

Arla Plast AB

Interim report January – June 2023



STRONG RESULT IN A WEAK MARKET

APRIL – JUNE 2023

- Sales volume amounted to 5,193 (5,371 tonnes) a decline by 3%.
- Net sales amounted to SEK 274.6 (267.1) million, an increase by 3%. The organic decline was 10%.
- Operating profit amounted to SEK 32.0 (13.5) million, an increase by 137%. Government grant for electricity is included amounting to SEK 5.5 million.
- The operating margin declined to 11.6% (5.0%). Operating margin excluding government grant for electricity was 9.6%.
- Profit for the period amounted to SEK 23.7 (9.4) million, an increase by 152%.
- Earnings per share before dilution amounted to SEK 1.18 (0.47) and after dilution to SEK 1.13 (0.45).
- Net debt amounted to SEK 63.1 (107.1) million at the end of the period, 0.6 times (1.1 times) EBITDA.
- Cash flow from operating activities increased to SEK 22.4 (-18.1) million.

JANUARY – JUNE 2023

- Sales volume amounted to 10,085 (10,312 tonnes) a decline by 2%.
- Net sales amounted to SEK 525.6 (493.8) million, an increase by 6%. The organic decline was 6%.
- Operating profit amounted to SEK 47.6 (24.9) million, an increase by 91%. Government grant for electricity is included amounting to SEK 5.5 million.
- The operating margin increased to 9.1% (5.0%). Operating margin excluding government grant for electricity was 8.0%.
- Profit for the period amounted to SEK 37.0 (18.2) million, an increase by 103%.
- Earnings per share before dilution amounted to SEK 1.85 (0.91), and after dilution, to SEK 1.76 (0.87).
- Net debt amounted to SEK 63.1 (107.1) million at the end of the period, 0.6 times (1.1 times) EBITDA.
- Cash flow from operating activities increased to SEK 43.3 (-17.1) million.

GROUP IN SUMMARY*

	Apr-Jun 2023	Apr-Jun 2022	Δ,%	Jan-Jun 2023	Jan-Jun 2022	Δ,%	R 12	Jan-Dec 2022	Δ,%
Sales volume, tonnes	5,193	5,371	-3	10,085	10,312	-2	18,430	18,657	-1
Net sales, SEK million	274.6	267.1	3	525.6	493.8	6	989.6	957.8	3
Gross margin, %	21.5	14.3	50	20.7	14.7	41	18.7	15.5	21
EBITDA, SEK million	43.3	23.4	85	70.1	45.0	56	114.2	89.1	28
Adjusted EBITDA, SEK million	43.3	23.4	85	70.1	45.0	56	115.4	90.3	28
Operating profit, SEK million	32.0	13.5	137	47.6	24.9	91	69.7	47.0	48
Adjusted operating profit, SEK million	32.0	13.5	137	47.6	24.9	91	70.9	48.2	47
Operating margin, %	11.6	5.0	132	9.1	5.0	82	7.0	4.9	43
Adjusted operating margin, %	11.6	5.0	132	9.1	5.0	82	7.2	5.0	44
Profit for the period, SEK million	23.7	9.4	152	37.0	18.2	103	53.2	34.4	55
Earnings per share before dilution, SEK	1.18	0.47	151	1.85	0.91	103	2.66	1.72	55
Earnings per share after dilution, SEK	1.13	0.45	151	1.76	0.87	102	2.54	1.64	55
Net debt/EBITDA, multiple	0.6	1.1	-45	0.6	1.1	-45	0.6	0.9	-33
Net debt, SEK million	63.1	107.1	-41	63.1	107.1	-41	63.1	76.7	-18
Cash flow from operating activities, SEK million	22.4	-18.1	N/A	43.3	-17.1	N/A	147.1	86.7	70
Return on capital employed, %	11.3	10.9	4	11.3	10.9	4	11.3	8.3	36
Equity/assets ratio, %	67.2	64.4	4	67.2	64.4	4	67.2	67.9	-1

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

STRONG RESULT IN A WEAK MARKET

Market conditions

The volumes in our industry have continued to decline during the second quarter, although at a lower pace than in 2022. Our view is that our market share in Europe is maintained. The construction industry is generally weak while the demand from other application areas has recovered. The geopolitical situation with war in Europe and the general economy with rising interest rates and high inflation affects the demand. The raw material prices, which affect the net sales as well as gross margin, has continued to decline and we are also experiencing an increased availability of material during the second quarter of 2023.

The integration of the acquisition Alphaplex is continuing according to plan and our position on the important German market has been fortified. It is also positive that our initiative to increase our presence outside of Europe has started to give results.

Stronger margins and cash flow

The volumes declined by 3 percent during the second quarter while the net sales increased by 3 percent. The increased net sales were positively affected by currency movements as well as the acquisition, whereas the lower raw material prices affected net sales negatively. The application areas that have been strong during the quarter are energy, automotive, industry and security, while construction industry is generally weak but where we have noted a positive seasonal effect.

We noted, during the second quarter, a continued good development regarding operating profit and cash flow. The product mix has been favorable and the share of high-quality products has increased. Our initiative regarding a more efficient material utilization has given results and contributed together with the favorable product mix to the increased profit. The gross margin increased to 21.5 percent (14.3). The operating profit increased to SEK 32 (13.5) million, mainly due to the strengthened gross profit. Included in the profit is also a government grant for electricity amounting to SEK 5.5 million, which has improved the profit in Sweden by the same amount.

Our work with strengthening the cash flow continues to give results. The operating cash flow improved significantly in comparison to previous year thanks to the higher operating profit and an improvement in working capital. Primarily, we have managed to keep the stock on lower levels based on an expectation of continuing decline of raw material prices. The strong cash flow has also given us the opportunity to reduce the net debt and together with the increased profit the net debt ratio has decreased.

Sustainability

We are going to fulfill our commitment to reduce the environmental impact. Our activities, with an intention of reducing the environmental footprint and thereby increase the supplier responsibility, have continued during the quarter. Our ambition and goal, in the long run, is that this will lead to an increased awareness and recycling ratio of materials in the supply chain and therefore a reduced carbon footprint.

We have begun an extensive life cycle analysis of our products. The analysis is expected to be completed during 2023 and will contribute with increased transparency of our environmental impact. The result will be an important foundation for our continued sustainability work together with our customers.

Outlook

Uncertainty in the market remains high. We have though a well diversified customer and product portfolio with a good spread of risks within different industries and markets which gives us good conditions to keep working forward on a stable ground.

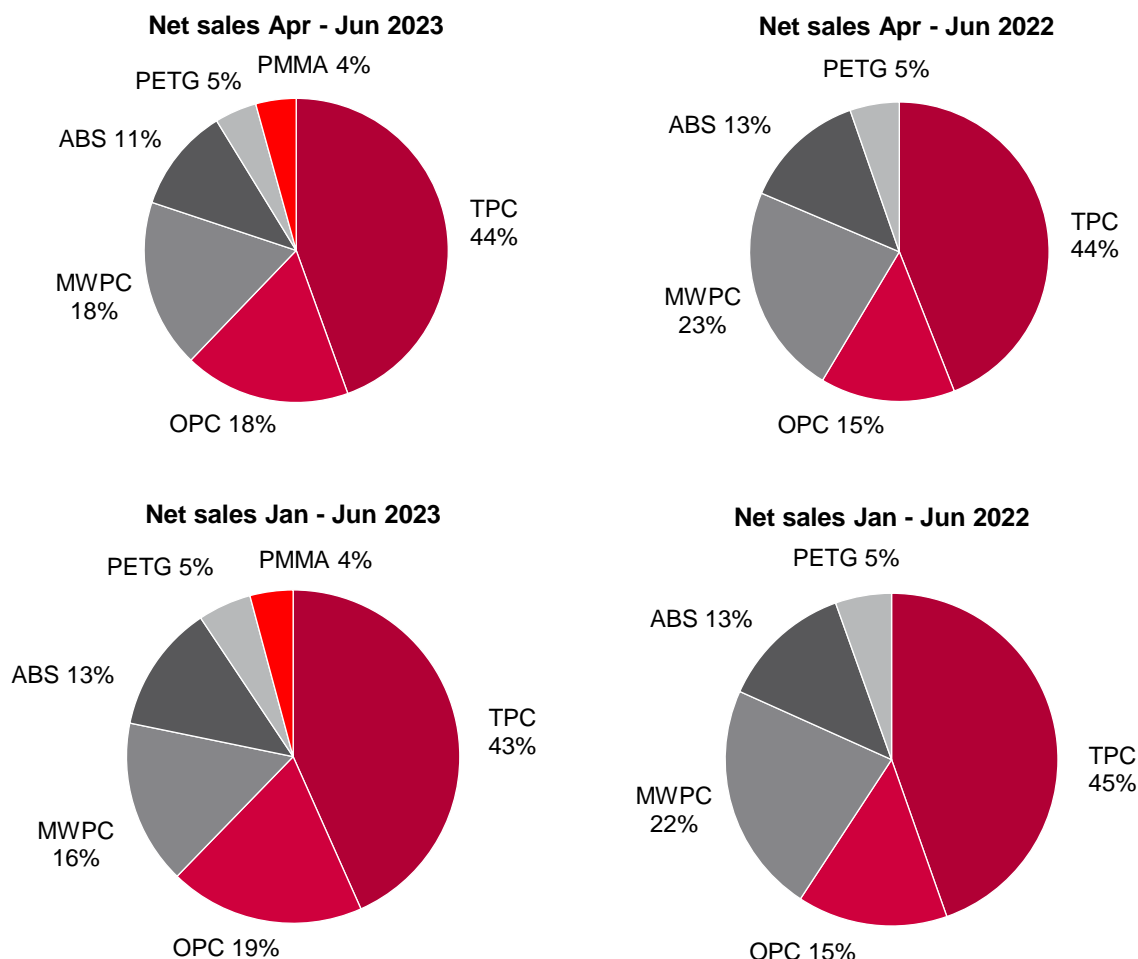
Our short term ambitions to maintain a good margin and to improve the cash flow together with the work to develop our long term sustainable operations gives us a useful basis for a continued profitable growth journey.

Christian Krichau
President and CEO

FINANCIAL OVERVIEW

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

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



*For definitions of product areas, see page 25.

Net sales and operating profit

Arla Plast's sales volume in the second quarter of 2023 declined by 3 percent to 5,193 tonnes (5,371 tonnes) compared with the corresponding quarter last year. The decline in volume was due to the fact that volume for the entire market has continued to decline together with a weak construction application area and could only be partially compensated by an increased demand from the other application areas. Net sales increased by 3 percent to SEK 274.6 million (SEK 267.1 million). Organically the decline was 10 percent. The gross margin increased to 21.5 percent (14.3 percent) mainly due to a favorable product mix, improved material utilization and lower raw material prices.

Operating profit for the second quarter amounted to SEK 32.0 million (SEK 13.5 million), an increase of 137 percent. Government grant for electricity is included in segment Sweden amounting to SEK 5.5 million. The operating margin increased to 11.6 percent (5.0 percent). The operating margin increased mainly due to higher gross margin.

Arla Plast's sales volume during the six months period 2023 decreased by 2 percent to 10,085 tonnes (10,312 tonnes) compared with the corresponding period last year. The decline is mainly due to the fact that the volumes for the entire industry has diminished. Demand from sales to application area construction has been weak but has partially been compensated for by demand from other application areas. Net sales amounted to SEK 525.6 million (SEK 493.8 million), an increase of 6 percent. Organically, the decline was 6 percent. The decrease in volume was offset by currency movements, acquisition and a favorable product mix.

Operating profit for the six months period amounted to SEK 47.6 million (SEK 24.9 million), an increase of 91 percent. Government grant for electricity is included in segment Sweden amounting to SEK 5.5 million. The operating margin amounted to 9.1 percent (5.0 percent).

Profit/loss for the period and earnings per share

During the second quarter of 2023, profit before tax amounted to SEK 30.5 million (SEK 11.2 million). Net financial income and expenses totaled SEK -1.5 million (SEK -2.3 million), including interest expenses of SEK -0.7 million (SEK -1.0 million). Taxes in the second quarter amounted to SEK -6.8 million (SEK -1.8 million), corresponding to an effective tax rate of 22.3 percent (15.7 percent). Net profit for the period was SEK 23.7 (9.4) million during the second quarter 2023 and earnings per share before dilution was SEK 1.18 (0.47) and after dilution SEK 1.13 (0.45).

During the six months period, profit before tax amounted to SEK 45.1 million (SEK 22.0 million). Net financial income and expenses totaled SEK -2.5 million (SEK -2.9 million), including interest expenses of SEK -1.4 million (SEK -1.3 million). Taxes in the six months period amounted to SEK -8.1 million (SEK -3.8 million), corresponding to an effective tax rate of 18.0 percent (17.3 percent). Net profit for the period was SEK 37.0 (18.2) million during the first half year 2023 and earnings per share before dilution was SEK 1.85 (SEK 0.91) and after dilution SEK 1.76 (SEK 0.87).

Cash flow

Cash flow from operating activities increased during the second quarter 2023 to SEK 22.4 (-18.1) million. Cash flow was positively impacted by higher operating profit and decreased working capital compared to the comparison quarter. The working capital has increased at a lower rate compared to the comparison quarter due to dropping raw material prices and a deliberate strategy to keep the inventory at a lower level.

Cash flow from investing activities was SEK -3.2 (-5.8) million during the quarter and refers mainly to replacement investments in our three production facilities.

Cash flow from financing activities amounted to SEK -28.2 million (SEK 13.2 million) and includes a dividend of SEK -20.0 million in accordance with the decision of Arla Plast's Annual General Meeting 2023, the remaining part is mainly due to reduced use of overdraft facility amounting to SEK -5.9 million.

For the first half year 2023, cash flow from operating activities amounted to SEK 43.3 million (SEK -17.1 million). The increase is mainly explained by higher operating profit and reduced working capital. The lower raw material prices together with a deliberate strategy has kept the inventory on a lower level compared with the comparison period.

Cash flow from investing activities during the six months period amounted to SEK -4.3 (-9.9) million and refers mainly to replacement investments in our three production facilities.

Cash flow from financing activities totaled SEK -31.2 (28.3) million during the first six months and includes a dividend of SEK -20.0 million, the remaining part is mainly due to reduced use of overdraft facility amounting to SEK -6.7 million.

Investments

Arla Plast continuously invests in production equipment and in its production units. The Group's investments in property plant and equipment in the second quarter amounted to SEK 3.2 (5.8) million and refers primarily to replacement investments in our three production facilities. Total depreciations for the second quarter amounted to SEK -11.3 (-9.9) million.

During the first half year, the Group's investments in property, plant and equipment amounted to SEK 4.3 (9.9) million. Total depreciation for the first six months amounted to SEK -22.5 (-20.1) million.

Financial position

Arla Plast's total assets amounted to SEK 800.4 million as of June 30, 2023 (SEK 726.2 million).

The Group's net debt amounted to SEK 63.1 million as of June 30, 2023 (SEK 107.1 million), corresponding to 0.6 times EBITDA (1.1 times). Net debt has decreased as a result of increased cash and bank balance together with amortization of raised loans in the corresponding period of SEK 50.1 million.

The Group's equity ratio, equity at the end of the period as a percentage of total assets was 67.2 percent (64.4 percent).

Parent company

Arla Plast AB is the parent company of the Arla Plast Group. The parent company's activities include the Swedish operating activities, as well as group-wide functions such as management, finance, IT, purchasing and communications. In the second quarter of 2023, net sales amounted to SEK 167.4 (175.8) million, and operating profit, to SEK 21.4 (8.2) million.

For the six months period, net sales amounted to SEK 319.7 (323.7) million and operating profit to SEK 33.6 (15.9) million.

Cash and cash equivalents as of June 30, 2023 amounted to SEK 51.4 million compared to SEK 15.4 million as of June 30, 2022.

Segments

The Group's activities are monitored through the 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.

SWEDEN

Key performance indicator	Apr-Jun 2023	Apr-Jun 2022	Δ, %	Jan-Jun 2023	Jan-Jun 2022	Δ, %	R 12	Jan-Dec 2022	Δ, %
Sales volume, tonnes	3,295	3,546	-7	6,492	6,878	-6	11,617	12,003	-3
Net sales, SEK million	167.4	175.8	-5	319.7	323.7	-1	606.1	610.1	-1
Operating profit, SEK million	21.4	8.2	161	33.6	15.9	111	54.0	36.2	49
Operating margin, %	12.8	4.7	172	10.5	4.9	114	8.9	5.9	51

In the second quarter 2023, sales volumes decreased by 7 percent. The volumes continued to decline for the entire industry and Arla Plast kept its market position. Net sales decreased by 5 percent to SEK 167.4 (175.8) million. Price adjustments to meet the declining raw material prices has affected the net sales negatively but has been compensated by a favorable product mix. Operating profit increased to SEK 21.4 million (SEK 8.2 million), mainly as a result of the higher gross profit together with the government grant for electricity amounting to SEK 5.5 million. The operating margin increased to 12.8 percent (4.7 percent).

In the six months period 2023, sales volume decreased by 6 percent. The decline in volume is largely due to a decline in the entire market, but at a lower rate than in the corresponding period. Net sales decreased by 1 percent to SEK 319.7 (323.7) million. Operating profit increased to SEK 33.6 million (SEK 15.9 million) mainly as a result of the higher gross profit. The operating margin increased to 10.5 percent (4.9 percent).

CZECH REPUBLIC

Key performance indicator	Apr-Jun 2023	Apr-Jun 2022	Δ, %	Jan-Jun 2023	Jan-Jun 2022	Δ, %	R 12	Jan-Dec 2022	Δ, %
Sales volume, tonnes	1,725	2,098	-18	3,260	3,838	-15	6,301	6,879	-8
Net sales, SEK million	90.7	100.7	-10	176.3	182.7	-3	333.2	339.6	-2
Operating profit, SEK million	10.2	5.0	104	14.2	8.4	69	16.5	10.7	54
Operating margin, %	11.2	4.9	129	8.1	4.6	76	5.0	3.2	56

In the second quarter 2023, sales volume decreased by 18 percent. Net sales decreased by 10 percent to SEK 90.7 (100.7) million. Currency movements had a positive effect on net sales and the organic decline was 24 percent. This segment is particularly exposed to the weak construction industry and falling demand from point-of-sales but has to a certain degree been compensated for by a favorable product mix with a higher share of special products to application area industry. Operating profit increased to SEK 10.2 (5.0) million because of a higher gross profit thanks to a favorable product mix. The operating margin increased to 11.2 percent (4.9 percent).

During the six months period 2023, sales volumes decreased by 15 percent. Net sales decreased by 3 percent to SEK 176.3 million (SEK 182.7 million) and considering currency movements the organic decrease was 14 percent. Net sales decreased mainly as a result of the weak construction industry but has been compensated for by the sales of special products with higher prices. Operating profit amounted to SEK 14.2 million (SEK 8.4 million) and the operating margin increased at 8.1 percent (4.6 percent). The operating profit was positively affected by a favorable product mix.

GERMANY

Key performance indicator	Apr-Jun 2023	Apr-Jun 2022	Δ, %	Jan-Jun 2023	Jan-Jun 2022	Δ, %	R 12*	Jan-Dec 2022	Δ, %
Sales volume, tonnes	595	-	-	1,126	-	-	2,046	920	-
Net sales, SEK million	33.6	-	-	62.1	-	-	109.5	47.4	-
Operating profit, SEK million	1.4	-	-	1.9	-	-	4.6	2.7	-
Operating margin, %	4.2	-	-	3.1	-	-	4.2	5.7	-

*Period August 2022 to June 2023

The new operating segment Germany started as of August 1, 2022 with the acquisition of Alphaplex GmbH. For the second quarter the sales volume amounted to 595 tonnes. Net sales amounted to SEK 33.6 million and the operating profit to SEK 1.4 million. The operating margin amounted to 4.2 percent.

For the six months period 2023, the sales volume amounted to 1,126 tonnes. Net sales amounted to SEK 62.1 million and the operating profit to SEK 1.9 million. The operating margin amounted to 3.1 percent.

Financial objectives

Sales growth

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

Operating margin

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

Net debt

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

Dividend policy

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

Significant risks and uncertainties

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

Strategic risks include general economic conditions and trends, particularly in Europe, where the majority of the Group's products are sold. An economic downturn in the market may have a negative impact on the Group's sales and earnings. Arla Plast faces competition from both small and relatively large companies and continuously streamlines its production, distribution and organization in order to maintain its competitiveness. The war in Ukraine, the high inflation and rising interest rate pose a great uncertainty and risk.

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

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

Financial risks include market risk, liquidity risk, credit risk and refinancing risk. Currency risk is the most significant market risk as the Group is exposed to both transaction risk and translation risk. The Group is exposed to transaction risk mainly through EUR transactions within the Group. Furthermore, the Group is exposed to translation risk when converting the foreign subsidiaries in the Czech Republic's and Germany's 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 Annual Report 2022 on 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 a number of KPI's related to sustainability which we follow up on. CO₂ and sickness leave are two important KPI's. During the second quarter 2023, our carbon footprint related to the production of raw materials consumed was in average 3.4 kg CO₂e per kg of finished product produced (3.3 kg CO₂e) and sick leave was 4.1 percent (5.6 percent). The acquired company Alphaplex GmbH does not produce finished products and is not included in the calculation of CO₂e per kg of finished product produced.

For further information regarding our sustainability work please find our Sustainability report for 2022 on www.arlaplastgroup.com.

Seasonal variations

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

Personnel

The average number of full-time employees in the second quarter of 2023 was 258 (254). During the second quarter, women accounted for 24 percent (26 percent) of the employees. For the six months period, the average number of full-time employees was 251 (261) whereof women accounted for 25 percent (25 percent).

Organization

Mimmi Alladin has been employed as new Commercial Director for Arla Plast from August 7, 2023 and will be a part of the group management team.

Annual General Meeting 2023

Arla Plast AB held its Annual General Meeting on Thursday May 10, 2023.

The Annual General Meeting re-elected Ola Salmén, Leif Nilsson, Jan Synnersten, Ulf Hedlundh and Annelie Arnbäck with new election of Maria Catoni and Thomas Widstrand. Jan Synnersten was elected Chairmain of the Board.

The Annual General Meeting resolved, in accordance with the Board's proposal, on a dividend of SEK 1.00 per share, a total of SEK 20.0 million, corresponding to 58 percent of the result for the financial year 2022. The dividend was paid on May 17, 2023.

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

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

Events after the end of the reporting period

No other significant events after the reporting period.

The share

As of June 30, 2023, 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 1,700 shareholders. An incentive program 2020/23 corresponding to a total of 980,000 warrants has been issued to key employees. On June 21, 2023, 375 000 warrants were acquired from employees by Kenneth Synnersten and Mats Synnersten through K Synnersten Holding AB respectively Mats Synnersten AB. The subscription period starts on August 1, 2023 and will be ongoing until September 1, 2023.

FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	Jan-Dec 2022
Net sales	2,3	274.6	267.1	525.6	493.8	989.6	957.8
Cost of goods sold		-215.7	-228.9	-416.7	-421.1	-804.6	-809.0
Gross margin		58.9	38.2	108.9	72.7	185.0	148.7
Selling expenses		-19.2	-14.6	-37.3	-29.4	-68.1	-60.1
Administrative expenses	10	-16.6	-13.6	-32.7	-23.9	-59.3	-50.5
Other operating income	4	8.6	3.3	9.3	5.6	14.1	10.4
Other operating expenses	10	0.2	0.2	-0.6	-0.1	-2.0	-1.5
Operating profit		32.0	13.5	47.6	24.9	69.7	47.0
Financial income	5	0.4	0.3	0.4	0.3	2.7	2.6
Financial expense	5	-1.9	-2.6	-2.9	-3.2	-4.9	-5.3
Profit before tax		30.5	11.2	45.1	22.0	67.5	44.4
Tax expense		-6.8	-1.8	-8.1	-3.8	-14.2	-10.0
Profit for the period		23.7	9.4	37.0	18.2	53.2	34.4
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		11.3	4.3	21.0	9.9	36.8	25.8
Other comprehensive income for the period		11.3	4.3	21.0	9.9	36.8	25.8
Total comprehensive income for the period		35.0	13.7	58.0	28.1	90.0	60.2
Amounts in SEK							
Earnings per share, basic	11	1.18	0.47	1.85	0.91	2.66	1.72
Earnings per share, diluted	11	1.13	0.45	1.76	0.87	2.54	1.64

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 million	Note	2023-06-30	2022-06-30	2022-12-31
ASSETS				
Total non-current assets				
Intangible non-current assets		33.7	0.4	32.8
Property, plant and equipment		265.7	277.6	272.9
Right-of-use assets	6	30.1	21.2	32.0
Other non-current receivables	7	-	-	-
Total non-current assets		329.5	299.2	337.7
Current assets				
Inventories	8	218.9	233.0	216.1
Accounts receivable	7	168.1	166.0	118.4
Other current receivables	7	21.2	4.8	11.4
Prepaid expenses and accrued income		3.7	3.7	3.0
Derivative instruments	7	0.9	-	1.5
Cash and cash equivalents	7	58.2	19.5	47.9
Total current assets		470.9	427.0	398.3
TOTAL ASSETS		800.4	726.2	736.0
EQUITY				
Share capital		2.4	2.4	2.4
Other capital contributions		1.7	1.7	1.7
Translation reserve		80.0	43.2	59.0
Retained earnings (including profit for the period)		453.9	420.6	436.9
Total equity attributable to owners of the parent		538.0	467.9	500.0
LIABILITIES				
Non-current liabilities				
Non-current portion of lease liability	6	22.7	16.6	24.4
Deferred tax liabilities		45.2	40.4	44.4
Total non-current liabilities		67.9	57.0	68.8
Current liabilities				
Liabilities to credit institutions	7	91.0	105.3	92.5
Current portion of lease liability	6	7.6	4.7	7.7
Accounts payable	7	34.2	20.2	20.2
Current tax liabilities		2.1	-	1.8
Derivative instruments	7	-	0.7	-
Other liabilities	7	20.0	28.8	23.6
Accrued expenses and deferred income		39.6	41.6	21.3
Total current liabilities		194.5	201.3	167.2
Total liabilities		262.4	258.3	236.0
TOTAL EQUITY AND LIABILITIES		800.4	726.2	736.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	2023-06-30	2022-06-30	2022-12-31
Opening balance	500.0	469.8	469.8
Profit for the period	37.0	18.2	34.4
Other comprehensive income	21.0	9.9	25.8
Total comprehensive income	558.0	28.1	60.2
Dividend	-20.0	-30.0	-30.0
Total transactions with shareholders	-20.0	-30.0	-30.0
Closing balance	538.0	467.9	500.0

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	Jan-Dec 2022
Cash flow from operating activities						
Operating profit	32.0	13.5	47.6	24.9	69.7	47.0
Adjustment for items not included in cash flow	12.7	10.2	24.8	21.1	49.3	45.6
Interest received	0.6	0.3	1.5	0.3	4.6	3.5
Interest paid	-0.8	-0.9	-2.2	-1.0	-3.7	-2.6
Income tax paid	-6.9	-3.9	-11.8	-12.1	-21.4	-21.7
Cash flow from operating activities before changes in working capital	37.6	19.2	59.9	33.2	98.5	71.8
Cash flow from changes in working capital						
Increase/decrease in inventories	-8.5	-9.1	6.0	-44.0	50.3	0.3
Increase/decrease in operating receivables	-11.8	-22.0	-49.5	-30.1	10.1	29.6
Increase/decrease in operating liabilities	5.1	-6.2	26.9	23.8	-11.8	-14.9
Total change in working capital	-15.3	-37.3	-16.6	-50.3	48.5	14.9
Cash flow from operating activities	22.4	-18.1	43.3	-17.1	147.1	86.7
Cash flow from investing activities						
Investments in property, plant and equipment	-3.2	-5.8	-4.3	-9.9	-11.8	-17.4
Acquisitions	-	-	-	-	-46.1	-46.1
Cash flow from investing activities	-3.2	-5.8	-4.3	-9.9	-57.9	-63.5
Cash flow from financing activities						
Dividend	-20.0	-30.0	-20.0	-30.0	-20.0	-30.0
Increased use of overdraft facility	-	9.9	-	26.5	-	-
Reduced use of overdraft facility	-5.9	-	-6.7	-	-43.1	-9.9
Borrowing from credit institutions	22.6	50.1	22.6	50.1	38.2	65.7
Amortization related to lease liability	-2.2	-1.4	-4.3	-2.8	-8.1	-6.6
Amortization of loans to credit institutions	-22.6	-15.5	-22.7	-15.5	-22.7	-15.5
Cash flow from financing activities	-28.2	13.2	-31.2	28.3	-55.7	3.8
Cash flow for the period	-9.0	-10.7	7.8	1.3	33.5	27.0
Cash and cash equivalents at beginning of period	65.1	30.2	47.9	18.6	19.5	18.6
Exchange differences in cash and cash equivalents	2.1	0.0	2.5	-0.4	5.2	2.4
Cash and cash equivalents at close of period	58.2	19.5	58.2	19.5	58.2	47.9

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	Jan-Dec 2022
Net sales	167.4	175.8	319.7	323.7	606.1	610.1
Cost of goods sold	-128.9	-148.3	-247.0	-271.2	-478.4	-502.6
Gross profit	38.5	27.5	72.7	52.5	127.7	107.5
Selling expenses	-15.1	-11.8	-27.8	-23.3	-49.9	-45.4
Administrative expenses	-10.3	-10.6	-20.0	-18.5	-36.4	-34.9
Other operating income and operating expenses	8.3	3.1	8.8	5.2	12.5	9.0
Operating profit	21.4	8.2	33.6	15.9	54.0	36.2
Financial income and financial expenses	-1.6	-1.5	-2.3	-2.1	-4.3	-4.1
Profit before appropriations and tax	19.8	6.7	31.3	13.8	49.7	32.2
Appropriations	-	-	-	-	4.7	4.7
Profit before tax	19.8	6.7	31.3	13.8	54.3	36.8
Tax expense	-4.1	-1.4	-6.5	-2.8	-11.7	-8.0
Profit for the period	15.7	5.3	24.8	10.9	42.7	28.8

PARENT COMPANY'S CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	15.7	5.3	24.8	10.9	42.7	28.8
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	15.7	5.3	24.8	10.9	42.7	28.8

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in SEK million	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Total non-current assets			
Intangible non-current assets	0.3	0.4	0.4
Property, plant and equipment	147.6	166.6	156.4
Financial fixed assets	90.8	29.0	90.9
Total non-current assets	238.7	196.0	247.6
Current assets			
Inventories	92.5	127.2	98.2
Receivables to group companies	-	-	1.3
Total current assets	113.4	109.9	74.8
Cash and bank balances	51.4	15.4	40.8
Total current assets	257.3	252.5	215.1
TOTAL ASSETS	496.0	448.5	462.7
	2023-06-30	2022-06-30	2022-12-31
EQUITY			
Restricted equity	2.9	2.9	2.9
Unrestricted equity	204.6	182.0	199.9
Total equity	207.5	184.9	202.7
Untaxed reserves	136.0	140.7	136.0
LIABILITIES			
Long-term liabilities			
Provisions	14.2	-	14.2
Current liabilities			
Liabilities to credit institutions	78.4	27.7	69.1
Other current liabilities	59.9	95.2	40.6
Total current liabilities	138.3	122.9	109.7
Total liabilities	152.5	122.9	123.9
TOTAL EQUITY AND LIABILITIES	496.0	448.5	462.7

NOTES

Note 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 Annual Report 2022. No changes have been made to that could have a substantial impact on the current interim report.

New standards, amendments and interpretations effective from January 1, 2023 or later have not had a substantial impact on this financial report.

Note 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 million	Apr-Jun 2023	%	Apr-Jun 2022	%	Jan-Jun 2023	%	Jan-Jun 2022	%	R 12	%	Jan-Dec 2022	%
Sweden	37.2	14	32.0	12	70.4	14	58.6	12	136.5	14	124.7	13
Germany	53.9	19	42.2	16	106.0	20	80.4	16	193.1	20	167.5	17
Czech Republic	48.5	18	55.9	21	89.5	17	102.4	21	158.6	16	171.5	18
Polen	32.7	12	33.3	12	64.2	12	58.9	12	123.6	12	118.3	12
Rest of Europe	83.5	30	82.0	31	157.4	30	160.6	32	300.2	30	303.4	32
Rest of World	18.8	7	21.7	8	38.1	7	32.9	7	77.6	8	72.4	8
Total	274.6	100	267.1	100	525.6	100	493.8	100	989.6	100	957.8	100
External net sales per product category, SEK million												
TPC	121.0	44	118.3	44	226.6	43	222.0	45	427.0	43	422.4	44
OPC	48.9	18	38.7	15	99.7	19	71.7	15	181.7	18	153.7	16
MWPC	49.6	18	60.6	23	84.5	16	110.4	22	162.5	17	188.4	20
ABS	30.8	11	35.3	13	65.4	13	62.9	13	125.7	13	123.2	13
PETG	12.4	5	14.2	5	27.3	5	26.8	5	51.7	5	51.2	5
PMMA	11.9	4	-	-	22.1	4	-	-	41.0	4	18.9	2
Summa	274.6	100	267.1	100	525.6	100	493.8	100	989.6	100	957.8	100

Note 3 Operating segments

The Group's activities are divided into 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. 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 when assessing the Group's performance.

Sweden

The Sweden segment is the Group's larger segment. This segment represents approximately 58 percent (65 percent) of the Group's total net sales in the second quarter of 2023 and includes all operations conducted and based in Borensberg. The main raw materials in the segment are polycarbonate and ABS. The product areas in which the segment operates are TPC, OPC and ABS. Approximately 41 percent (52 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 30 percent (35 percent) of the Group's total net sales in the second quarter of 2023. This segment includes all activities conducted and originating in the Czech Republic. Production takes place in Kadaň and Pelhřimov. The main raw materials in the segment are polycarbonate and PETG. The product areas in which the segment operates are MWPC, OPC and PETG. Regarding the joint product area OPC, the Czech Republic segment accounts for approximately 59 percent (48 percent) of net sales.

Germany

The German segment represents approximately 12 percent (0 percent) of the Group's total net sales in the second quarter of 2023. 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 were 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 five months for the full year 2022 and was not a part of the group during the first half of 2022.

NET SALES AND EARNINGS PER SEGMENT

	Segment Sweden Q 2 2023	Segment Czech Q 2 2023	Segment Germany Q 2 2023	Jointly Q 2 2023	Elim. Q 2 2023	Group Q 2 2023	Segment Sweden Q 2 2022	Segment Czech Q 2 2022	Segment Germany Q 2 2022	Jointly Q 2 2022	Elim. Q 2 2022	Group Q 2 2022
Net sales and earnings												
Sales volume, tonnes	3,295	1,725	595	-	-422	5,193	3,546	2,098	-	-	-273	5,371
Net sales, external, SEK million	159.8	83.2	31.6	-	-	274.6	173.3	93.8	-	-	-	267.1
Net sales, intern, SEK million	7.6	7.5	1.9	-	-17.0	-	2.4	6.9	-	-	-9.3	-
Total net sales, SEK million	167.4	90.7	33.6	-	-17.0	274.6	175.7	100.7	-	-	-9.3	267.1
Adjusted operating profit, SEK million	21.4	10.2	1.4	-	-1.0	32.0	8.2	5.0	-	-	0.3	13.5
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit, SEK million	21.4	10.2	1.4	-	-1.0	32.0	8.2	5.0	-	-	0.3	13.5
Net financial items, SEK million	-1.6	0.3	-0.1	-	-	-1.5	-1.5	-0.8	-	-	-	-2.3
Profit before tax, SEK million	19.8	10.5	1.3	-	-1.0	30.5	6.7	4.2	-	-	0.3	11.2
Operating margin, %	12.8	11.2	4.2	-	-	11.6	4.7	4.9	-	-	-	5.0
Adjusted operating margin, %	12.8	11.2	4.2	-	-	11.6	4.7	4.9	-	-	-	5.0

	Segment Sweden Jan-Jun 2023	Segment Czech Jan-Jun 2023	Segment Germany Jan-Jun 2023	Jointly Jan-Jun 2023	Elim. Jan-Jun 2023	Group Jan-Jun 2023	Segment Sweden Jan-Jun 2022	Segment Czech Jan-Jun 2022	Segment Germany Jan-Jun 2022	Jointly Jan-Jun 2022	Elim. Jan-Jun 2022	Group Jan-Jun 2022
Net sales and earnings												
Sales volume, tonnes	6,492	3,260	1,126	-	-793	10,085	6,878	3,838	-	-	-404	10,312
Net sales, external, SEK million	305.4	160.6	59.6	-	-	525.6	321.3	172.5	-	-	-	493.8
Net sales, intern, SEK million	14.3	15.7	2.5	-	-32.5	-	2.4	10.2	-	-	-12.6	-
Total net sales, SEK million	319.7	176.3	62.1	-	-32.5	525.6	323.7	182.7	-	-	-12.6	493.8
Adjusted operating profit, SEK million	33.6	14.2	1.9	-	-2.1	47.6	15.9	8.4	-	-	0.6	24.9
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit, SEK million	33.6	14.2	1.9	-	-2.1	47.6	15.9	8.4	-	-	0.6	24.9
Net financial items, SEK million	-2.3	0.1	-0.2	-	-	-2.5	-2.1	-0.8	-	-	-	-2.9
Profit before tax, SEK million	31.3	14.3	1.7	-	-2.1	45.1	13.8	7.6	-	-	0.6	22.0
Operating margin, %	10.5	8.1	3.1	-	-	9.1	4.9	4.6	-	-	-	5.0
Adjusted operating margin, %	10.5	8.1	3.1	-	-	9.1	4.9	4.6	-	-	-	5.0

	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 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Jointly Jan-Dec 2022	Elim. Jan-Dec 2022	Group Jan-Dec 2022
Net sales and earnings												
Sales volume, tonnes	11,617	6,301	2,046	-	-1,534	18,430	12,003	6,879	920	-	-1,145	18,657
Net sales, external, SEK million	584.2	299.7	105.7	-	-	989.6	600.1	311.6	46.1	-	-	957.8
Net sales, intern, SEK million	21.9	33.5	3.8	-	-59.2	-	10.0	28.0	1.3	-	-39.3	-
Total net sales, SEK million	606.1	333.2	109.5	-	-59.2	989.6	610.1	339.6	47.4	-	-39.3	957.8
Adjusted operating profit, SEK million	54.0	16.5	4.6	-2.7	-1.5	70.9	36.2	10.7	2.7	-2.7	1.2	48.2
Items affecting comparability, SEK million	-	-	-	1.2	-	1.2	-	-	-	1.2	-	1.2
Operating profit, SEK million	54.0	16.5	4.6	-3.9	-1.5	69.7	36.2	10.7	2.7	-3.9	1.2	47.0
Net financial items, SEK million	-4.3	2.5	-0.4	-	-	-2.2	-4.1	1.6	-0.2	-	-	-2.6
Profit before tax, SEK million	49.7	19.0	4.2	-3.9	-1.5	67.5	32.2	12.3	2.5	-3.9	1.2	44.4
Operating margin, %	8.9	5.0	4.2	-	-	7.0	5.9	3.2	5.7	-	-	4.9
Adjusted operating margin, %	8.9	5.0	4.2	-	-	7.2	5.9	3.2	5.7	-	-	5.0

NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK million	Segment Sweden Q 2 2023	Segment Czech Q 2 2023	Segment Germany Q 2 2023	Internal Q 2 2023	Group Q 2 2023	Segment Sweden Q 2 2022	Segment Czech Q 2 2022	Segment Germany Q 2 2022	Internal Q 2 2022	Group Q 2 2022
Sweden	36.5	6.4	1.6	-7.3	37.2	30.2	8.8	-	-6.9	32.0
Germany	31.1	7.1	24.7	-9.0	53.9	31.9	10.4	-	-	42.2
Czech	13.5	35.5	0.2	-0.7	48.5	23.5	34.8	-	-2.4	55.9
Poland	19.8	12.5	0.4	-	32.7	22.3	11.0	-	-	33.3
Rest Europe	55.7	21.2	6.5	-	83.5	53.7	28.2	-	-	82.0
Rest World	10.8	8.0	-	-	18.8	14.2	7.5	-	-	21.7
Total	167.4	90.7	33.6	-17.0	274.6	175.8	100.7	-	-9.3	267.1

Geographical market, SEK million	Segment Sweden Jan-Jun 2023	Segment Czech Jan-Jun 2023	Segment Germany Jan-Jun 2023	Internal Jan-Jun 2023	Group Jan-Jun 2023	Segment Sweden Jan-Jun 2022	Segment Czech Jan-Jun 2022	Segment Germany Jan-Jun 2022	Internal Jan-Jun 2022	Group Jan-Jun 2022
Sweden	66.5	14.9	2.6	-13.6	70.4	54.6	14.2	-	-10.2	58.6
Germany	58.6	16.0	49.4	-18.0	106.0	64.7	15.7	-	-	80.4
Czech	19.8	70.0	0.5	-0.9	89.4	35.9	68.9	-	-2.4	102.4
Poland	40.8	23.0	0.4	-	64.2	40.3	18.6	-	-	58.9
Rest Europe	113.7	34.6	9.2	-	157.5	108.0	52.5	-	-	160.5
Rest World	20.3	17.8	-	-	38.1	20.2	12.7	-	-	32.9
Total	319.7	176.3	62.1	-32.5	525.6	323.7	182.7	-	-12.6	493.8

Geographical market, SEK million	Segment Sweden R 12	Segment Czech R 12	Segment Germany R 12	Internal R 12	Group R 12	Segment Sweden Jan-Dec 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Internal Jan-Dec 2022	Group Jan-Dec 2022
Sweden	128.8	30.9	3.8	-26.9	136.6	116.8	30.2	1.2	-23.5	124.7
Germany	103.1	31.1	89.9	-31.0	193.1	109.2	30.8	40.5	-13.0	167.5
Czech	34.5	124.5	0.7	-1.3	158.4	50.6	123.5	0.2	-2.8	171.5
Poland	77.2	45.5	0.9	-	123.6	76.7	41.1	0.5	-	118.3
Rest Europe	213.9	72.3	14.1	-	300.3	208.2	90.2	5.0	-	303.4
Rest World	48.6	28.9	-	-	77.6	48.5	23.8	-	-	72.4
Total	606.1	333.2	109.5	-59.2	989.6	610.1	339.6	47.4	-39.4	957.8

MATERIAL ASSETS AND LIABILITIES PER SEGMENT**Material assets and liabilities per segment, SEK million**

	2023-06-30	2022-06-30	2022-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	147.6	166.6	156.4
Inventories	92.5	127.2	98.2
Liabilities	138.3	122.9	109.7
<i>Segment Czech</i>			
Property, plant and equipment	118.0	116.0	117.6
Inventories	105.6	105.8	95.3
Liabilities	50.8	120.5	49.1
<i>Segment Germany</i>			
Property, plant and equipment	3.3	-	3.2
Inventories	21.0	-	22.6
Liabilities	11.4	-	-11.8

Note 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. During the second quarter government grant for electricity have been paid out amounting to SEK 5.5 million.

Note 5 Financial income and financial expense

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	Jan-Dec 2022
Change in value of forward exchange contracts	0.4	-	0.4	-	3.0	2.6
Foreign exchange gains	-	0.3	-	0.3	-0.3	-
Total financial income	0.4	0.3	0.4	0.3	2.7	2.6
Interest payable to credit institutions	-0.6	-0.8	-1.1	-1.1	-1.7	-1.7
Interest on lease liabilities	-0.1	-0.2	-0.3	-0.2	-0.6	-0.5
Foreign exchange losses	-1.2	-1.6	-1.5	-1.9	-2.7	-3.1
Total financial expense	-1.9	-2.6	-2.9	-3.2	-5.0	-5.3
Financial items – net	-1.5	-2.3	-2.5	-2.9	-2.3	-2.7

New loans in EUR in the comparison period has been amortized and contributed to lower interest costs than last year. 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. At the end of the period there were outstanding forward exchange contracts.

Note 6 Right-of-use assets

The Group leases buildings, vehicles and other technical equipment such as a container compactor, inkjet printer, scrubbing machines and a vending machine. These are recognized as right-of-use assets with a corresponding liability. 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, liabilities to group companies, accounts payable, other liabilities and derivative financial instruments.

For those financial instruments carried at amortized cost, the carrying amount is considered to be a reasonable estimate of fair value, as they are all current instruments. All derivatives are measured at fair value and classified as Level 2, which means that all significant inputs required for measurement are observable.

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

Amounts in SEK Millions	2023-06-30	2022-06-30	2022-12-31
Current assets	0.9	-	1.5
Current liabilities	-	0.7	-

Note 8 Inventories

Amounts in SEK Millions	2023-06-30	2022-06-30	2022-12-31
Raw materials and merchandise in stock	90.0	117.6	89.2
Finished goods produced in-house	123.5	109.1	122.7
Products in progress	5.4	6.3	4.2
Total inventories	218.9	233.0	216.1

The decrease in inventories is mainly caused by lower raw material prices, which has affected the value of raw materials as well as the value of finished goods. Alphaplex GmbH, with an inventory value of SEK 21.0 million, was acquired August 1, 2022 and is not a part of the comparison period.

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 Annual Report 2022. There were no material related-party transactions during the period.

Note 10 Items affecting comparability

Amounts in SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	Jan-Dec 2022
Acquisition costs	-	-	-	-	1.2	1.2
Total	-	-	-	-	1.2	1.2

In connection with the acquisition of Alphaplex GmbH in the third quarter of 2022 external lawyers were hired. 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 August 13, 2020.

Basic and diluted earnings per share	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	2022-12-31
Profit attributable to equity holders of the parent, SEK million	23.7	9.4	37.0	18.2	53.2	34.4
Weighted number of shares, basic	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Weighted number of shares, diluted	20,980,000	20,980,000	20,980,000	20,980,000	20,980,000	20,980,000
Earnings per share, basic, SEK	1.18	0.47	1.85	0.91	2.66	1.72
Earnings per share, diluted, SEK	1.13	0.45	1.76	0.87	2.54	1.64

Note 12 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

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 million	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 million	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 million	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 million	EBITDA adjusted for items affecting comparability.	EBITDA adjusted increases the comparability of EBITDA.
Interest-bearing assets, SEK million	Cash and bank balances.	The interest-bearing assets are used to calculate the net debt.
Interest-bearing liabilities, SEK million	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 million	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 million	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 million	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 million	A summary of outcomes from the last 12 months.	R12 allows for comparison with the full year 2022.
Operating cash flow, SEK million	Cash flow from operating activities and cash flow from investing activities.	This indicator measures the total cash flow in operating activities.
Equity/assets ratio	The equity at period-end as a percentage of total assets.	The equity ratio indicates the proportion of the company's assets that are financed by equity. This performance measure makes it possible to analyze the company's long-term ability to pay.

CALCULATION OF KEY RATIOS:

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R 12	2022
Gross margin, %:						
Gross profit, SEK million	58.9	38.2	108.9	72.7	185.0	148.7
Net sales, SEK million	274.6	267.1	525.6	493.8	989.6	957.8
Gross margin, %	21.5	14.3	20.7	14.7	18.7	15.5
Operating margin, %, Sweden:						
Net sales, SEK million	167.4	175.8	319.7	323.7	606.1	610.1
Operating profit, SEK million	21.4	8.2	33.6	15.9	54.0	36.2
Operating margin, %, Sweden	12.8	4.7	10.5	4.9	8.9	5.9
Operating margin, %, Czech Republic						
Net sales, SEK million	90.7	100.7	176.3	182.7	333.2	339.6
Operating profit, SEK million	10.2	5.0	14.2	8.4	16.5	10.7
Operating margin, %, Czech Republic	11.2	4.9	8.1	4.6	5.0	3.2
Operating margin, %, Germany						
Net sales, SEK million	33.6	-	62.1	-	109.5	47.4
Operating profit, SEK million	1.4	-	1.9	-	4.6	2.7
Operating margin, %, Germany	4.2	-	3.1	-	4.2	5.7
Adjusted EBITDA, SEK million:						
Operating profit	32.0	13.5	47.6	24.9	69.7	47.1
Less depreciation and amortization of non-current assets	11.3	9.9	22.5	20.1	44.5	42.0
Minus depreciation of non-current assets	-	-	-	-	-	-
EBITDA	43.3	23.4	70.1	45.0	114.2	89.1
Less items affecting comparability	-	-	-	-	1.2	1.2
Adjusted EBITDA, SEK million	43.3	23.4	70.1	45.0	115.4	90.3
Organic growth, %:						
Net sales, SEK million	274.6	267.1	525.6	493.8	989.6	957.8
Net sales for the same period of the previous year, SEK million	267.1	246.3	493.8	465.2	956.1	927.5
Minus acquisition	-22.2	-	-41.4	-	-75.8	-34.4
Net sales, change	-14.7	20.8	-9.6	28.6	-42.3	-4.1
Less exchange rate fluctuations, SEK million	-14.5	-7.1	-19.6	-13.6	-26.7	-20.7
Organic growth, %	-10.4	5.4	-5.7	3.1	-7.2	-3.0
Working capital/sales, %:						
Operating receivables, SEK million	399.1	404.8	399.1	404.8	399.1	342.9
Operating liabilities, SEK million	93.8	91.3	93.8	91.3	93.8	65.1
Net working capital, SEK million	305.3	313.5	305.3	313.5	305.3	277.8
Net sales, R12 SEK million	989.6	956.1	989.6	956.1	989.6	957.8
Working capital/sales, %	30.9	32.8	30.9	32.8	30.9	29.0
Return on capital employed (ROCE), %:						
Capital employed, SEK million	659.3	594.6	659.3	594.6	659.3	624.7
Average capital employed, SEK million	626.9	550.0	626.9	550.0	626.9	578.8
Adjusted operating profit R12, SEK million	70.9	59.9	70.9	59.9	70.9	48.2
Return on capital employed (ROCE), %	11.3	10.9	11.3	10.9	11.3	8.3
Net debt/EBITDA, multiple:						
Net debt, SEK million	63.1	107.1	63.1	107.1	63.1	76.7
EBITDA, R12 SEK million	114.2	99.7	114.2	99.7	114.2	89.1
Net debt/EBITDA, multiple	0.55	1.07	0.55	1.07	0.55	0.86
Equity/assets ratio, %:						
Equity, SEK million	538.0	467.9	538.0	467.9	538.0	500.0
Total capital, SEK million	800.4	726.2	800.4	726.2	800.4	736.0
Equity/assets ratio, %	67.2	64.4	67.2	64.4	67.2	67.9

FINANCIAL INFORMATION

Interim report January - September 2023 - November 9, 2023

Year-end report 2023 - February 22, 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 August 16, 2023

Arla Plast AB (reg no 556131-2611)

Jan Synnersten
Chairman of the Board

Annelie Arnbäck
Board Member

Maria Catoni
Board Member

Ulf Hedlundh
Board Member

Leif Nilsson
Board Member

Ola Salmén
Board Member

Thomas Widstrand
Board Member

Annika Erlandsson
Employee representative

Klas Renlund
Employee representative

Christian Krichau
CEO

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Forward-looking information

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

This information is such information that Arla Plast AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the abovementioned contact persons on 17 August, 2023 at 8:00 am CET.

ABOUT ARLA PLAST

Arla Plast is a producer and supplier of extruded sheets made of technical plastics. The plastic sheets are made of polycarbonate (PC), acrylonitrile butadiene styrene (ABS), glycol-modified polyethylene terephthalate (PETG) and polymethyl methacrylate (PMMA) and have a large number of areas of application, such as safety products, machine guards, ice hockey rinks, greenhouses, pool covers, sound walls, suitcases, automotive 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 950 million, has approximately 250 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.

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

