48.2 million (SEK 92.3 million), a decline by 48%.
- The operating margin declined to 4.9% (9.3%) and adjusted operating margin declined to 5.0% (10.0%).
- Profit for the period amounted to SEK 34.4 million (SEK 68.1 million), a decline by 49%.
- Earnings per share before dilution amounted to SEK 1.72 (SEK 3.41), and after dilution to SEK 1.64 (SEK 3.25).
- Net debt amounted to SEK 76.7 million (SEK 44.5 million) at the end of the period, 0.9 times (0.4 times) EBITDA.
- The Board proposes a dividend of SEK 1.00 SEK per share, equivalent to 58 percent of net profit.

### GROUP IN SUMMARY\*

	Oct-Dec 2022	Oct-Dec 2021	Δ,%	Jan-Dec 2022	Jan-Dec 2021	Δ,%
Sales volume, tonnes	4,124	5,503	-25	18,657	22,646	-18
Net sales, SEK million	232.0	240.3	-3	957.8	927.5	3
Gross margin, %	16.8	14.6	15	15.5	19.5	-21
EBITDA, SEK million	22.9	20.1	14	89.1	124.4	-28
Adjusted EBITDA, SEK million	22.9	20.1	14	90.3	130.5	-31
Operating profit, SEK million	11.3	10.2	11	47.0	86.2	-45
Adjusted operating profit, SEK million	11.3	10.2	11	48.2	92.3	-48
Operating margin, %	4.9	4.2	17	4.9	9.3	-47
Adjusted operating margin, %	4.9	4.2	17	5.0	10.0	-50
Profit for the period, SEK million	8.6	8.4	2	34.4	68.1	-49
Earnings per share before dilution, SEK	0.43	0.42	2	1.72	3.41	-50
Earnings per share after dilution, SEK	0.41	0.40	2	1.64	3.25	-50
Net debt/EBITDA, multiple	0.9	0.4	N/A	0.9	0.4	N/A
Net debt, SEK million	76.7	44.5	N/A	76.7	44.5	N/A
Cash flow from operating activities, SEK million	51.3	27.1	89	86.7	47.7	82
Return on capital employed, %	8.3	18.8	-56	12.1	18.8	-56
Equity/assets ratio, %	67.9	72.6	-6	67.9	72.6	-6

\* For definitions and alternative performance measures, see page 21.

## IMPROVED PROFIT IN QUARTER DESPITE LOWER VOLUMES

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### The market

The volumes on the market started to decrease already during the last quarter of 2021. The decline was strengthened by the invasion of Ukraine and thereafter the weakened economy, to remain during the whole year. Our view is that Arla Plast maintained its market position.

During 2022 the turbulent raw material situation, which started already during 2021, continued with increased prices. Though, at the end of the year the raw material prices started to decrease gradually, at the same time as our market indicates lower stock volumes in distribution.

### Higher margins but lower net sales during the fourth quarter

During the fourth quarter the volumes declined with 25 percent compared to the same period last year and the net sales declined with 3 percent. Alphaplex was consolidated for the full fourth quarter and contributed with SEK 21 million to the net sales. The raw materials prices continued to be high during the period but at the end of the period a decrease could be noted. The efficiency measures taken earlier this year together with a positive product mix increased the gross margin to 16.8 percent (14.6 percent) and the adjusted operating margin to 4.9 (4.2) percent.

### Full year

During 2022 the volumes decreased for Arla Plast by 18.0 percent due to lowered demand in the whole business. Net sales increased with 3.0 percent whereof the acquisition of Alphaplex in August contributed with SEK 34 million. The gross margin was mainly affected negatively by high raw material prices and by under absorption of fixed costs as a result of the lower production volume. The adjusted operating margin declined to 5.0 percent (10.0 percent).

During the year we have continued to streamline our production, strengthen our sales organization and we have taken a number of improvement measures within the organization. Within sustainability we have taken a big step by targeting our most important initiatives within the area. We have also completed our first acquisition and with this strengthened our presence at the important German market, which also supports our ambition of increased presence in Austria and Switzerland.

### Outlook

We have a strong financial position and we continue the efficiency work and develop our organization. Our view is that we are well positioned with our customer offering as we offer specific and customized products. We are proud of our sustainability work which has been additionally intensified. At the end of the year we have noted indications of declining raw material prices and also that the distribution has started to replenish their stock. We have also noted an increased interest from certain areas in our market but the uncertainty remains high.

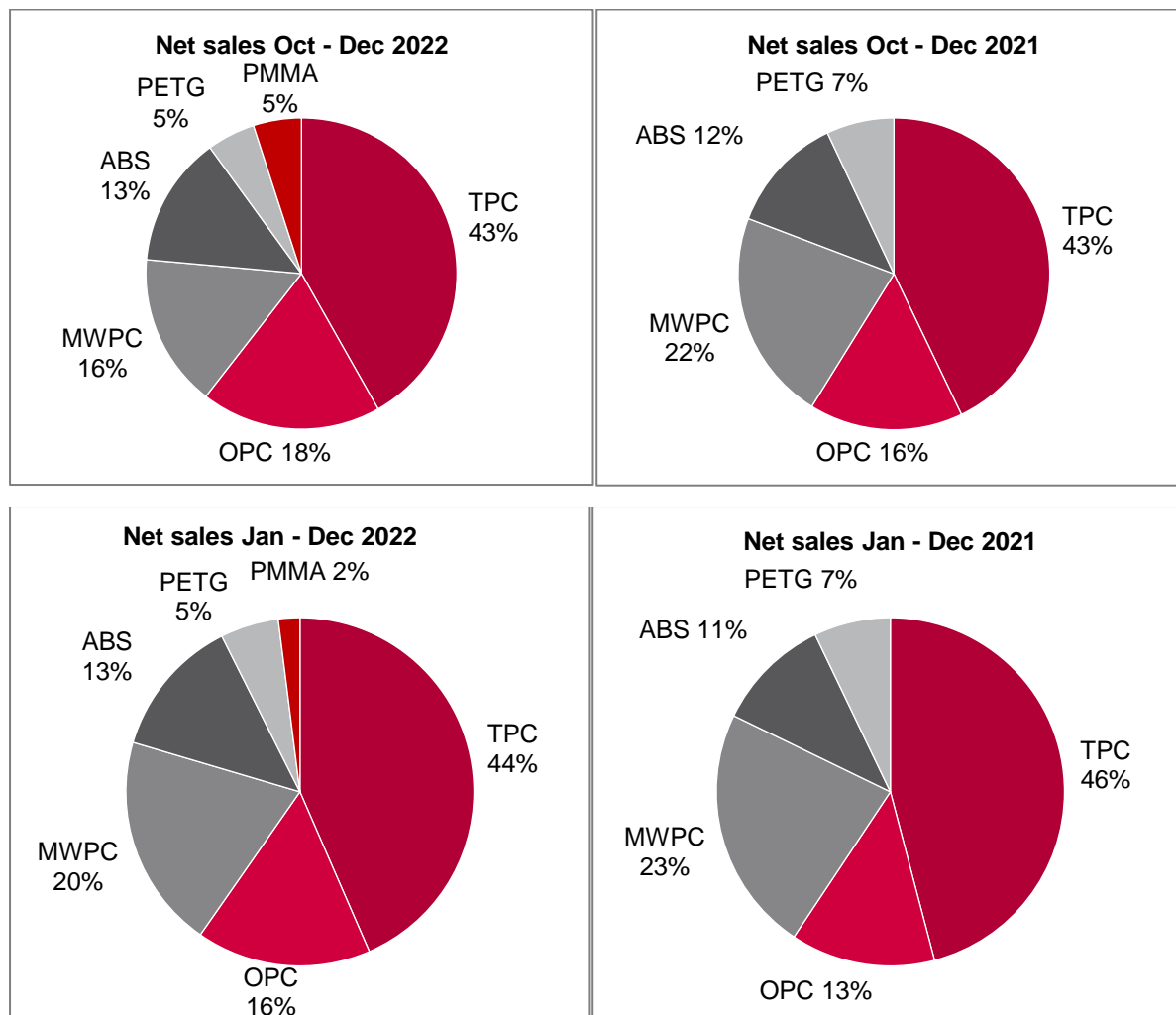
The Board proposes to the AGM a dividend of SEK 1.0 per share (SEK 1.50), which corresponds to 58 percent of the fiscal year profit per share. The dividend policy of Arla Plast states as a long term goal a dividend of 30-50 percent of the net profit for the fiscal year. The proposal is based on the company's high solvency, good cash flow and long-term dividend capacity but also based on the overall uncertainty which currently affects the development of market and economy.

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 fourth quarter and full year:



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

### Net sales and operating profit

Arla Plast's sales volume in the fourth quarter 2022 declined by 25 percent to 4,124 tonnes (5,503 tonnes) compared with the corresponding quarter last year. Net sales decreased by 3 percent to SEK 232.0 million (SEK 240.3 million), organically the decrease was 17 percent. The total demand on the market measured in sales volume declined, our view is that 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 increased to 16.8 percent (14.6 percent). The gross margin was positively affected by the earlier implemented efficiency measures in Sweden and the positive product mix.

Operating profit and the adjusted operating profit for the fourth quarter amounted to SEK 11.3 million (SEK 10.2 million), an increase of 11 percent. The operating margin and adjusted operating margin increased to 4.9 percent (4.2 percent). The operating margin increased mainly due to higher gross margin.

Arla Plast's sales volume during 2022 decreased by 18 percent to 18,657 tonnes (22,646 tonnes) compared with the corresponding period last year. Net sales amounted to SEK 957.8 million (SEK 927.5 million), an increase of 3 percent. The acquisition of Alphaplex GmbH, which was carried out during the third quarter is included with 34.6 million. Organically, the decrease was 3 percent. The gross margin decreased to 15.5 percent (19.5 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. Efficiency measures implemented earlier in the year have begun to show results, primarily in Sweden.

Operating profit for 2022 amounted to SEK 47.0 million (SEK 86.2 million), a decline of 45 percent. The operating margin amounted to 4.9 percent (9.3 percent). The adjusted operating profit amounted to SEK 48.2 million (SEK 92.3 million) and the adjusted operating margin was 5.0 percent (10.0 percent). The operating profit is negatively affected by the lower net sales as well as declined gross margin. 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 SEK 1,6 million which relates to redundancies of the personnel within production.

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

During the fourth quarter of 2022, the profit before tax amounted to SEK 10.1 million (SEK 10.0 million). Net financial income and expenses totalled SEK -1.3 million (SEK -0.2 million), including interest expenses of SEK -1.0 million (SEK -0.5 million). Taxes in the fourth quarter amounted to SEK -1.4 million (SEK -1.6 million), corresponding to an effective tax rate of 14.0 percent (15.7 percent). Net profit for the period was SEK 8.6 million (SEK 8.4 million) during the fourth quarter 2022, and earnings per share before dilution was SEK 0.43 (SEK 0.42), and after dilution, SEK 0.41 (SEK 0.40).

For the full year 2022, profit before tax amounted to SEK 44.4 million (SEK 85.5 million). Net financial income and expenses totalled SEK -2.7 million (SEK -0.7 million), including interest expenses of SEK -2.2 million (SEK -1.0 million). Taxes in 2022 amounted to SEK -10.0 million (SEK -17.4 million), corresponding to an effective tax rate of 22.4 percent (20.3 percent). Net profit for the period was SEK 34.4 (SEK 68.1) million and earnings per share before dilution was SEK 1.72 (SEK 3.41), and after dilution, SEK 1.6 (SEK 3.25).

### Cash flow

Cash flow from operating activities increased during the fourth quarter to SEK 51.3 million (SEK 27.1 million). The cash flow was 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 -11.9 million (SEK -7.3 million) during the quarter and refers primarily 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 -58.9 million (SEK -24.6 million) and concerns decreased utilization of overdraft facilities due to decreased capital in inventories and customer receivables.

For the full year the cash flow from operating activities amounted to SEK 86.7 million (SEK 47.7 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 2022 amounted to SEK -63.5 million (SEK -34.6 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 3.8 million (SEK -19.2 million) in 2022 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 9.9 million.

### Investments

Arla Plast continuously invests in its facilities. The Group's investments in property, plant and equipment during the fourth quarter amounted to SEK 3.2 million (SEK 7.3 million) and refers primarily to maintenance investments in our three production facilities. During the third quarter Alphaplex GmbH was acquired, an investment amounting to SEK 46.5 million (SEK 0.0 million) where of SEK 37.4 million was paid in the third quarter and remaining SEK 9.1 million has been paid in the fourth quarter. Total depreciations for the third quarter amounted to SEK -11.5 million (SEK -9.9 million).

During 2022 the Group's investments in property, plant and equipment amounted to SEK 17.4 million (SEK 34.6 million) and net purchase price for the acquisition amounted to SEK 46.1 million (SEK 0.0 million). Total depreciation for the nine months amounted to SEK -42.0 million (SEK -38.2 million).

### Financial position

Arla Plast's total assets amounted to SEK 736.0 million as of December 31, 2022 (SEK 646.6 million).

The Group's net debt amounted to SEK 76.7 million as of December 31, 2022 (SEK 44.5 million), corresponding to 0.9 times EBITDA (0.4 times). Net debt has increased as a consequence of new raised loans of SEK 50.2 million related to the acquisition of Alphaplex GmbH.

The Group's equity ratio, equity at the end of the period as a percentage of total assets was 67.9 percent (72.6 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 fourth quarter of 2022, net sales amounted to SEK 144.7 million (SEK 157.6 million) and operating profit to SEK 11.3 million (SEK 0.6 million).

For the full year, net sales amounted to SEK 610.1 million (SEK 618.5 million) and operating profit to SEK 36.2 million (SEK 64.4 million).



Cash and cash equivalents as of December 31, 2022, amounted to SEK 40.8 million compared to SEK 18.4 million as of December 31, 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	Δ,%	2022	2021	Δ,%
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Sales volume, tonnes	2,543	3,725	-32	12,003	14,871	-19
Net sales, SEK million	144.6	157.6	-8	610.1	618.5	-1
Operating profit, SEK million	11.3	1.0	103	36.3	70.5	-49
Operating margin, %	7.8	0.7	101	5.9	11.4	-48

During the fourth quarter, sales volumes decreased by 32.0 percent. The total market demand, measured in volume sold, declined; our view is that 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 amounted to SEK 144.6 million (SEK 157.6 million). Operating profit increased to SEK 11.3 million (SEK 1.0 million), mainly as a result of the higher gross profit. The gross margin was positively affected by the positive product mix as well as efficiency measures taken in production. The operating margin increased to 7.8 percent (0.7 percent).

During the full year 2022, sales volume decreased by 19 percent. The volume decline relates to weaker demand for the whole industry. Net sales decreased by 1.0 percent to SEK 610.1 million (SEK 618.5 million). Operating profit decreased to SEK 36.3 million (SEK 70.5 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 5.9 percent (11.4 percent).

### CZECH REPUBLIC

Key performance indicator	2022	2021	Δ,%	2022	2021	Δ,%
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Sales volume, tonnes	1,380	2,084	-34	6,879	8,929	-23
Net sales, SEK million	72.6	91.4	-21	339.6	343.6	-1
Operating profit, SEK million	-0.4	8.9	-96	10.7	20.6	-48
Operating margin, %	-0.6	9.7	-94	3.2	6.0	-47

In the fourth quarter of 2022, sales volume decreased by 34 percent. The decline of volume is related to the weaker demand for the whole industry and our view is that the market share is maintained. Net sales decreased by 21 percent to SEK 72.6 million (SEK 91.4 million). The organic decrease was 30 percent. The demand within home and garden, which was important during the fourth quarter 2021, was almost non existing during the fourth quarter 2022. During the quarter we have noted a weak demand within all application areas. Operating profit decreased to SEK -0.4 million (SEK 8.9 million). The gross margin declined primarily due to lower net sales which led to under absorption. The operating margin declined to -0.6 percent (9.7 percent).

During 2022 sales volumes decreased by 23.0 percent. Net sales declined by 1.0 percent to SEK 339.6 million (SEK 343.6 million) and considering the currency rate change the organic decrease was 9.6 percent. Net sales was affected negatively by the lower sales volumes but was partly partially offset by price increases to customers. Operating profit amounted to SEK 10.7 million (SEK 20.6 million) and the operating margin decreased to 3.2 percent (6.0 percent). The gross margin declined primarily due to lower net sales which led to under absorption.

### GERMANY

Key performance indicator	2022	2022
	Oct-Dec	Aug-Dec
Sales volume, tonnes	539	920
Net sales, SEK million	28,2	47,4
Operating profit, SEK million	1,9	2,7
Operating margin, %	6,9	5,7

The new operating segment Germany started as of August 1, 2022 and for the fourth quarter the sales volume amounted to 539 tonnes. Net sales amounted to SEK 28.2 million and the operating profit to SEK 1.9 million. The operating margin amounted to 6.9 percent.

For the five-month period the sales volume amounted to 920 tonnes. Net sales amounted to SEK 47.4 million and the operating profit to SEK 2.7 million. The operating margin amounted to 5.7 percent. For additional 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 risks and uncertainties, see the 2021 Annual report on [www.arlaplastgroup.com](http://www.arlaplastgroup.com).

## 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. CO2 and sickness leave are two important KPI's. During the fourth 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 (3.5 kg CO2e) and sick leave was 5.4 percent (6.1 percent). The acquired company Alphaplex GmbH does not produce finished products and is thus not included in the calculation of CO2e 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 fourth quarter of 2022 was 241 (265). During the fourth quarter, women accounted for 26 percent (24 percent) of the employees. For the twelve months period, the average number of full-time employees was 253 (265) whereof women accounted for 25 percent (25 percent).

### Annual General Meeting 2023

The AGM will take place Thursday May 10<sup>th</sup> at Arla Plasts Head Office, Västanåvägen 2, Borensberg. Shareholders who wish to propose matters for consideration at the AGM may do so by email, [ir@arlaplast.com](mailto:ir@arlaplast.com) not later than March 10, 2023.

### Dividend

The Board proposes a dividend of 1.00 SEK per share for 2022, a total of 20.0 MSEK. The proposed dividend amounts to 58 % of the net profit 2021. Record date for the dividend will be communicated in conjunction with the notice to the AGM.

### Events after the end of the reporting period

Anna Russberg has been appointed as Operations manager Sweden in order to improve our internal efficiency, Anna is also a part of the Group Management. Former Operations manager Sweden, Stefan Liminga, has now the assignment to develop our logistics operations. Therefore, Stefan has left the Group Management to be able to focus on this. Sören Fischer is new in the Group management as Operations manager Germany. Peter Mikkonen, Sales director Opaque has left the company and the Group management.

### The share

As of December 31, 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, Swedia Invest 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	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	2,3	232,024	240,286	957,751	927,494
Cost of goods sold		-193,128	-205,244	-809,044	-746,987
<b>Gross margin</b>		<b>38,896</b>	<b>35,042</b>	<b>148,707</b>	<b>180,507</b>
Selling expenses		-15,480	-15,834	-60,052	-57,629
Administrative expenses	10	-14,159	-10,181	-50,536	-45,201
Other operating income	4	2,909	2,852	10,394	8,855
Other operating expenses	10	-845	-1,676	-1,461	-317
<b>Operating profit</b>		<b>11,321</b>	<b>10,203</b>	<b>47,052</b>	<b>86,215</b>
Financial income	5	740	313	2,623	313
Financial expense	5	-2,006	-496	-5,274	-1,016
<b>Profit before tax</b>		<b>10,055</b>	<b>10,020</b>	<b>44,401</b>	<b>85,512</b>
Tax expense		-1,408	-1,570	-9,957	-17,400
<b>Profit for the period</b>		<b>8,647</b>	<b>8,450</b>	<b>34,444</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		8,786	5,026	25,765	12,229
<b>Other comprehensive income for the period</b>		<b>8,786</b>	<b>5,026</b>	<b>25,765</b>	<b>12,229</b>
<b>Total comprehensive income for the period</b>		<b>17,433</b>	<b>13,476</b>	<b>60,209</b>	<b>80,341</b>
<b>Amounts in SEK</b>					
Earnings per share, basic	11	0.43	0.42	1.72	3.41
Earnings per share, diluted	11	0.41	0.40	1.64	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	2022-12-31	2021-12-31
<b>ASSETS</b>			
<b>Total non-current assets</b>			
Intangible non-current assets		32,751	509
Property, plant and equipment		272,908	280,836
Right-of-use assets	6	32,004	21,941
Other non-current receivables	7	-	7
<b>Total non-current assets</b>		<b>337,663</b>	<b>303,293</b>
<b>Current assets</b>			
Inventories	8	216,081	184,306
Accounts receivable	7	118,396	126,229
Other current receivables	7	11,390	11,136
Prepaid expenses and accrued income		3,045	3,110
Derivative instruments	7	1,471	-
Cash and cash equivalents	7	47,935	18,565
<b>Total current assets</b>		<b>398,318</b>	<b>343,346</b>
<b>TOTAL ASSETS</b>		<b>735,981</b>	<b>646,639</b>
<b>EQUITY</b>			
Share capital		2,400	2,400
Other capital contributions		1,666	1,666
Translation reserve		59,028	33,263
Retained earnings (including profit for the period)		436,903	432,459
<b>Total equity attributable to owners of the parent</b>		<b>499,997</b>	<b>469,788</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current portion of lease liability	6	24,440	17 310
Deferred tax liabilities		44,361	40 549
<b>Total non-current liabilities</b>		<b>68,801</b>	<b>57 859</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	7	92,541	41 106
Current portion of lease liability	6	7,691	4 661
Accounts payable	7	20,160	14 078
Current tax liabilities		1,837	4 771
Other liabilities	7	23,630	28 273
Accrued expenses and deferred income		21,324	26 103
<b>Total current liabilities</b>		<b>167,183</b>	<b>118 992</b>
<b>Total liabilities</b>		<b>235,984</b>	<b>176 851</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>735,981</b>	<b>646 639</b>

**Condensed consolidated statement of changes in equity**

Amounts in SEK thousand	2022-12-31	2021-12-31
<b>Opening balance</b>	<b>469,788</b>	<b>389,447</b>
Profit for the period	34,444	68,112
Other comprehensive income	25,765	12,229
<b>Total comprehensive income</b>	<b>60,209</b>	<b>80,341</b>
Dividend	-30,000	-
<b>Total transactions with shareholders</b>	<b>-30,000</b>	<b>-</b>
<b>Closing balance</b>	<b>499,997</b>	<b>469,788</b>

**Consolidated statement of cash flows**

Amounts in SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Cash flow from operating activities</b>				
Operating profit	11,321	10,203	47,052	86,215
Adjustment for items not included in cash flow	14,560	15,110	45,618	41,760
Interest received	735	-	3,470	-
Interest paid	-850	-282	-2,574	-765
Income tax paid	-1,353	2,912	-21,732	-16,732
<b>Cash flow from operating activities before changes in working capital</b>	<b>24,413</b>	<b>27,943</b>	<b>71,834</b>	<b>110,478</b>
<b>Cash flow from changes in working capital</b>				
Increase/decrease in inventories	14,029	10,400	249	-18,451
Increase/decrease in operating receivables	43,472	11,937	29,580	-28,223
Increase/decrease in operating liabilities	-30,643	-23,215	-14,936	-16,110
<b>Total change in working capital</b>	<b>26,858</b>	<b>-878</b>	<b>14,893</b>	<b>-62,784</b>
<b>Cash flow from operating activities</b>	<b>51,271</b>	<b>27,065</b>	<b>86,727</b>	<b>47,694</b>
<b>Cash flow from investing activities</b>				
Investments in intangible fixed assets	-	-1	-	-29
Investments in property, plant and equipment	-3,191	-7,294	-17,423	-34,562
Acquisitions	-8,702	-	-46,082	-
<b>Cash flow from investing activities</b>	<b>-11,893</b>	<b>-7,295</b>	<b>-63,505</b>	<b>-34,591</b>
<b>Cash flow from financing activities</b>				
Dividend	-	-	-30,000	-
Increased use of overdraft facility	-	-	-	6,544
Reduced use of overdraft facility	-56,969	-21,283	-9,863	-
Borrowing from credit institutions	-	-	65,680	-
Amortization related to lease liability	-1,900	-3,323	-6,601	-6,392
Amortization of loans to credit institutions	-	-	-15,466	-19,304
<b>Cash flow from financing activities</b>	<b>-58,869</b>	<b>-24,606</b>	<b>3,750</b>	<b>-19,152</b>
<b>Cash flow for the period</b>	<b>-19,491</b>	<b>-4,836</b>	<b>26,972</b>	<b>-6,049</b>
Cash and cash equivalents at beginning of period	67,160	23,232	18,565	23,814
Exchange differences in cash and cash equivalents	266	169	2,398	800
<b>Cash and cash equivalents at close of period</b>	<b>47,935</b>	<b>18,565</b>	<b>47,935</b>	<b>18,565</b>

**Condensed parent company income statement**

Amounts in SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	144,654	157,591	610,122	618,501
Cost of goods sold	-115,101	-137,966	-502,613	-481,805
<b>Gross profit</b>	<b>29,553</b>	<b>19,625</b>	<b>107 509</b>	<b>136,696</b>
Selling expenses	-11,463	-13,617	-45,368	-46,702
Administrative expenses	-8,475	-7,262	-34,869	-34,500
Other operating income and operating expenses	1,672	1,849	8,951	8,864
<b>Operating profit</b>	<b>11,287</b>	<b>595</b>	<b>36,223</b>	<b>64,358</b>
Financial income and financial expenses	-1,462	118	-4,066	-207
<b>Profit before appropriations and tax</b>	<b>9,825</b>	<b>713</b>	<b>32,157</b>	<b>64,151</b>
Appropriations	4,650	-13,218	4,650	-13,218
<b>Profit before tax</b>	<b>14,475</b>	<b>-12,505</b>	<b>36,807</b>	<b>50,933</b>
Tax expense	-2,239	-930	-8,006	-10,825
<b>Profit for the period</b>	<b>12,236</b>	<b>-13,435</b>	<b>28,801</b>	<b>40,108</b>

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

<b>Profit for the period</b>	<b>12,236</b>	<b>-13,435</b>	<b>28,801</b>	<b>40,108</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>12,236</b>	<b>-13,435</b>	<b>28,801</b>	<b>40,108</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 year-end 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	Oct-Dec 2022		Oct-Dec 2021		Jan-Dec 2022		Jan-Dec 2021	
		%		%		%		%
Sweden	35,615	15	31,906	13	124,673	13	121,805	13
Germany	45,810	20	35,921	15	167,525	17	174,772	19
Czech Republic	35,220	15	34,722	14	171,483	18	136,523	15
Polen	28,938	12	31,923	13	118,255	12	106,524	12
Rest of Europe	68,958	30	90,074	38	303,450	32	337,826	36
Rest of World	17,483	8	15,740	7	72,365	8	50,044	5
<b>Total</b>	<b>232,024</b>	<b>100</b>	<b>240,286</b>	<b>100</b>	<b>957,751</b>	<b>100</b>	<b>927,494</b>	<b>100</b>
<b>External net sales per product category, SEK thousand</b>								
TPC	98,725	43	103,767	43	422,379	44	427,358	46
OPC	42,513	18	37,911	16	153,666	16	124,148	13
MWPC	37,522	16	52,712	22	188,391	20	211,353	23
ABS	30,935	13	29,057	12	123,182	13	98,889	11
PETG	11,620	5	16,839	7	51,230	5	65,746	7
PMMA	10,708	5	-	-	18,903	2	-	7
<b>Summa</b>	<b>232,024</b>	<b>100</b>	<b>240,286</b>	<b>100</b>	<b>957,751</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 (65 percent) of the Group's total net sales in the fourth 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 49 percent (61 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 28 percent (35 percent) of the Group's total net sales in the fourth 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 51 percent (39 percent) of net sales.

### Germany

The German segment represents approximately 12 percent (0 percent) of the Group's total net sales in the fourth quarter of 2022. This segment includes all activities conducted and originating in Hüllhorst, Germany. The segment is active in all product areas and also within PMMA. The segment is only to a limited extent active in the joint 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	Segment	Segment	Jointly	Elim.	Group	Segment	Segment	Jointly	Elim.	Group
	Sweden	Czech	Germany				Sweden	Czech			
	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4	Q 4
	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021
Sales volume, tonnes	2,543	1,380	539	-	-338	4,124	3,725	2,084	-	-306	5,503
Net sales, external, SEK million	140.6	64.6	26.9	-	-	232.1	155.6	84.7	-	-	240.3
Net sales, intern, SEK million	4.0	8.0	1.3	-	-13.3	-	2.0	6.7	-	-8.7	-
Total net sales, SEK million	144.6	72.6	28.2	-	-13.3	232.1	157.6	91.4	-	-8.7	240.3
Adjusted operating profit, SEK million	11.3	-0.4	1.9	-1.8	0.3	11.3	1.0	8.9	-	0.3	10.2
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	-	-
Operating profit, SEK million	11.3	-0.4	1.9	-1.8	0.3	11.3	1.0	8.9	-	0.3	10.2
Net financial items, SEK million	-1.5	0.3	-0.1	-	-	-1.3	0.1	-0.3	-	-	-0.2
Profit before tax, SEK million	9.8	-0.1	1.8	-1.8	0.3	10.0	1.1	8.6	-	0.3	10.0
Operating margin, %	7.8	-0.6	6.9	-	-	4.9	0.7	9.7	-	-	4.2
Adjusted operating margin, %	7.8	-0.6	6.9	-	-	4.9	0.7	9.7	-	-	4.2

Net sales and earnings	Segment Sweden Jan-Dec 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Jointly Jan-Dec 2022	Elim. Jan-Dec 2022	Group Jan-Dec 2022	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	12,003	6,879	920	-	-1,145	18,657	14,871	8,929	-	-1,154	22,646
Net sales, external, SEK million	600.1	311.6	46.1	-	-	957.8	610.2	317.3	-	-	927.5
Net sales, intern, SEK million	10.0	28.0	1.3	-	-39.3	-	8.3	26.3	-	-34.6	-
Total net sales, SEK million	610.1	339.6	47.4	-	-39.3	957.8	618.5	343.6	-	-34.6	927.5
Adjusted operating profit, SEK million	36.3	10.7	2.7	-2.7	1.2	48.2	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	36.3	10.7	2.7	-3.9	1.2	47.0	70.5	20.6	-6.1	1.2	86.2
Net financial items, SEK million	-4.1	1.6	-0.2	-	-	-2.6	-0.2	-0.5	-	-	-0.7
Profit before tax, SEK million	32.2	12.3	2.5	-3.9	1.2	44.4	70.3	20.1	-6.1	1.2	85.5
Operating margin, %	5.9	3.2	5.7	-	-	4.9	11.4	6.0	-	-	9.3
Adjusted operating margin, %	5.9	3.2	5.7	-	-	5.0	11.4	6.0	-	-	10.0

**NET SALES BY GEOGRAPHIC MARKET AND SEGMENT**

Geographical market, SEK thousands	Segment Sweden Q 4 2022	Segment Czech Q 4 2022	Segment Germany Q 4 2022	Internal Q 4 2022	Group Q 4 2022	Segment Sweden Q 4 2021	Segment Czech Q 4 2021	Internal Q 4 2021	Group Q 4 2021
Sweden	33,648	7,253	1,123	-6,409	35,615	29,116	9,467	-6,677	31,906
Germany	22,691	6,441	23,595	-6,918	45,810	26,499	9,422	-	35,921
Czech	8,924	26,154	194	-52	35,220	12,794	23,982	-2,054	34,722
Polen	16,804	11,668	467	-	28,938	20,505	11,418	-	31,923
Rest Europe	48,686	17,460	2,813	-	68,958	58,478	31,596	-	90,074
Rest World	13,901	3,581	-	-	17,483	10,199	5,541	-	15,740
<b>Total</b>	<b>144,654</b>	<b>72,557</b>	<b>28,192</b>	<b>-13,379</b>	<b>232,024</b>	<b>157,591</b>	<b>91,426</b>	<b>-8,731</b>	<b>240,286</b>

Geographical market, SEK thousands	Segment Sweden Jan-Dec 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Internal Jan-Dec 2022	Group Jan-Dec 2022	Segment Sweden Jan-Dec 2021	Segment Czech Jan-Dec 2021	Internal Jan-Dec 2021	Group Jan-Dec 2021
Sweden	116,828	30,214	1,179	-23,548	124,673	109,859	38,260	-26,314	121,805
Germany	109,211	30,792	40,526	-13,004	167,525	120,541	54,231	-	174,772
Czech	50,629	123,453	210	-2,808	171,483	49,514	95,325	-8,315	136,524
Polen	76,717	41,071	467	-	118,255	71,140	35,383	-	106,523
Rest Europe	208,220	90,209	5,021	-	303,450	234,587	103,239	-	337,826
Rest World	48,517	23,848	-	-	72,365	32,860	17,184	-	50,044
<b>Total</b>	<b>610,122</b>	<b>339,586</b>	<b>47,403</b>	<b>39,360</b>	<b>957,751</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	2022-12-31	2021-12-31
<i>Segment Sweden</i>		
Property, plant and equipment	156,379	173,124
Inventories	98,204	103,712
Liabilities	109,724	73,295
<i>Segment Czech</i>		
Property, plant and equipment	117,648	113,347
Inventories	95,309	80,594
Liabilities	49,056	56,687
<i>Segment Germany</i>		
Property, plant and equipment	3,239	-
Inventories	22,568	-
Liabilities	11,751	-

**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**

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Interest income	-116	-	-	-
Change in value of forward exchange contracts	856	-	2,623	-
Foreign exchange gains	-	313	-	313
<b>Total financial income</b>	<b>740</b>	<b>313</b>	<b>2,623</b>	<b>313</b>
Interest payable to credit institutions	-853	-282	-1,725	-765
Interest on lease liabilities	-149	-199	-511	-251
Foreign exchange losses	-1,004	-15	-3,038	-
<b>Total financial expense</b>	<b>-2,006</b>	<b>-496</b>	<b>-5,274</b>	<b>-1,016</b>
<b>Financial items – net</b>	<b>-1,266</b>	<b>-183</b>	<b>-2,651</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 fourth quarter of 2022 the positive effect amounted to SEK 0.9 million (SEK 0.9 million) and for the full year 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.



**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:

<b>Amounts in SEK thousands</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Current assets	1,471	-

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**

<b>Amounts in SEK thousands</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Raw materials and merchandise in stock	89,252	97,654
Finished goods produced in-house	122,664	80,100
Products in progress	4,165	6,552
<b>Total inventories</b>	<b>216,081</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**

<b>Amounts in SEK thousands</b>	<b>Oct-Dec 2022</b>	<b>Oct-Dec 2021</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
IPO costs	-	-	-	6,107
Acquisition costs	-	-	1,184	-
<b>Total</b>	<b>-</b>	<b>-</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 fourth quarter and SEK 0 million (SEK 6,1 million) for the full year. 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 0.0 million (SEK 0.0 million) in the fourth quarter and the full year SEK 1,2 million (SEK 0.0 million). 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.

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Basic and diluted earnings per share</b>				
Profit attributable to equity holders of the parent, SEK thousand	8,225	8,450	34,022	68,112
Weighted number of shares, basic	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
<b>Earnings per share, basic, SEK</b>	<b>0.43</b>	<b>0.42</b>	<b>1.72</b>	<b>3.41</b>
<b>Earnings per share, diluted, SEK</b>	<b>0.41</b>	<b>0.40</b>	<b>1.64</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 final purchase price allocation.

### PURCHASE PRICE ALLOCATION ALPHAPLEX GMBH

	TEUR	TSEK
Intangible non-current assets	1,472	15,720
Property, plant and equipment	173	1,847
Inventories	1,960	20,932
Other current receivables	904	9,654
Cash and cash equivalents	35	374
Deferred tax liability	444	4,742
Other interest-bearing liabilities	950	10,145
Other current liabilities	300	3,204
<b>Net identified assets and liabilities</b>	<b>2,850</b>	<b>30,436</b>
Goodwill	1,500	16,020
<b>Purchase price</b>	<b>4,350</b>	<b>46,456</b>
<b>Cash consideration paid for acquisition</b>	<b>4,350</b>	<b>46,456</b>
New loan	4,100	43,788
<b>Effect on the Group's cash and cash equivalents</b>	<b>-250</b>	<b>-2,668</b>

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 transaction costs of EUR 113 thousand corresponding to SEK 1.2 million which have affected the operating profit for the third quarter and full year 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.

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 as below.

	TSEK
<b>Net sales</b>	<b>76,142</b>
Cost of goods sold	-59,095
Selling expenses	-6,774
Administrative expenses	-8,752
Other operating income	291

Other operating expenses	-1,184
<b>Operating profit</b>	<b>628</b>
Items affecting comparability	1,184
<b>Adjusted operating profit</b>	<b>1,812</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 year-end 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:**

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	2021
<b>Gross margin, %:</b>				
Gross profit, SEK thousand	38,896	35,042	148,707	180,507
Net sales, SEK thousand	232,024	240,286	957,751	927,494
<b>Gross margin, %</b>	<b>16.8</b>	<b>14.6</b>	<b>15.5</b>	<b>19.5</b>
<b>Operating margin, %, Sweden:</b>				
Net sales, SEK thousand	144,654	157,591	610,122	618,501
Operating profit, SEK thousand	11,293	1,029	36,254	70,490
<b>Operating margin, %, Sweden</b>	<b>7.8</b>	<b>0.7</b>	<b>5.9</b>	<b>11.4</b>
<b>Operating margin, %, Czech Republic</b>				
Net sales, SEK thousand	72,557	91,426	339,586	343,622
Operating profit, SEK thousand	-444	8,868	10,706	20,608
<b>Operating margin, %, Czech Republic</b>	<b>-0.6</b>	<b>9.7</b>	<b>3.2</b>	<b>6.0</b>
<b>Operating margin, %, Germany</b>				
Net sales, SEK thousand	28,192	-	47,403	-
Operating profit, SEK thousand	1,949	-	2,706	-
<b>Operating margin, %, Germany</b>	<b>6.9</b>	<b>-</b>	<b>5.7</b>	<b>-</b>
<b>Adjusted EBITDA, SEK thousand:</b>				
Operating profit	11,321	10,203	47,052	86,215
Less depreciation and amortization of non-current	11,548	9,940	42,047	38,193
Minus depreciation of non-current assets	-	-	-	-
<b>EBITDA</b>	<b>22,869</b>	<b>20,143</b>	<b>89,099</b>	<b>124,408</b>

Less items affecting comparability	-	-	1,184	6,107
<b>Adjusted EBITDA, SEK thousand</b>	<b>22,869</b>	<b>20,143</b>	<b>90,283</b>	<b>130,515</b>
<b>Organic growth, %:</b>				
Net sales, SEK thousand	232,024	240,286	957,751	927,494
Net sales for the same period of the previous year, SEK thousand	240,286	211,940	927,494	884,680
Minus acquisition	-21,274	-	-34,399	
<b>Net sales, change</b>	<b>-29,536</b>	<b>28,346</b>	<b>-4,142</b>	<b>42,814</b>
Less exchange rate fluctuations, SEK thousand	-12,862	-2,028	-20,715	3,554
<b>Organic growth, %</b>	<b>-17.0</b>	<b>12.3</b>	<b>-3.0</b>	<b>5.3</b>
<b>Working capital/sales, %:</b>				
Operating receivables, SEK thousand	342,870	324,781	342,870	324,781
Operating liabilities, SEK thousand	65,114	68,454	65,114	68,454
Net working capital, SEK thousand	277,756	256,327	277,756	256,327
Net sales, R12 SEK thousand	957,751	927,494	957,751	927,494
<b>Working capital/sales, %</b>	<b>29.0</b>	<b>27.6</b>	<b>29.0</b>	<b>27.6</b>
<b>Return on capital employed (ROCE), %:</b>				
Capital employed, SEK thousand	624,669	532,865	624,669	532,865
Average capital employed, SEK thousand	578,767	491,582	578,767	491,582
Adjusted operating profit R12, SEK thousand	48,236	92,322	48,236	92,322
<b>Return on capital employed (ROCE), %</b>	<b>8.3</b>	<b>18.8</b>	<b>8.3</b>	<b>18.8</b>
<b>Net debt/EBITDA, multiple:</b>				
Net debt, SEK thousand	76,737	44,512	76,737	44,512
EBITDA, R12 SEK thousand	89,099	124,408	89,099	124,408
<b>Net debt/EBITDA, multiple</b>	<b>0.86</b>	<b>0.36</b>	<b>0.86</b>	<b>0.36</b>
<b>Equity/assets ratio, %:</b>				
Equity, SEK thousand	499,997	469,788	499,997	469,788
Total capital, SEK thousand	735,981	646,639	735,981	646,639
<b>Equity/assets ratio, %</b>	<b>67.9</b>	<b>72.6</b>	<b>67.9</b>	<b>72.6</b>

## Financial information

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 CEO

The CEO assures that this year-end 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 16 February 2023

Arla Plast AB (reg no 556131-2611)

Christian Krichau

President and CEO

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



### For further information, please contact:

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### Forward-looking information

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

*This information is such information that Arla Plast AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Securities Markets Act. The information was published by the abovementioned contact persons on 17 February 2023 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

