



Invitation to acquire shares in Arla Plast AB

Sole Global Coordinator
and Bookrunner



IMPORTANT INFORMATION TO INVESTORS

Information to investors

This prospectus ("**Prospectus**") has been prepared in connection with the offering to the general public in Sweden to acquire existing shares in Arla Plast AB and admission to trading of shares on Nasdaq Stockholm ("the **Offering**"). In this Prospectus "Arla Plast," "the **Company**" or "the **Group**" refers to Arla Plast AB (a Swedish public limited liability company), or the group in which Arla Plast AB is the parent company, depending on the context. The existing shares are being offered by Synnersten Invest AB ("**Selling Shareholder**"). Carnegie Investment Bank AB (publ) ("**Carnegie**") is "**Sole Global Coordinator**" and "**Bookrunner**" in connection with the Offering. See the section "*Definitions and abbreviations*" for additional terms defined in this Prospectus.

The Swedish version of this prospectus has been approved by the Swedish Financial Supervisory Authority as the competent authority pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**").

In certain jurisdictions, the distribution of this Prospectus and participation in the Offering is subject to restrictions by law and other regulations. No measures have been taken, nor will any be taken, to allow a public offering in any jurisdiction other than Sweden. In particular, the Offering is not made to persons resident in the United States, Australia, Hongkong, Canada, New Zealand, Japan, Switzerland or South Africa, or any other jurisdiction which participation would require additional prospectuses, registration or other measures than those required by Swedish law. Consequently, the Prospectus and other documents in respect of the Offering may not be distributed in or to the mentioned countries, or any other country or any other jurisdiction in which such distribution or the Offering requires such measures or otherwise would be in conflict with applicable regulation. Registration of the acquisition of shares in violation of the above may be considered to be void. Actions in contravention of the above restrictions may constitute a violation of applicable securities legislation. Recipients of copies of this Prospectus are required by the Company and Carnegie to inform themselves about, and comply with, such restrictions. Neither the Company nor Carnegie assumes any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else. Neither the Company nor Carnegie has approved, or will approve, the offering of shares through any financial intermediary, other than the offering from Carnegie, which constitutes the final placement of shares as referred to in the Prospectus.

An investment in securities is associated with risk (see the section "*Risk factors*"). When investors decide to invest, they should independently assess the suitability of an investment in the shares in the Offering. Before deciding to invest, potential investors should engage their own professional advisors and carefully evaluate and consider their investment decision. During the application period of the Offering, no one is authorized to provide any information to any party or to make any statements other than those found in this Prospectus. If such nevertheless occurs, such information or such statements shall not be regarded as having been approved by Arla Plast or Carnegie, and neither Arla Plast nor Carnegie shall be liable for such information or such statements. Neither the publication nor distribution of this Prospectus, nor any transactions performed in relation to the Offering, may be considered to mean that the information in this Prospectus is correct and valid at any time other than the date of its publication, or that no changes have occurred in Arla Plast's activities after the specified day. If material changes to information in the Prospectus should arise, such changes will only be announced in a prospectus supplement in accordance with the provisions in the Prospectus Regulation.

Carnegie accepts no responsibility and makes no representation or warranty, express or implied, for the contents of this Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Company or Carnegie, or on its behalf, in relation to Arla Plast, the shares, or the Offering. Nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Carnegie accordingly disclaims, to the fullest extent permitted by law, any and all liability that Carnegie might otherwise be found to have in respect of this Prospectus or any disclosure referred to in the above.

The Prospectus is available at Arla Plast's website, www.arlaplastgroup.com, Carnegie's website, www.carnegie.se and will be available at the Swedish Financial Supervisory Authority website, www.fi.se (information on the websites is not included in the Prospectus). Other information on the Company's website is not incorporated into this Prospectus and does not form part of this Prospectus unless this information is incorporated into the Prospectus by reference.

The shares in the Offering have not been registered and will not be registered in accordance with the United States Securities Act of 1933 in its current wording ("**Securities Act**"), or the securities legislation of any state or other jurisdiction of the United States and thus may not be offered, sold or otherwise transferred, directly or indirectly, within or to the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities legislation in the relevant state or other jurisdiction of the United States. The shares are offered outside the United States in compliance with *Regulation S in the Securities Act*. No offer will be made to the public in the United States. The securities referred to herein have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Prospectus. To assert the contrary is a criminal offense in the United States. No public offering of shares is made to any countries within the European Economic Area ("**EEA**") other than Sweden. In other member states of the EEA to which the Prospectus Directive applies, directly or through implementation, such offering may be made only under an exemption in the Prospectus Directive.

The Prospectus has been prepared in a Swedish-language version and an English-language version. If there are any discrepancies between the language versions, the Swedish version shall prevail. The Offering and this Prospectus are regulated by Swedish law. Disputes arising from the Offering or Prospectus shall be determined exclusively by a Swedish court, and Linköping District Court (Sw. Linköpings Tingsrätt) shall be the court of first instance.

Forward-looking statements and industry and market data

The Prospectus may contain certain forward-looking statements that reflect Arla Plast's current views on future events, as well as financial and operational performance. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or assessments of future development or trends, and which are not based on historical facts, constitute forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties, as they depend on future events and circumstances. Forward-looking statements are not a guarantee of future results or performance, and the actual outcome may differ materially from the information set forth in the forward-looking statements. Neither Arla Plast nor Carnegie undertakes to announce any updates or changes in the forward-looking statements as a result of new information, future events or similar circumstances other than as required by applicable laws and regulations.

The Prospectus includes industry and market data pertaining to Arla Plast's business and market on which the Company operates. Such information is based on both internal and external sources. Information provided by third parties has been accurately reproduced and as far as the Company's Board of Directors is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Meanwhile, the Company has not independently verified the accuracy and completeness of any third-party information for which reason the Company cannot give any assurances as to its accuracy or completeness.

Presentation of financial information

The figures presented in this Prospectus have been rounded off in certain cases, and consequently the tables in the Prospectus do not necessarily add up correctly. All financial amounts are in Swedish kronor ("**SEK**") unless indicated otherwise. Except as expressly stated herein, no financial information in this Prospectus has been audited or reviewed by the Company's auditor. Financial information related to the Company in this Prospectus that is not part of the information audited or reviewed by the Company's auditor as outlined herein, is derived from the Company's internal accounting and reporting systems and is subject to internal control over financial reporting.

Stabilization

In connection with the Offering and listing on Nasdaq Stockholm, Carnegie may carry out transactions that stabilize, maintain or otherwise affect the price of the shares in order to keep the market price of the shares at a level above that which might otherwise have been prevalent in the open market. For more information about these stabilization measures, see the section "*Legal considerations and supplementary information – Stabilization measures*".

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Summary of the Offering

Offering price

SEK 46

Application period for the general public

May 17 – May 24, 2021

Application period for the institutional investors

May 17 – May 24, 2021

First day of trading on Nasdaq Stockholm.

May 25, 2021

Settlement date

May 27, 2021

Other

Ticker:	APG
ISIN code:	SE0015810817
LEI code:	549300DGKW6UDAZV9R84

Financial calendar

Interim report April 1 – June 30, 2021	August 12, 2021
Interim report July 1 – September 30, 2021	November 11, 2021
Year-end report 2021	February 18, 2022
Annual General Meeting 2022	May 19, 2022

Summary

Introduction and warnings

Introduction and warnings

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. Investors may lose all or part of the invested capital.

Where a claim related to the information in this Prospectus is brought before a court, the plaintiff investor might, under national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to persons who have tabled the summary, including translations thereof, but only where the summary is misleading, inaccurate or inconsistent when, read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Name and ISIN of the securities

The Offering relates to shares in Arla Plast AB with ISIN code SE0015810817.

Identity and contact details of the issuer

The registered name of the Company is Arla Plast AB, Reg. No. 556131-2611, and LEI code 549300DGKW6UDAZV9R84. Representatives of the Company can be reached by phone, +46 141 20 38 00, and by e-mail ir@arlaplast.com as well as at the address Västanaåvägen 2, SE-591 75 Borensberg, Sweden. The Company's website is www.arlaplastgroup.com.

Identity and contact details of the Selling Shareholder

Synnersten Invest AB, Reg. No. 556377-7514, Gustavsgatan 2, SE-724 60 Västerås, Sweden. LEI code: 5493004N6QZA5T2PT080.

Competent authority that approved the Prospectus

The competent authority is the Swedish Financial Supervisory Authority, which can be reached by telephone, +46(0)8-408 980 00, by e-mail, finansinspektionen@fi.se, and at the street address Brunnsgränd 3, SE-111 38 Stockholm, Sweden. The Swedish Financial Supervisory Authority website is www.fi.se.

Date of approval of the Prospectus

The Swedish Financial Supervisory Authority approved this Prospectus on May 14, 2021.

Key information on the issuer

Who is the issuer of the securities?

Legal form, etc.

The issuer of the security is Arla Plast AB, Reg. No. 556131-2611. The Company has its registered office in Motala Municipality, Östergötland County, Sweden. The Company is a Swedish public limited liability company founded in Sweden in accordance with Swedish law and operates in accordance with Swedish law. The Company's legal form is regulated by the Swedish Companies Act (2005:551) ("**Swedish Companies Act**"). The Company's LEI code is 549300DGKW6UDAZV9R84.

Principal activities

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 polyethylene terephthalate glycol ("**PETG**"), with a large number of areas of application, including safety products, machine glazing, ice hockey rinks, sound walls, protective barriers (e.g. for COVID-19), pool covers, suitcases, wall cladding, packaging and automotive components, greenhouses, verandas, roof lights, and various other construction-related areas of application.

Major shareholders prior to the Offering

As of the date of this Prospectus, Synnersten Invest AB owns 20,000,000 shares, corresponding with 100 percent of the number of shares and votes in the Company. The Company's Chairman of the Board, Kenneth Synnersten, owns 25 percent of the capital and about 61 percent of votes, Board member Annelie Arnbäck owns 20 percent of the capital and about 11 percent of the votes and Board member Jan Synnersten owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB.

Key managing directors

The Board of Directors of the Company consists of Chairman of the Board Kenneth Synnersten, as well as Board members Sten Jakobsson, Jan Synnersten, Leif Nilsson, Ola Salmén, Annelie Arnbäck, Andreas Johansson (employee representative) and Joacim Törnroth (employee representative).

The Company's management consists of Henrik Håkansson, Group CEO and Operations Sweden, Monica Ljung, CFO, Tomas Jon, CEO Arla Plast s.r.o, Christian Krichau, Production and Technical Manager Sweden, Peter Mikkonen, Commercial Director, and Magnus Sävestam, Purchasing Manager.

Auditor

The Company's auditor is Ernst & Young AB, with Johan Eklund as auditor-in-charge.

What is key financial information regarding the issuer?

Historical key financial information

Selected income statement items

Amounts in SEK thousand	Full year			January – March	
	2020	2019	2018	2021	2020
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net sales	884,680	794,567	796,130	218,812	204,573
Operating profit	105,920	65,074	15,640	27,618	18,239
Profit for the period	80,163	51,849	9,703	21,948	13,527

Selected balance sheet items

Amounts in SEK thousand	31 December			31 March	
	2020	2019	2018	2021	2020
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Total assets	576,029	643,909	584,097	624,478	664,294
Total equity	389,447	420,387	362,600	414,934	434,147

Selected cash flow items

Amounts in SEK thousand	Full year			January–March	
	2020	2019	2018	2021	2020
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Cash flow from operating activities	148,840	112,093	62,944	1,851	- 707
Cash flow from investing activities	- 38,367	- 30,737	- 9,398	-12,492	- 2,140
Cash flow from financing activities	- 157,877	- 29,351	- 68,678	17,004	- 5,832

What are the key risks specific to the issuer?

Risks

The main risks specific to Arla Plast are:

- Arla Plast is exposed to the risk of not being able to adapt production capacity quickly enough to meet current demand.
- Arla Plast is dependent on the supply of plastic granules, the main and most important raw material component in the Company's production, remaining stable and that the Company's demand for plastic granules can be met.
- Arla Plast could be affected by risks related to COVID-19.
- Macroeconomic factors and geopolitical conditions, including the general economy, the global growth rate, regional trends, uncertainty in financial markets and political uncertainty in the markets in which Arla Plast operates.
- Arla Plast is exposed to the risk of being unable to retain and recruit skilled employees.
- Arla Plast is exposed to risks related to disruption or interruption of production in the Company's production facilities.
- Arla Plast's operations are dependent on IT systems, and interruptions or disruptions in IT systems could result in the business being unable to operate as planned for a certain period of time.
- Arla Plast has certain key customers, which exposes the Company to risks that such customers could take advantage of their significance to the Company in future contract negotiations, or that collaboration with them could be terminated.
- In order to be able to produce, sell and deliver plastic sheets within certain niche products, Arla Plast is dependent on pro-

ducers meeting agreed requirements regarding parameters such as quantity, quality and delivery times. Incorrect, late or missed deliveries from the producer could mean that Arla Plast's deliveries are in turn delayed or must be cancelled, or are faulty or incorrect.

- Arla Plast is dependent on the products it manufactures achieving both the desired quantity and quality in order to be able to fulfill its commitments to customers.
- Arla Plast's operations are subject to several different environmental rules and regulations, and future standards could impose stricter environmental demands that negatively impact Arla Plast's operations.
- Arla Plast is exposed to currency risk in the form of transaction and translation risk.

Key information on the securities

What are the main features of the securities?

Securities that are offered

The Offering consists of existing shares in Arla Plast AB, Reg. No. 556131-2611 (ISIN code SE0015810817).

Denomination

The shares are denominated in SEK.

Total number of shares in the issuer

The Company's registered share capital amounts to SEK 2,400,000 as of the date of this Prospectus, divided into 20,000,000 shares with a quota value of SEK 0.12 per share. All shares are fully paid.

Rights attached to the securities

All shares in the Company are issued in accordance with Swedish law. The Company's shares will not be subject to restrictions on the free transferability on the first day of trading on Nasdaq Stockholm.

Each share in the Company entitles to one vote at General Meetings and each shareholder at the General Meeting is entitled to a number of votes corresponding to the holder's number of shares in the Company.

If the Company issues new shares, warrants or convertibles, shareholders in the Company, in accordance with the Swedish Companies Act, generally have preferential rights to subscribe for such securities *pro rata* in relation to their holdings. The General Meeting of Shareholders or the Board of Directors, with authorization from the General Meeting, may decide to deviate from the preferential rights of shareholders in accordance with the Swedish Companies Act.

All shares in the Company confer equal rights to assets and profits in the Company. In case of liquidation of the Company, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder.

The Company's shares are issued in accordance with Swedish law and shareholders' rights related to the shares may only be modified or altered by amending the Articles of Association in accordance with the Swedish Companies Act. A resolution to amend the Articles of Association is made by the General Meeting of Shareholders, and the Swedish Companies Act establishes certain qualified majority requirements for such resolutions made by the General Meeting to be effective.

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.

Where will the securities be traded?*Admission to trading*

Nasdaq Stockholm's listing committee has, on May 6, 2021, assessed that the Company meets the listing requirements for Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain terms, including submission of such an application and the distribution requirement for its shares, are met. The first day of trading in the Company's share on Nasdaq Stockholm is expected to be May 25, 2021.

What are the key risks that are specific to the securities?*Risks*

The main risks specific to the shares in Arla Plast are:

- The share price of newly listed companies can be particularly volatile during a period after listing and there is a risk that the market will not be active and liquid, or that an active and liquid market will not persist. Since an investment in shares may fall in value, there is a risk that an investor will not recover the capital invested.
- In connection with the Offering, the Selling Shareholder and the Company's Board members and senior executives will undertake, subject to certain conditions, not to sell or otherwise transfer any shares in the Company for a certain period after trading in the Company's shares on Nasdaq Stockholm has commenced. This lock-up period will be 360 days. Once the lock-up period has expired, the shareholders concerned will be free to sell their shares in the Company. The sale of large quantities of shares in the Company, or the expectation that such sales could occur, may cause the price of the shares in the Company to fall.
- The Selling Shareholder will continue to have a significant influence over Arla Plast after the Offering.

Key information on the Offering of securities and admission of securities to trading on Nasdaq Stockholm**Under which conditions and timetable can I invest in this security?***Terms and conditions of the Offering*

General information: The Offering comprises a maximum of 9,000,000 existing shares that are offered by the Selling Shareholder. The Offering is divided into two parts:

1. Offering to the public¹⁾ in Sweden.
2. Offering to institutional investors²⁾ in Sweden and abroad.

In order to cover any over-allotment in the Offering, the Selling Shareholder has undertaken, upon request by Carnegie, to offer up to 1,350,000 additional existing shares that can be used, in whole or in part, for 30 days from the first trading day on Nasdaq Stockholm ("**Over-Allotment Option**"). The Over-Allotment Option thereby corresponds to a maximum of 15 percent of the number of shares in the Offering.

If the Over-Allotment Option is exercised in full, the Offering will comprise 10,350,000 shares, corresponding to 52 percent of the total number of shares in the Company.

Offering price: The Offering price is SEK 46 per share. The Offering price has been established by the Company's Board of Directors and the Selling Shareholder in consultation with Carnegie, based on a number of factors, including negotiations with Cornerstone Investors, exploratory discussions with and interest from other investors of an institutional nature, the valuation of similar listed companies, valuation multiples from previously completed stock exchange listings of equivalent companies, the current

1) The general public includes private individuals and legal entities in Sweden who register for the acquisition of a minimum of 100 shares and a maximum of 20,000 shares.
2) Institutional investors include private individuals and legal entities in Sweden who register for the acquisition of more than 20,000 shares.

market climate and estimates pertaining to Arla Plast's business focus, earnings capacity, financial position and growth potential.

Allotment: The decision on the allotment of shares is made by the Board of Directors of the Company and the Selling Shareholder, in consultation with Carnegie, whereby the goal will be to achieve a good institutional ownership base, in Sweden and internationally, and a wide distribution of shares among the public in Sweden to facilitate regular and liquid trading with the Company's shares on Nasdaq Stockholm. Allotment does not depend on when during the registration period the registration is submitted.

Admission to trading: Nasdaq Stockholm's listing committee has, on May 6, 2021, assessed that the Company meets the listing requirements for Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain terms, including submission of such an application and the distribution requirement for its shares, are met. The first day of trading in the Company's share on Nasdaq Stockholm is expected to be May 25, 2021. This means that trading will begin before shares are transferred to the investor's securities (VP) account, service account or securities depository account, and in some cases before a contract note has been received.

Timetable for the Offering

Application period for the general public	May 17 – May 24, 2021
Application period for the institutional investors	May 17 – May 24, 2021
First day of trading in the Company's shares	May 25, 2021
Settlement date	May 27, 2021

Offering costs

The Company's costs related to the Offering and the listing of the Company's shares on Nasdaq Stockholm are estimated at about SEK 13 million. Such costs are mainly related to expenses for auditors, financial and legal advisers, printing of this Prospectus and costs related to marketing materials and other presentations.

Dilution

The Offering only includes existing shares.

Costs charged to investors

No commission will be charged.

Who is the offeror and/or the person asking for admission to trading?

The Offeror of the securities and the person asking for admission to trading

Arla Plast AB, Reg. No. 556131-2611, with its registered office in Motala Municipality, Östergötland County, Sweden is a Swedish public limited liability company founded in Sweden in accordance with Swedish law and operates in accordance with Swedish law. The Company's LEI code is 549300DGKW6UDAZV9R84.

The Selling Shareholder in the Offering is Synnersten Invest AB, Reg. No. 556377-7514. The Company's Chairman of the Board, Kenneth Synnersten, owns 25 percent of the capital and about 61 percent of votes, Board member Annelie Arnbäck owns 20

percent of the capital and about 11 percent of the votes and Board member Jan Synnersten owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB. Synnersten Invest AB, which is domiciled in Västerås, is a Swedish private limited company founded in Sweden in accordance with Swedish law and operates in accordance with Swedish law. The Company's legal form is regulated by the Swedish Companies Act. The Company's LEI code is 5493004N6QZAST2PTO80.

Why is this Prospectus being produced?

Background and reasons

As of the date of this Prospectus, Arla Plast is wholly owned by the Selling Shareholder, which is controlled by Kenneth Synnersten, son of Arne Larsson, who founded Arla Plast together with Göran Larsson. The Company's Board of Directors, together with the Selling Shareholder, have determined that the time is right for the Company to take the next step, expand the Company's ownership base and apply for listing of the Company's shares on Nasdaq Stockholm. The Board of Directors and management view the listing as a logical and important step in Arla Plast's development to be able to take advantage of growth opportunities and to increase awareness of Arla Plast and its business.

Underwriting agreement

The Offering is not covered by an underwriting agreement.

Material conflicts of interest

Carnegie is providing financial advice and other services to the Company in connection with the Offering. Carnegie (and companies closely related to Carnegie) has provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which Carnegie received, or may receive, remuneration.

Risk factors

An investment in shares is associated with various types of risks. Before each investment decision it is important to carefully analyze those risks that are considered to be material. Below are the risks that are considered to be material for Arla Plast, its shares and the Offering. Potential investors should make their own assessment, with or without help from advisers, of the risks associated with an investment in the shares. In accordance with the Prospectus Regulation, the risk factors mentioned below are limited to risks that are specific to Arla Plast and/or to the shares and to risks that are material for investors to be able to make informed investment decisions. The description below is based on information available as of the date of this Prospectus. Risks are presented in four categories: “*Business and industry-related risks*,” “*Legal risks*,” “*Financial risks*,” and “*Risks related to the shares and the Offering*”. The single most important risk factor in each category, based on Arla Plast’s assessment of the likelihood that it will occur and the expected negative impact, is presented first in each category. Subsequent risk factors in the same category are not ranked. If a risk can be categorized in more than one category, such risks are presented only one time and then in the category assessed as most relevant.

Business and industry-related risks

Risks related to adaptation of production capacity based on current demand

Arla Plast is a business that produces and sells extruded sheets made of technical plastics. The market for extruded sheets of technical plastic material is competitive and there are many other players, mainly international, that produce extruded sheets in technical plastic material and are direct competitors to the Company. Arla Plast is primarily active on three markets: the European markets for plastic sheets made of polycarbonate (“**PC**”), acrylonitrile butadiene styrene (“**ABS**”) and polyethylene terephthalate glycol (“**PETG**”). These three markets are highly consolidated, which means that a few players have significant market shares. In the European extruded PC sheets market, the seven largest players (SABIC Innovative Plastics b.v (“**SABIC**”), Exolon Group GmbH (“**Exolon**”), Arla Plast, Brett Martin Ltd (“**Brett Martin**”), Dott. Galina SRL, Palram Industries Ltd. and Polycasa N.V) accounted for almost 90 percent of sales in 2019¹⁾. During the same period, the five largest players (SENOPLAST Klepsch & Co. GmbH (“**Senoplast**”), epsotech Holding GmbH, Athlone Extrusions Limited, Universal Polythex Kunststoffe GmbH and Röchling SE & Co. KG) in the European extruded ABS market accounted for almost 80 percent of sales in the market. The European extruded PETG market, which is substantially smaller than the markets for PC and ABS, mainly consisted of seven players.²⁾

There is a risk that an imbalance between supply and demand could arise for the markets on which the Company competes, either because of declining demand due to fluctuations in the general economy, or other short-term factors, or because of an increased supply on the market resulting from, for example, new investments in production capacity by the Company’s competitors. Changes in production capacity at Arla Plast and its competitors are affected in part by their understanding of future demand

and each player’s investments in production capacity. Adjusting production capacity requires a huge time commitment for Arla Plast and its competitors and there is a risk that production capacity could be either too high or too low in relation to demand. This can lead to fluctuations in both supply and price. The Company considers it to be likely that price and supply fluctuations will also arise in the future, which could have a negative impact on the Company’s earnings.

According to the Company’s assessment, this risk is currently elevated as a direct effect of the impact that COVID-19 has had on the total production supply in the market, with increased demand for some plastic products – especially protective barriers – as a direct result of COVID-19. There is a risk that demand, especially for protective barriers, will decrease in the future, causing supply to be greater than demand, which could result in pressure on prices in the market (see the section “*Risk factors – Risks related to COVID-19*” below for more information about the impact of COVID-19 on the Company). A reduction in current demand could have a negative impact on the Company’s earnings.

When the supply of extruded plastic sheets made of PC, ABS and PETG is greater than demand, there is a risk that the Company’s competitors, in an effort to capture market share, could lower their prices, which could result in pressure on prices. Should one or more competitors lower their prices because of an imbalance between supply and demand, temporarily or more permanently, the result could be an increase in pressure on prices for the Company’s products that might not necessarily correlate with Arla Plast’s cost base, which could have a material adverse effect on the Company’s earnings and also result in lower margins for Arla Plast.

Risks related to the supply of plastic granules

The Company uses various raw materials to produce plastic sheets and is therefore exposed to risks related to the supply of the raw materials necessary for production. Granules are the primary and

1) Market report produced by the consultancy firm Arthur D. Little on behalf of the Company.

2) Market report produced by the consultancy firm Arthur D. Little on behalf of the Company.

most important raw material component in the Company's production of PC, ABS and PETG. The Company is therefore dependent on a continued stable supply of these granules and that the Company's demand for plastic granules can be met. The cost of raw material accounted for 74 percent of the Company's costs related to "costs of goods sold" for the 2020 financial year.

The market for production of plastic granules is dominated by a few players and characterized by oligopolistic tendencies. One producer, SABIC, is vertically integrated and also produces plastic sheets. The market is also characterized by high entry barriers since it requires high technological know-how, considerable capital and it takes a long time to establish, or to substantially expand, a facility for the production of plastic granules. This is why supply is determined by established producers of plastic granules.

Demand for plastic granules fluctuates and is influenced to a large extent by demand from Asian stakeholders who use plastic granules in their production since, according to the Company, they are responsible for a substantially larger share of total demand than European players.

Demand from the injection molding industry also has a significant impact on total demand since, according to the Company, it accounts for a significantly larger share of total demand than the sheet extrusion industry. During an economic boom in Asia, with increased demand from Asian stakeholders, the supply of plastic granules in the European market decreases, which may affect the Company's supply of plastic granules and/or the price of plastic granules. Similarly, an upturn in the automotive industry could lead to higher demand for injection-molded products, which could impact the Company's supply of plastic granules and/or the price of plastic granules. A reduced supply of plastic granules could have a material adverse effect on the Company's operations. In the event that the price of plastic granules rises and Arla Plast is unable to compensate for this increased cost by raising prices for its products, the Company's earnings could be adversely impacted.

The price of plastic granules, which is typically changed monthly, fluctuates significantly. Over the last ten-year period, the highest price for a given month has been around twice as high as the price for the month when the price was at its lowest. Supply and price fluctuations could make it difficult for the Company to reliably forecast how demand for, and the price of, plastic granules will develop. Because of the difficulties associated with forecasting, Arla Plast may purchase plastic granules at a time when the price is historically high, or the price might drop after Arla Plast completes the purchase, which could result in lower margins for Arla Plast should the Company be forced to sell its products at a low price compared with the purchase price of the plastic granules. This could have a material adverse effect on the Company's earnings.

Risks related to COVID-19

The ongoing spread of COVID-19 has resulted in authorities imposing travel restrictions and shelter-in-place orders, while cities and business operations have been subjected to lockdowns in some parts of the world, thereby worsening economic conditions in many markets.

As a result of COVID-19, the Company has experienced increased demand in certain markets, especially for protective barriers, while demand has declined in other areas. At present, it is difficult for the Company to predict how total demand for plastic products will develop as a result of COVID-19. However, it cannot be ruled out that COVID-19 or potential measures to fight its spread in the future could have a material adverse effect on Arla Plast's earnings and financial position. In such case, the extent to which, and the length of time during which, COVID-19 could impact the Company is very difficult to predict because of the rapidly changing situation and would depend on a number of factors that the Company, as of the date of this Prospectus, cannot identify or assess with precision or certainty. These factors include the scope and duration of the pandemic, as well as measures taken by the authorities to prevent its spread.

The spread of COVID-19 could result in an extensive and prolonged decline in the general economy, which could affect the Company through requirements for lower prices, defaulting counterparties and reduced demand for the Company's products. This could have a negative impact on the Company's sales and profitability.

There is also a risk that the spread of COVID-19 could affect the Company's operations, either temporarily or over an extended period of time; for example, the Company could experience difficulties staffing its production facilities, which could mean that the Company is unable to run production as efficiently as previously and by extension, the Company may temporarily need to shut down one or more of its production facilities. This could have a material adverse effect on the Company's production capacity and thus a negative impact on the Company's cash flow, sales and financial position.

Risks related to macroeconomic factors and geopolitical conditions

Arla Plast mainly operates on the European market, but sells products to many countries worldwide. For this reason, demand for Arla Plast's products is affected by macroeconomic factors, including the general economy, the global growth rate, regional trends and uncertainty in financial markets. All uncertainty factors related to economic future prospects that affect the purchasing habits of the Company's customers could have a negative impact on demand for Arla Plast's products, and may have an adverse effect on Arla Plast's operations, earnings and financial position. Arla Plast's dependence on the economic climate means that the general economic situation could affect operations in the future. An economic decline could result in overcapacity with respect to production and subsequent pressure on prices, which could negatively impact the Company's margins and earnings (see the section "Risk factors – Risks related to adaptation of production capacity based on current demand" for more information regarding how production capacity and pressure on prices affect Arla Plast). Consequently there is a risk that Arla Plast's earnings could be negatively impacted by a general decline in the economy.

Part of Arla Plast's production is also carried out abroad at the Company's two production facilities in the Czech Republic. Because of the geographic spread, Arla Plast is affected by the

macroeconomic factors mentioned above. A significant negative economic trend or political uncertainty in the markets in which Arla Plast operates could lead to a significant industry-wide decline in sales. A significant negative economic trend or prolonged political uncertainty in one of its markets could therefore have a material adverse effect on the Company's net sales and earnings.

The Group's geographic spread also exposes Arla Plast to political risk in countries and regions to which Arla Plast sells products. The financial and operational consequences of macroeconomic and political factors are difficult to predict and risk having a material adverse effect on Arla Plast's operations.

The geographic spread of Arla Plast's operations, especially the spread of production facilities, also means that Arla Plast is vulnerable to geopolitical conflicts and natural disasters, as well as epidemics and pandemics, which could result in a worsened macroeconomic climate, reduce demand for Arla Plast's products and cause disruptions in the supply chain, which could have a material adverse effect on Arla Plast's operations, net sales and earnings (see the sections "*Risk factors – Risks related to COVID-19*" and "*Risk factors – Risks related to production disruptions and stoppages*" for more information on extraordinary events).

Risks related to personnel

Arla Plast's future successes depend to a large extent on the ability to recruit, retain and train qualified senior executives and other key employees. The Company is particularly dependent on its senior executives, as well as certain employees with expert knowledge in production and development of plastic sheets. In addition, the Company operates in an industry in which many business circumstances are relationship-based. Consequently, the Company is dependent on the ability to retain its sales representatives (including sales associates at the Company's regional sales office around Europe, as well as centrally located Key Account Managers) who have gained important knowledge of, and developed strong relationships with, many of Arla Plast's customers. This risk is elevated since Arla Plast's sales organization is geographically divided, to some extent without overlapping geographic areas of responsibility, which means that the loss of a single sales representative could mean that relationships developed within the area are weakened or completely lost. In the event that the sales representatives' work in the countries involved is extensive and the representatives are regarded as an integrated component of Arla Plast's business, there is a risk that the sales representatives may be viewed as employees of Arla Plast and/or that Arla Plast may be regarded as having permanent establishments for tax purposes in other countries. Arla Plast could consequently become liable for taxes, levies or other surcharges that might have a negative impact on Arla Plast's earnings or financial position.

Failure to successfully retain or recruit qualified employees could have a negative impact on Arla Plast's relationships with customers as well as the ability of the Company to achieve future goals. If key personnel leave Arla Plast and suitable successors cannot be recruited, this could have a negative impact on the Company's business, earnings and financial position.

Since Arla Plast needs expertise and operates in an industry in which competitors are primarily outside Sweden, the supply of potential candidates to hire from outside the Company is limited. Arla Plast has been advised on many occasions to build up expertise internally, which entails significant effort. Because of the high cost of acquiring expertise, in the event of an economic decline with a reduction in incoming orders, Arla Plast would have reason not to adapt the size of the labor force, for example through layoffs, as quickly as it would if it had been less resource-intensive to recruit replacements. Consequently, during certain periods the Company could be burdened with personnel costs that are not adapted to the current economic situation, which could have a negative impact on the Company's earnings and financial position.

Risks related to production disruptions and stoppages

The Company's manufacturing takes place at a few production facilities (total of three: one in Borensberg, Sweden, one in Kadaň, Czech Republic and one in Pelhřimov, Czech Republic) and the machines at these production facilities are generally placed close together, which means that a fire or other serious incident at one or more of the Company's production facilities could lead to extensive and prolonged interruptions in important aspects of the Company's operations. In addition, the Company could be affected by production disruptions or stoppages because of power outages, incorrect deliveries, conflicts with labor organizations, inclement weather conditions, natural disasters, or accidents. The incidence of similar interruptions or disruptions at the Company's production facilities could result in a decrease in production capacity, or production could stop completely, either temporarily or for an extended period, with worse conditions for the Company to meet its obligations to customers as a result. This could adversely affect the Company's operations and earnings.

Risks related to functionality of the Company's machinery

The Company is dependent on the products it manufactures achieving both the desired quantity and quality in order to be able to fulfill its commitments to customers. There is a risk that the machinery and other equipment used to manufacture the Company's products could break down, which could lead to unplanned outages in the Company's operations. Unplanned outages can in turn lead to inadequate production capacity, which could make it difficult to deliver in accordance with the orders the Company received, with increased costs and reduced customer confidence as a result. There is also a risk that machinery and other equipment could fail in a way that causes the manufactured products to be of poor quality, with high costs to replace them through production of new products, which could adversely affect the Company's earnings (see more in the section "*Risk factors – Risks related to complaints, product liability and warranties*" below).

Risks related to IT system disruptions

Arla Plast's ability to efficiently manage the business is dependent on reliability, functionality, maintenance, operations and the continued development of the Company's IT system. Disruptions to such systems can include software errors, computer viruses,

sabotage and physical damage. Within the Company, IT systems are used for purposes such as purchasing, selling and delivering products, invoicing customers, and managing orders and inventory. Interruptions or disruptions in the Company's IT systems could result in the business being unable to operate as planned for a certain period of time, for example as a result of production disruptions or difficulties delivering products, which could adversely affect the Company's earnings.

Risks related to data due to unauthorized intrusion

In certain cases, Arla Plast's operations involve handling sensitive and confidential information. The Company is therefore dependent on its IT systems being adequately protected against unauthorized intrusion. If unauthorized parties manage to enter the Company's IT systems, there is a risk that they will gain access to sensitive and confidential information, such as business-critical data and information about customers. If unauthorized parties come across valuable or sensitive data, there is a risk that the Company or customers of the Company will be harmed, which could disrupt the Company's operations, result in reputational damages and/or direct costs, for example in the form of damages or penalties imposed by supervisory authorities. This could adversely affect the Company's sales and earnings as a result of increased costs and decreased sales.

Risks related to key customers

Arla Plast has certain key customers who are important for the Company. There is a risk that such customers could try to take advantage of their significance to the Company in future contract negotiations, which could result in narrower margins, lower prices and/or increased costs. This would have a negative impact on the Company's earnings. In addition, the loss of one or more of the Company's key customers could result in decreased net sales, which could have a negative impact on the Company's earnings.

One of the Company's key customers owns the property and premises that the Company rents in Pelhřimov ("**Pelhřimov lease**"). If the key customer terminates collaboration with Arla Plast, the Company will need to adjust and move production to another location, which could entail substantial costs for the Company, as well as reduced production capacity until the Company has moved its production equipment to a new site (for more information about the lease, see the section "*Legal considerations and supplementary information – Material agreements*").

Risks related to suppliers of niche products

Arla Plast is dependent on certain suppliers for various niche products. Arla Plast, for example, buys a large part of the contract work for surface coating from mainly one producer. In order to be able to produce, sell and deliver plastic sheets within certain niche products, Arla Plast is dependent on producers meeting agreed requirements regarding parameters such as quantity, quality and delivery times. Incorrect, late or missed deliveries from the producer could mean that Arla Plast's deliveries are in turn delayed or must be cancelled, or are faulty or incorrect. If the Company is forced to turn to alternative suppliers, this could result in significant costs, as well as transition problems and delays; for example,

new product approvals may be required and in some cases, there may be problems meeting customer requirements regarding specifications. Such producer-related problems could limit the Company's ability to meet demand for certain niche products, which could adversely affect the Company's earnings.

Risks related to logistics

Arla Plast is dependent on a functioning logistics chain to receive materials from suppliers and ship products to its customers. Arla Plast's logistics mainly consist of shipping materials from the Company's suppliers, by road within Europe and by sea from other parts of the world, and shipping finished products to its customers by truck on European roads, using a network of shippers. Increased transportation costs, strikes, poor weather, political decisions that would stop or complicate transport across national borders (for example, due to the outbreak of disease such as COVID-19), other service disruptions, or other problems or inadequacies in Arla Plast's logistics chain, as well as unforeseen accidents, could worsen the ability of the Company to deliver goods that have been sold on time, or entail increased logistics costs for the Company, which could have a negative impact on Arla Plast's reputation, as well as on its earnings and financial position.

Risks related to the development by competitors of alternative materials

Arla Plast's sustainability strategy takes into account the UN's Sustainable Development Goals, and the Company is striving to measure and reduce its carbon footprint. Its performance may be improved by higher material efficiency, for example, but most of all by introducing materials that are completely or partially free of fossil fuels. Arla Plast is actively working to introduce extruded sheets made from such materials, often produced in collaboration with material suppliers. There is a risk of Arla Plast's competitors developing these materials faster and therefore of them gaining a lead over Arla Plast in a given market segment. This could have a negative impact on Arla Plast's earnings for a time (see the section "*Business description – Sustainability*" for more information about Arla Plast's sustainability efforts).

Legal risks

Risks related to impact on the environment

Given that Arla Plast's operations have an impact on the environment and that the Company uses certain environmentally hazardous substances in its operations, the Company's operations are subject to several laws and regulations at both national and international levels. For this reason, the Company uses substantial resources and incurs costs to ensure compliance with applicable rules and regulations. The costs of compliance with such regulations are included in the Company's operating costs and must ultimately be covered by the prices at which the Company can sell its products. Competitors that do not have to comply with the same regulations can therefore have lower operating costs and can therefore price their products lower than the Company's, which could result in pressure on prices for the Company's products, as well as decreased demand. Future regulations could

impose stricter environmental standards that negatively impact Arla Plast's operations through restrictions on the use of certain raw materials, or liability for harmful environmental or health effects associated with some of the Company's products, which could have a material adverse effect on Arla Plast's operations and earnings.

An important raw material needed to produce PC raw material is bisphenol A ("**BPA**"). The risk assessment for BPA has been the subject of both scientific discussion and opinion shaping. If it should be shown in the future that BPA is more harmful than was previously known, it could lead to new regulations in this area.³⁾ Future regulations relating to BPA could negatively impact Arla Plast's operations through, for example, potential restrictions on the use of BPA, or liability for harmful environmental or health effects associated with BPA. Rules limiting the use of BPA to date have mainly applied to food products, which is an area in which the Company is not active. There is a risk that future restrictions on BPA could be more general and also apply to the Company's products. Such regulations could have a material adverse effect on the Company's operations and earnings and result in decreased demand for the Company's products. Opinion shaping related to plastic in general and BPA in particular could result in a negative shift in public opinion related to Arla Plast and its products, which could result in lost sales as a result of customers choosing other products, costs for maintaining the value of the Company's brands, and/or higher costs for recruiting and retaining staff and partners.

Risks related to environmental damage in Borensberg

Under current Swedish environmental legislation, anyone who engages in activities that have contributed to pollution damage is responsible for remedying the damage. If the operator is unable to perform or pay for remediation, the person who acquired the property and who at the time of the acquisition knew of or should have discovered the pollution is responsible. This means that, in certain circumstances, claims could be brought against the Company, in its capacity as operator or property owner, for investigation, post-treatment or other remedial measures in the event of the occurrence or suspicion of the contamination of soil, surface water or groundwater in Borensberg.

The Company has acquired a property from Motala Municipality that is adjacent to the Company's production facility in Borensberg. Motala Municipality has previously operated a dump on this property. In connection with the acquisition, Arla Plast received a warranty from Motala Municipality under which the Municipality is responsible for soil contaminants caused by the municipality's operations prior to Arla Plast's acquisition of the property. The warranty from the municipality is limited to covering any environmental damage attributed to the municipality's previous operations and therefore does not cover environmental damage caused by any other historical operations on the property. There is a risk that the property in question has been exposed to pollution damage and that in its capacity of acquirer of the property, under certain

conditions Arla Plast may be responsible for costs to remedy the damage. To the extent that the warranty from Motala Municipality, wholly or partially, does not cover such damage, the expense may have to be borne by the Company. Such costs would have a negative impact on the Company's earnings.

Risks related to complaints, product liability and warranties

Arla Plast is exposed to complaints in the event that delivered products turn out to be faulty and the customer demands that Arla Plast in its capacity as supplier must rectify or replace the defective products. The Company limits its exposure to recalls, product liability and warranty obligations through its general terms and conditions. Although the Company does not have formal responsibility for potential problems with the performance of the delivered products, the Company may choose to assume these costs as an act of goodwill in the event that a customer claims that the products are defective. Such situations could also have a negative impact on the Company's reputation and earnings.

Risks related to insurance coverage

Arla Plast holds the opinion that the Company has appropriate insurance coverage for its current operations. Arla Plast is not, however, completely insured against every conceivable risk, and the part of the Company's business that is operated in the Czech Republic is not insured against risks such as business interruption, environmental damage and IT system intrusions. The Company may also incur a loss if the damage exceeds the insurance coverage amount and be held liable for damage resulting from uninsured risks. Thus, should an event occur that causes damage that exceeds the current insurance coverage or that is not covered by any insurance, this could have a material adverse effect on Arla Plast.

Tax risks

Arla Plast sells goods to customers in other countries. In the event that goods are purchased in-house and then sold and transported directly to customers in a third country and the transport documentation required is missing, there is a risk of the Company being refused the deduction for the previously deducted input VAT on the in-house purchase and of the Company being subject to other surcharges, which may have a negative impact on the Company's earnings and financial position.

Moreover, most of the Company's transactions are carried out with its Czech subsidiary. The Company has determined that these transactions have been carried out on market terms. If the tax authorities in question believe that the transactions have not been carried out at the market price, or if there is a lack of sufficient documentation supporting the agreed price, there is a risk of the expenses and income reported in connection with the transactions becoming subject to tax adjustments. If the tax authorities make different assessments, this may result in the double taxation of income. There is also a risk of surcharges being imposed. This

3) <https://www.efsa.europa.eu/en/topics/topic/bisphenol>.

may have a negative impact on Arla Plast's earnings and financial position. For more information about tax risks, see the section "Risk factors – Risks related to personnel".

Financial Risks

Currency risk

The Group is exposed to currency risk in the form of transaction and translation risk. Transaction risk arises in connection with purchases and sales of products and services in currencies other than the parent company's currency, SEK.

The transaction risk arises as Arla Plast's purchases and sales are primarily denominated in EUR, while the Group's local operating costs are primarily denominated in SEK and CZK. As a result, Arla Plast may be affected by reduced margins resulting from declines in the value of EUR in relation to SEK and/or CZK, which could have a material adverse effect on the Company's earnings.

According to its internal financial policy, the Company may take hedging measures to limit transaction risk, for example by raising loans in EUR or by entering into forward contracts, but as of the date of this Prospectus, it has only engaged in hedging to a limited extent. Should the Company expand its hedging activities, there is nevertheless a risk that such measures would not eliminate the Company's transaction risk.

Translation risk arises when the subsidiary's balance sheet, which is denominated in CZK, is translated into Arla Plast's currency, SEK. The Group does not hedge translation risk, and negative effects of exchange rate fluctuations could therefore have a negative impact on Arla Plast's financial position.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group may have problems fulfilling its obligations associated with financial liabilities and that it may not be able to convert an investment into cash and cash equivalents without a sharp increase in costs. Financing risk refers to the risk that difficulties may arise in refinancing the Company, that financing cannot be obtained or that financing can only be obtained at increased costs. Liquidity risks are limited at the Group level by closely following rolling forecasts for the Group's liquidity reserve to ensure that the Group has sufficient cash and cash equivalents to meet the needs of current operations. Cash flow forecasts are prepared by the Group's operating companies and aggregated at the Group level. The Group maintains its ability to pay its debts through bank deposits, overdraft facilities and the unused confirmed portion of loan agreements. The Group also monitors balance sheet-based liquidity coverage ratios in relation to internal and external requirements, and also prepares debt financing plans. As of March 31, 2021, the net debt/equity ratio was SEK 48.4 million. The ability to obtain additional capital or financing through loans on favorable terms, or through a new share issue depends on several factors that are beyond the Company's control, including the conditions prevailing in the international credit and capital markets at the time. If the

Company does not succeed in renewing or refinancing existing or future credit facilities on acceptable terms, or at all, or fulfill existing financial obligations, it would have a material adverse effect on the Group's liquidity, earnings and financial position.

Credit risk

Credit risk is defined as the risk that Arla Plast's counterparties will not be able to fulfill their obligations in relation to the Company. Credit risk arises through cash and balances with banks as well as credit exposure in relation to customers. In cases where no independent credit assessment is available, a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, as well as previous experience and other factors. The Group only uses large well-established banks.

Credit risk is managed at the Group level, with the exception of credit risk regarding outstanding accounts receivables, where the analysis is conducted within each Group company. The Company insures accounts receivable to reduce its credit risk. Typically, about 95 percent of the Company's accounts receivable are insured, mainly through Coface, Sweden Branch ("Coface"). Of the accounts receivable insured through Coface, the insured portion amounts to 90 percent, excluding VAT on the invoice amount.

Defaults that are significantly higher than expected among customers who are not covered by the Company's credit insurances or changes in an important customer's financial situation would have a material adverse effect on the Company's credit losses and thus the Company's liquidity, earnings and financial position.

Interest rate risk

Interest rate risk refers to the risk that a change in market rates could negatively impact earnings and cash flows. The Group's exposure to changes in interest rates mainly arises with investments of cash and cash equivalents, borrowing through an overdraft facility and financing through non-current borrowings. The Group has a fixed rate bank loan of EUR 3.4 thousand and overdraft facilities in SEK, CZK and EUR which, when used, bear interest at variable rates and expose the Group to interest rate risk relating to its cash flow, which increases the risk that the Group may be negatively impacted by any increase in interest rates. The Group continuously monitors its indebtedness to ensure that the Group's indebtedness and equity/assets ratio are satisfactory. As of December 31, 2020 the Group's interest-bearing debt owed to credit institutions totaled SEK 52.2 million. Interest expenses during the 2020 financial year totaled SEK 0.8 million. An increase or decrease in the market interest rate by 0.5 percent would change the Group's estimated profit after tax by approximately SEK 0.2 million on an annual basis, given the same loan debt and the same fixed interest periods as on December 31, 2020. If the market interest rate increases, it would have a negative impact on the Company's earnings as a result of increased interest expenses.

Risks related to the shares and the Offering

The Selling Shareholder may have interests and promote resolutions that are contrary to the interests of other shareholders.

As of the date of this Prospectus, the Company has one shareholder, the Selling Shareholder. Upon completion of the Offering, the Selling Shareholder's holdings will be 48 percent of the number of shares and votes in the Company, provided that the Over-Allotment Option is fully exercised. This means that the Selling Shareholder will have a significant influence over issues in the Company that require shareholder approval, which entails a significant influence over the Company's management and operations. The interests of the Selling Shareholder may differ, in whole or in part, from the interests of the rest of the shareholders. This concentration of ownership may put the shareholders at a disadvantage in the event that shareholders hold a different opinion than the Selling Shareholder regarding a specific issue.

The price of the Arla Plast share can be volatile and potential investors could lose all or part of their investment

Prior to the Offering, there is no organized trading in the Company's shares. The share price of newly listed companies can be particularly volatile during a period after listing and there is a risk that the market will not be active and liquid, or that an active and liquid market will not persist. The Offering price has been established by the Company's Board of Directors and the Selling Shareholder in consultation with Carnegie, based on a number of factors, including negotiations with the Cornerstone Investors, exploratory discussions with and interest from other investors of an institutional nature, the valuation of similar listed companies, valuation multiples from previously completed stock exchange listings of equivalent companies, the current market climate and estimates pertaining to Arla Plast's business focus, earnings capacity, financial position and growth potential (see the section "Terms and conditions – Offering price" for more information). This price will not necessarily reflect the price that market investors are willing to pay to buy and sell shares after the Offering. The difference between the purchase and sale price may vary significantly from time to time, which makes it more difficult for a shareholder to sell shares at a certain time and at the desired price. The above may have a negative impact on the liquidity of the shares and may result in low trading volume. The liquidity of the share can adversely impact the price at which an investor in the Company's share can sell shares. Since an investment in shares may fall in value, there is a risk that an investor will not recover the capital invested.

Sale of shares by existing shareholders may affect the share price

In connection with the Offering, the Selling Shareholder and the Company's Board members and senior executives will undertake, subject to certain conditions, not to sell or otherwise transfer any shares in the Company for a certain period after trading in the Company's shares on Nasdaq Stockholm has commenced. This

lock-up period will be 360 days. Carnegie may grant exemptions from the commitments. Once the lock-up period has expired, the shareholders concerned will be free to sell their shares in the Company. The sale of large quantities of shares in the Company, or the expectation that such sales could occur, may cause the price of the shares in the Company to fall. If the price of the Company's shares falls, it may mean that an investor cannot recover the capital invested.

Unsecured undertakings to acquire shares

Cornerstone Investors have undertaken to acquire shares in the Offering corresponding to a total of SEK 230 million. Assuming that the Over-Allotment Option is fully exercised, the undertaking will comprise shares corresponding to approximately 48 percent of the total number of shares subject to the Offering and approximately 25 percent of the total number of shares in the Company. However, Cornerstone Investors' undertakings are not secured by bank guarantee, blocked funds, pledge or similar arrangements, for which reason there is a risk that Cornerstone Investors may not meet their commitments. Moreover, Cornerstone Investors' undertakings are subject to terms and conditions. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors will not fulfill their undertakings, which could have a material adverse effect on the completion of the Offering.

The Company's ability to pay dividends in the future may be limited and depends on several factors

When submitting its dividend proposal to the General Meeting, the Board of Directors must take into account a number of factors, including the demands with respect to the size of the equity of the Company and the Group that are imposed by the nature, scope and risks associated with the operations, as well as the consolidation needs, liquidity and position in general of the Company and the Group. Accordingly, the ability of the Company to pay dividends in the future and the size of such potential dividends are dependent upon its future profit, financial position, cash flows, net working capital requirements, capital expenditures and other factors. Further, pursuant to Swedish law, dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity. In addition, there is a risk that the Company resolves to reinvest any future profit in the business, or that the Company's shareholders resolve not to pay dividends in the future, or that the Company will not have sufficient funds to pay any dividends.

Future issues of shares or other securities in the Company could dilute the shareholding and have an adverse effect on the share price.

The Company may in the future need to raise additional capital to finance its operations or make planned investments. The company may intend to raise additional capital, for example by issuing shares, warrants or convertibles that can be converted to shares. An issue of additional securities or bonds could reduce the market value of the Company's shares and dilute the financial or voting rights of existing shareholders, if existing shareholders are not given preferential rights in the issue or if existing shareholders for

some reason are unable or unwilling to exercise their preferential rights. Accordingly, there is a risk that future issues of shares or other securities will reduce the market price of the share and dilute certain shareholders' shareholdings in the Company.

Investors with a reference currency that is not SEK are exposed to certain currency risk if they invest in the Company's shares

The Company's shares will be listed on Nasdaq Stockholm in SEK. The Company's equity is reported in SEK and any dividend on the Company's shares will be paid in SEK. Consequently, investors whose reference currency is not SEK may be affected by a fall in value of the SEK in relation to the reference currency of the respective investor. If the value of the SEK falls in relation to this other currency, the value of the share investment or dividends may decline in relation to this foreign currency, and if the value of the SEK increases, the value of the share investment or dividends may increase in the foreign currency. In addition, investors whose reference currency is not SEK may incur additional transaction costs on conversion of SEK to another currency. Investors whose reference currency is not SEK are therefore encouraged to seek financial advice. Differences in exchange rates may have a material adverse effect on the value of shareholdings or dividends paid.

Shareholders in the United States or other countries outside Sweden may not be able to participate in any future cash issues.

As of the date of this Prospectus, the Company has only one shareholder, the Selling Shareholder. In connection with the Offering, shares in the Company will be offered both to the general public in Sweden and to institutional investors in Sweden and abroad. Following the Offering, the Company will therefore most likely have a number of shareholders in countries outside Sweden. Such shareholders may be exposed to additional risks. If the Company issues new shares in a cash issue, as a general rule, shareholders will have preferential rights to subscribe for new shares in proportion to the number of shares they hold prior to the issue. Shareholders in certain other countries may be subject to restrictions that prevent them from participating in such rights issues, or their participation may otherwise be hampered or limited. For example, shareholders in the United States may be prevented from exercising their preferential rights to subscribe for new shares if the shares and subscription rights are not registered under the Securities Act, or if no exemption from the registration requirements pursuant to the Securities Act applies. Shareholders in other jurisdictions outside Sweden may be affected in similar ways if the subscription rights and the new shares that are offered have not been registered with or approved by the relevant authorities in these jurisdictions. Arla Plast is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdictions outside Sweden in respect of any such shares and subscription rights, and doing so in the future could be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are unable to exercise their rights to subscribe for new shares in any future rights issues, their shareholding in the Company would be diluted or reduced.



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S.F.O.
MÄSO - ÜDENINY

SEDA

Invitation to acquire shares in Arla Plast AB

The Board of Directors of Arla Plast has decided to apply for admission to trading of the Company's shares on Nasdaq Stockholm. In connection with the listing, the Board of Directors and the Selling Shareholder have decided to diversify ownership of the Company's shares aimed at the general public in Sweden and institutional investors in Sweden and abroad.

Nasdaq Stockholm's listing committee has, on May 6, 2021, assessed that the Company meets the listing requirements for Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain terms, including submission of such an application and the distribution requirement for its shares, are met. The first day of trading in the Company's share on Nasdaq Stockholm is expected to be May 25, 2021.

Investors are hereby offered, in accordance with the terms of the Prospectus, to acquire a total of 9,000,000 shares in Arla Plast, which are being offered by the Selling Shareholder.

The Offering price is SEK 46 per share. The Offering price has been established by the Company's Board of Directors and the Selling Shareholder in consultation with Carnegie, based on a number of factors, including negotiations with Cornerstone Investors, exploratory discussions with and interest from other investors of an institutional nature, the valuation of similar listed companies, valuation multiples from previously completed stock exchange listings of equivalent companies, the current market climate and estimates pertaining to Arla Plast's business focus, earnings capacity, financial position and growth potential.

In order to cover any over-allotment in the Offering, the Selling Shareholder has undertaken, upon request by Carnegie, to offer up to 1,350,000 additional existing shares that can be used, in whole or in part, for 30 days from the first trading day on Nasdaq Stockholm. The Over-Allotment Option thereby corresponds to a maximum of 15 percent of the number of shares in the Offering. Provided that the Over-Allotment Option is exercised in full, the Offering will comprise a maximum of 10,350,000 shares, corresponding to approximately 52 percent of shares and votes in the Company.

The total value of the Offering is SEK 414 million. If the Over-Allotment Option is exercised in full, the total value of the Offering will be approximately SEK 476 million.

No new shares will be issued by the Company as part of the Offering, for which reason the Company will not receive any proceeds from the Offering. For the same reasons, the Offering will not result in any dilution of the number of shares and votes in the Company.

Borensberg on May 14, 2021

Arla Plast AB

Board of Directors

Background and reasons

Since Arla Plast was founded in 1969 by Arne Larsson and Göran Larsson in Borensberg, Sweden, the Company has evolved from a local producer and supplier of extruded plastic sheets into an international company with a broad portfolio of high-quality products within extruded plastic sheets. The plastic sheets, which are made of PC, ABS and PETG, have a large number of areas of application, including safety products, machine glazing, ice hockey rinks, sound walls, protective barriers (e.g. for COVID-19), pool covers, suitcases, wall cladding, packaging and automotive components, greenhouses, verandas, roof lights, and various other construction-related areas of application.

Arla Plast's core competency is delivering customized solutions for areas of application with high demands for precision specifications. The Company delivers products to over 45 countries worldwide, with a focus primarily on the European market. The Company has 14 FTE sales representatives (including sales associates at the Company's regional sales offices all over Europe, as well as centrally located Key Account Managers). Production is carried out at the Company's three production facilities that are located in Borensberg in Sweden, as well as in Kadaň and Pelhřimov in Czech Republic.

Arla Plast's strong position, combined with positive underlying market trends, has contributed to stable positive growth since the inception of the Company. The Group's sales in 2020 totaled SEK 885 million, with an adjusted operating profit of SEK 113.5 million.

As of the date of this Prospectus, Arla Plast is wholly owned by the Selling Shareholder, which is controlled by Kenneth Synnersten, son of Arne Larsson who was one of Arla Plast's founders. The Company's Board of Directors, together with the Selling Shareholder, have determined that the time is right for the Company to take the next step, expand the Company's ownership base and apply for listing of the Company's shares on Nasdaq Stockholm. The Board of Directors and management view the listing as a logical and important step in Arla Plast's development to be able to take advantage of growth opportunities and to increase awareness of Arla Plast and its business.

The Board of Directors of the Company is responsible for the Prospectus and to the best of the Board's knowledge, the information contained in the Prospectus is in accordance with the facts and no information that likely could affect its meaning has been omitted.

Borensberg on May 14, 2021

Arla Plast AB

Board of Directors

The Board of Directors is solely responsible for the content of the Prospectus. The Selling Shareholder confirms, however, that they are bound by the terms of the Offering in accordance with what is stated in the section "Terms and conditions".

Selling Shareholder



Terms and conditions

Offering

The Offering comprises a maximum of 9,000,000 existing shares that are offered by the Selling Shareholder.

The Offering is divided into two parts:

1. Offering to the public¹⁾ in Sweden.
2. Offering to institutional investors²⁾ in Sweden and abroad.

The outcome of the Offering is expected to be published in a press release on or about May 25, 2021.

Over-allotment option

In order to cover any over-allotment in the Offering, the Selling Shareholder has undertaken, upon request by Carnegie, to offer up to 1,350,000 additional existing shares that can be used, in whole or in part, for 30 days from the first trading day on Nasdaq Stockholm ("**Over-Allotment Option**"). The Over-Allotment Option thereby corresponds to a maximum of 15 percent of the number of shares in the Offering.

Distribution of shares

The distribution of shares between the two components of the Offering will be based on demand. Distribution will be determined by the Board of Directors and the Selling Shareholder in consultation with Carnegie.

Offering price

The Offering price is SEK 46 per share. The Offering price has been established by the Company's Board of Directors and the Selling Shareholder in consultation with Carnegie, based on a number of factors, including negotiations with Cornerstone Investors, exploratory discussions with and interest from other investors of an institutional nature, the valuation of similar listed companies, valuation multiples from previously completed stock exchange listings of equivalent companies, the current market climate and estimates pertaining to Arla Plast's business focus, earnings capacity, financial position and growth potential. No commission will be charged.

Application

Offering to the public in Sweden

Application for the acquisition of shares can be made between 17 May, 2021 through 24 May, 2021. Application from the public for the acquisition of shares may pertain to a minimum of 100 shares and a maximum of 20,000 shares³⁾, in even lots of 50 shares.

Late, as well as incomplete or incorrectly completed application forms, may be disregarded. No additions or changes may be made to the pre-printed text on the application form. Only one application per investor may be made. If more applications are submitted, Carnegie and Nordnet reserve the right to only consider the first application received. Note that applications are binding. The Board of Directors of the Company, in consultation with Carnegie, reserves the right to extend the application period. Such an extension will be announced by press release before the end of the application period.

As of January 3, 2018, all legal entities need a global identification code, known as a Legal Entity Identifier ("**LEI**"), to be able to conduct securities transactions.

To be entitled to participate in the Offering and be allotted shares, as a legal entity you must possess and state your LEI code. Remember to apply for registration of an LEI code in ample time, since the code must be stated on the application form. More information about the requirements regarding the Legal Entity Identifier (LEI) can be found on the Swedish Financial Supervisory Authority website www.fi.se.

Anyone wishing to use accounts/custody accounts with specific rules for securities transactions, such as endowment insurance policies, for the acquisition of shares in the Offering must check with the bank or institution providing the insurance policy to confirm whether this is possible.

The acquisition of shares must be registered in accordance with the instructions given below for each bank. The Prospectus is available on the Company's website (www.arlaplastgroup.com), Carnegie's website (www.carnegie.se) and Nordnet's website (www.nordnet.se).

Application via Carnegie

Applicants apply to acquire shares via Carnegie must have a securities depository account or an investment savings account at Carnegie.

For customers with an investment savings account at Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the price specified in the Offering. Applicants may submit their applications by contacting their advisors at Carnegie. Customers who do not have an advisor must contact Carnegie Private Banking.

Application via Nordnet

Customers of Nordnet can apply for the acquisition of shares via Nordnet's online service. Applications can be submitted to

- 1) The general public includes private individuals and legal entities in Sweden who register for the acquisition of a minimum of 100 shares and a maximum of 20,000 shares.
- 2) Institutional investors include private individuals and legal entities in Sweden who register for the acquisition of more than 20,000 shares.
- 3) Applicants applying to acquire more than 20,000 shares must contact Carnegie in accordance with the procedures described in the section "*Terms and conditions – Application – Offering to institutional investors.*"

Nordnet from 17 May 2021 until 3:00 p.m. CET on 24 May 2021. To ensure that they do not lose the right to any allotment, Nordnet customers must have sufficient funds available in their account from 3:00 p.m. CET on 24 May 2021, until the settlement date, which is expected to be 27 May 2021. Only one application per investor may be made. More information about the application procedure via Nordnet is available at Nordnet's website www.nordnet.se.

Offering to institutional investors

The application period for institutional investors in Sweden and other countries takes place during the period 17 May, 2021, through 24 May, 2021. The Board of Directors of the Company, in consultation with Carnegie, reserves the right to shorten or extend the application period for the Offering to institutional investors. The Company will announce any such change in the application period in a press release. Applications must be submitted to Carnegie according to special instructions.

Allotment

The decision on the allotment of shares is made by the Board of Directors of the Company and the Selling Shareholder, in consultation with Carnegie, whereby the goal will be to achieve a good institutional ownership base, in Sweden and internationally, and a wide distribution of shares among the public in Sweden to facilitate regular and liquid trading with the Company's shares on Nasdaq Stockholm.

Offering to the public

Allotment does not depend on when during the registration period the registration is submitted. In the event of oversubscription, allotment may not be made or may be made with a lower number of shares than stated in the application, in which case allotment may be made in whole or in part by random selection.

In order for Nordnet customers to come under consideration for allotment, the balance of the bank account or the securities depository/investment savings account entered in the application must, during the period from 3:00 p.m. CET on 24 May, 2021, until 8:00 a.m. CET on 27 May, 2021, correspond to at least the amount of the application. In addition, related parties of the Company and certain customers of Carnegie and Nordnet may be given special consideration for allotment. Shares may also be allotted to employees of Carnegie and Nordnet, though they are not given priority. In such case the allotment will be made in accordance with the Swedish Securities Markets Association's rules and Swedish Financial Supervisory Authority regulations.

Offering to institutional investors

Decisions concerning allotment of shares within the framework of the Offering to institutional investors will aim to achieve, as mentioned above, a strong institutional ownership base. Distribution among the institutions that submit applications expressing interest will be completely discretionary. However, Cornerstone Investors are guaranteed allotment in accordance with their respective undertakings.

Offering to Board members and employees of Arla Plast

Board members and employees of Arla Plast who are residents of Sweden for tax purposes will receive priority allotment of shares with a value of up to SEK 30,000 per employee or Board member. Certain Board members and employees may also apply for acquisition of additional shares, but without priority for any allotment.

Notification of allotment and payment

Offering to the public

Allotment is expected to take place on or about 25 May, 2021. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offering. Those who have not been allotted shares will not be notified.

Applications received by Carnegie

Those who applied via Carnegie can receive information on allotment through their advisor or key account manager from 9:00 a.m. CET on 25 May, 2021. Funds for payment are to be available in the specified securities depository account or investment savings account on 25 May, 2021.

Applications received by Nordnet

Those who applied via Nordnet's online service will receive information about allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 25 May, 2021. For Nordnet customers, funds for allotted shares will be drawn no later than the settlement date of 27 May, 2021. Note that funds for payment of allotted shares are to be available from 3:00 p.m. CET on 24 May, 2021 up to and including 8:00 a.m. CET on 27 May, 2021.

Offering to institutional investors

Institutional investors are expected to receive information about allotment according to a special procedure on or about 25 May, 2021, after which contract notes will be sent. Full payment for the allotted shares must be paid in cash no later than 27 May, 2021, according to the instructions on the contract note.

Insufficient or incorrect payment

If full payment is not made in due time, allotted shares may be transferred to another party. If the selling price for such a sale were to be less than the Offering price, the individual who was originally allotted these shares in the Offering may have to pay the difference.

Registration and recognition of allotted and paid shares

Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the individual nominee.

In the event that shares have been subscribed to a securities (VP) account, registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the general public in Sweden, is expected to take place on or about 27 May 2021, after which Euroclear Sweden will send out a VP notice showing the number of shares in the Company that have been registered in the recipient's securities (VP) account or service account.

Application for listing on Nasdaq Stockholm

Nasdaq Stockholm's listing committee, on 6 May 2020, has assessed that the Company meets the listing requirements for Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain terms, including submission of such an application and the distribution requirement for its shares, are met. The first day of trading in the Company's share on Nasdaq Stockholm is expected to be 25 May 2021. This means that trading will begin before shares are transferred to the investor's securities (VP) account, service account or securities depository account, and in some cases before a contract note has been received; for more information, see below under "*Important information regarding the potential sale of allotted shares.*"

This also means that trading will commence before the conditions for completion of the Offering are met. Consequently, trading will be conditional and if the Offering is not completed, any shares delivered must be returned and any payments will be refunded.

The ticker for the Company's share on Nasdaq Stockholm will be APG.

Stabilization measures

In connection with the Offering, Carnegie may effect transactions aimed at supporting the market price of the share at a higher level than that which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, an OTC market or otherwise, and may be undertaken at any time during the period commencing on the first day of trading in the shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter.

Announcement of the outcome of the Offering

The final outcome of the Offering will be announced through a press release that will also be available on the Company's website (www.arlaplastgroup.com) on or about 25 May, 2021.

Right to dividend for the shares

The shares carry the right to dividend for the first time on the record date for dividends occurring immediately after the shares are listed for trading. Dividends, if any, will be paid following a resolution by the General Meeting. Payment is handled by Euroclear or, for nominee-registered holdings, in accordance with each nominee's procedures. The entitlement to dividends vests in any person who, on the record date for dividends determined at the General Meeting, is registered as a holder of shares in the share register maintained by Euroclear Sweden. For more information, see the section "*Shares, share capital and ownership structure.*" Regarding deduction of Swedish withholding tax, see the section "*Certain tax issues.*"

Terms and conditions for completion of the Offering

The Offering is conditional on interest in the Offering, according to Carnegie's assessment, being strong enough to achieve appropriate trading in the share, that the Company and the Selling Shareholder reach an agreement on placement of the shares (the "**Placing Agreement**"), which is expected occur on or about 25 May, 2021, that certain conditions of the agreement are met and that the agreement has not been terminated, which can occur up until the settlement date on 27 May, 2021.

The assessment on whether interest is strong enough to achieve appropriate trading in the share, takes into account factors such as the number of applications received and the aggregate amount for which applications for acquisition of shares have been made. This assessment is made on a discretionary basis by Carnegie.

The terms of the Placing Agreement include the issuance of customary opinions from legal advisors and auditors, as well as final approval by Nasdaq Stockholm of the Company's application for admission to trading.

If the above conditions are not met or if the agreement is terminated, the Offering may be cancelled. In such case, neither delivery of nor payment for shares will be completed under the Offering. See the section "Legal considerations and supplementary information – Placing Agreement" for more information.

Important information regarding the potential sale of allotted shares

Notification of allotment for shareholders whose holdings are nominee-registered takes place in accordance with the procedures of the individual nominee. Notification of allotment to the public in Sweden who subscribed for shares using the application form will occur by contract note on or about 25 May 2021. After Carnegie and Nordnet receive payment for the allotted shares, the paid shares will be transferred to the securities (VP) account, service account, or securities depository account specified by the investor. Due to the time required for mailing contract notes, transfer of payment, and transfer of the allotted shares to investors in the Company's shares, these investors will not have the allotted shares available in the specified securities (VP) account, service account or securities depository account until 27 May, 2021, at the earliest, or a few days thereafter.

Trading in the Company's share on Nasdaq Stockholm is expected to begin on or about 25 May, 2021. Since the shares will not be available in the investor's securities (VP) account, service account or securities depository account until 27 May, 2021 at the earliest, the investor may not have the opportunity to sell the shares on Nasdaq Stockholm from the date on which trading in the shares has commenced, but only when the shares become available in the securities (VP) account, service account or securities depository account. Investors may receive notification about allotment beginning on 25 May, 2021. For more information, see above under "*Notification of allotment and payment*" under "*Offering to the public.*"

Information about processing of personal data

Personal data provided to Carnegie, such as contact details and personal identity numbers, or information that is otherwise registered in connection with the preparation or administration of the Offering, will be processed by Carnegie, as the data controller, for the purposes of administration and execution of the assignment. Personal data is also processed in order for Carnegie to fulfil its obligations under the law.

Personal data may sometimes be disclosed for the stated purposes – subject to banking secrecy rules – to other companies within the Carnegie Group or to companies with which Carnegie cooperates, within and outside the EU/EEA, in accordance with EU-approved and appropriate safeguards. In some cases, Carnegie is also obliged by law to disclose information, for example to the Swedish Financial Supervisory Authority and the Swedish Tax Agency.

The Banking and Financing Business Act, like the Securities Market Act, contains a confidentiality provision under which all employees of Carnegie are bound by confidentiality obligations with respect to Carnegie's customers and other clients. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, restriction of processing of personal data, data portability, or correction of personal data may be requested from Carnegie's data protection officer. Subscribers may also contact the data protection officer for further information about Carnegie's processing of personal data. In the event that the subscriber wishes to lodge a complaint regarding the processing of personal data, the subscriber has the right to turn to the Swedish Authority for Privacy Protection as the supervisory authority.

Personal data are deleted if they are no longer necessary for the purposes for which they were collected or otherwise processed, provided that Carnegie is not legally obliged to retain the personal data. The normal retention period for personal data is ten years. Address for Carnegie's data protection officer: dpo@carnegie.se.

Nordnet

In connection with acquiring shares in the Offering through Nordnets online service personal data may be submitted to Nordnet. Personal Data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

Other

The fact that Carnegie is the Sole Global Coordinator and Bookrunner does not in itself mean that Carnegie regards the party making an application in the Offering ("the **investor**") as a customer at Carnegie. The investor is considered a customer at Carnegie for the purposes of the investment only if Carnegie has advised the investor regarding the investment, or has otherwise contacted the investor individually regarding the investment, or if the investor has registered through Carnegie's respective offices. Since Carnegie does not regard the investor as a customer for the investment, the rules on protection for investors in the Swedish Securities Market Act (2007:528) will not be applied to the investment. Among other things, this means that neither what is known as customer categorization nor what is known as an appropriateness test will be carried out in respect of the investment. It is thus the investor's own responsibility to ensure that they have sufficient knowledge and experience to understand the risks associated with the investment.

Information for distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments, ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities, FFFS 2017:2, (collectively, the "**MiFID II Product Governance Requirements**"), and with no liability to pay claims that may rest with a "manufacturer" (in accordance with MiFID II Product Governance Requirements) that may otherwise be relevant, shares in the Company have been subject to a product approval process, whereby the target market for shares in the Company is (i) retail clients and (ii) investors who are non-retail clients and eligible counterparties, each in accordance with MiFID II (the "**target market**"). Notwithstanding the target market assessment, distributors should note that: the value of the shares of the Company may decline and it is not certain that investors will recover all or part of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or capital protection, who (either alone or with an appropriate financial or other advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds to sustain any losses that may result from the investment. The target market assessment does not affect the requirements of any contractual, statutory or regulatory sales restrictions in relation to the Offering.

The target market assessment is not to be considered as (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of shares in the Company and determining appropriate distribution channels.



Market overview

Below is a brief description of the markets in which Arla Plast operates. Unless otherwise stated, the information provided in this section is based on a market report prepared by the consultancy firm Arthur D. Little on behalf of the Company and for a fee (the “**Market Study**”). The Market Study is based on both internal and external sources. The Market Study is focused on the European market for extruded PC sheets, as more than three-quarters of the Company’s sales are from extruded PC sheets and, due to its significant market share, the Company is clearly affected by market trends and other general influencing factors. The Company is also active in the markets for extruded PETG sheets inside and outside Europe, extruded ABS sheets inside Europe, and extruded PC sheets outside Europe. The European market for extruded PETG sheets and extruded ABS sheets is covered to some extent by the Market Study. Arla Plast’s sales on all of these markets taken together make up less than a fourth of the Company’s total sales. On these markets, Arla Plast is affected principally by opportunities linked to existing customers and less by general market trends. In the extruded ABS sheet market, Arla Plast mainly makes regional sales in Northern Europe.

Information provided in the section below, which was obtained from third parties, has been accurately reproduced and as far as the Arla Plast is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Meanwhile, the Company has not independently verified the accuracy and completeness of any third-party information for which reason the Company cannot give any assurances as to its accuracy or completeness. Additional factors that should be taken into account when assessing the market information are described elsewhere in the Prospectus, including in the section “*Risk factors.*”

Introduction to the market for extruded plastic sheets

Arla Plast is primarily active on the European market for extruded plastic sheets made of PC, ABS and PETG. The Company sells plastic sheets in over 45 countries worldwide and competes primarily on the European market for extruded sheets in PC, ABS and PETG. The extruded plastic sheets have many different areas of application in several industries.

Information about growth and other market trends must be assessed taking into account the underlying development of the markets in which sheets made of PC, ABS and PETG are regularly used, as well as based on the trends and factors that affect Arla Plast’s products in these markets. Arla Plast develops and manufactures extruded plastic sheets in the following product areas:

Plastic sheets made of PC

Arla Plast has a strong European position in plastic sheets made of PC, which includes both solid plastic sheets (transparent PC (“**TPC**”) and opaque PC (“**OPC**”)), as well as multiwall polycarbonate sheets (“**MWPC**”). Arla Plast’s production can be divided into three product categories:

- TPC: for a variety of products that demand good optical performance (such as safety glass, vehicle windows and ice hockey rinks), as well as for purposes such as machine glazing, sound walls, protective barriers (e.g. for COVID-19) and pool covers.
- OPC: for products such as suitcases, wall cladding, packaging and vehicles.

- MWPC: for products such as greenhouses, verandas, pool covers, roof lights, and various other construction-related products.

Plastic sheets made of ABS

Arla Plast holds a strong regional position in ABS sheets in Northern Europe. The products are mainly used for interior and exterior automotive parts (such as interior parts and exterior hoods for buses and trucks), as well as for packaging, but can also be used for many other purposes.

Plastic sheets made of PETG

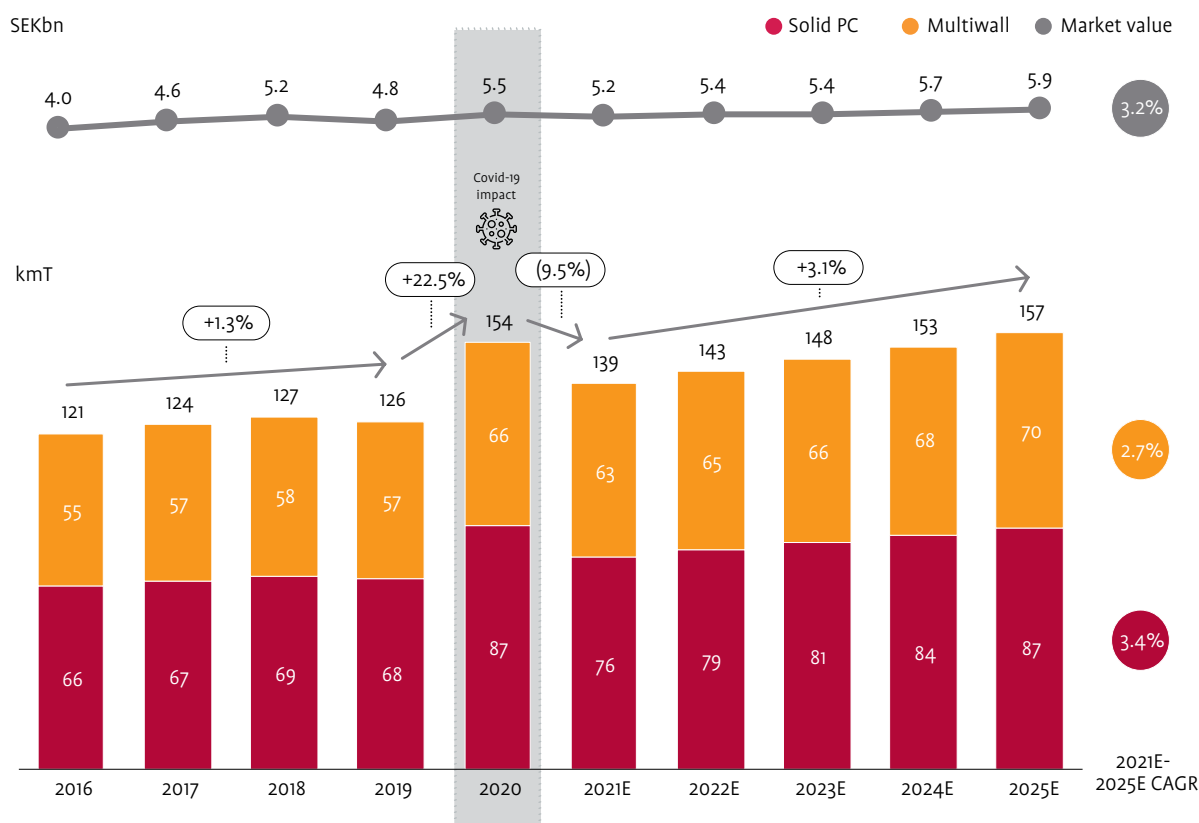
Arla Plast holds a strong European position in PETG sheets. Plastic sheets made of PETG are used for product displays, barrier products, wall cladding and various food-related products.

European market for extruded PC sheets

The total volume of the European market for extruded sheets made of PC (TPC, OPC and MWPC) was approximately 126 kMT in 2019, corresponding to a value of approximately SEK 4.8 billion, and approximately 154 kMT in 2020, corresponding to a value of approximately SEK 5.5 billion.¹⁾ According to the Company’s observations, the demanded volume of TPC in Europe grew strongly in 2020 due to a sharp rise in demand for protection related to COVID-19, but because of the mix of products supplied and exchange rate fluctuations, the total value did not increase in line with the increase in volume. Demand then returned to more normal volumes in late 2020, according to the Company’s obser-

1) Market Study.

European PC sheet market



Source: The Market Study.

variations. The value of the PC sheets market is highly dependent on underlying demand in the various market segments in which the sheets are used, but it is also influenced by the price of raw materials. Total market volumes are expected to decrease in 2021 as a direct consequence of lower demand for protective barriers and other products related to COVID-19 compared with 2020. However, the total market value should fall less than the volume in 2021, because of the recovery of the global economy from the initial negative market impact of the pandemic, thereby increasing demand for other higher-value products, according to the Market Study. Taken together, these circumstances are expected to result in negative growth in the market's value of around 5 percent in 2021. The market is forecast to grow at a compound annual growth rate ("CAGR") of 3.1 percent by volume between 2021 and 2025.²⁾ In addition to TPC, OPC and MWPC, the market for sheets made of PC also includes corrugated PC sheets. Given that the Company does not produce corrugated sheets made of PC, sales of such products are not included in the estimate for the Company's addressable market.

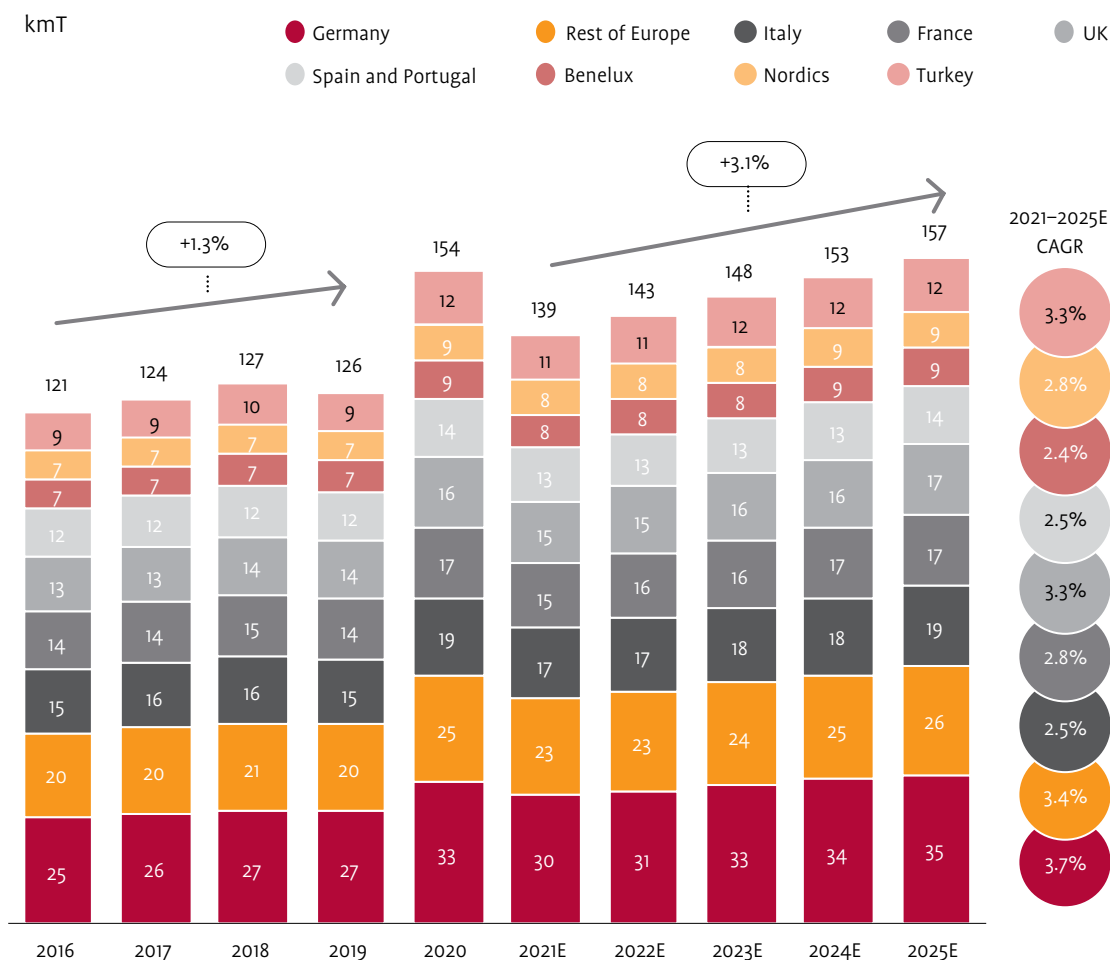
The market consists of one vertically integrated player, SABIC, which belongs to a large petrochemical group, but otherwise mainly of small and medium-sized unlisted international players.

The European extruded plastic sheet market has been undergoing consolidation over the past few years, as a few players, such as Palram and 3A Composites, completed acquisitions. Although the market has undergone some consolidation in recent years, a number of small and medium-sized competitors remain in the European market. The Company believes that market consolidation can be expected to continue, but at a slow pace as economies of scale are not apparent.

The market players have developed different strengths in terms of product range, geographic focus and internationalization. Arla Plast currently occupies a strong position in the European market for sheets made of PC, where the Company is one of the largest players with respect to sales volume and is strongly positioned with customized products, quality and service. Arla Plast holds the opinion that compared with a majority of its competitors, the Company has a stronger emphasis on customers who use or

2) Market Study.

European PC sheet market by region



Source: The Market Study..

process plastic sheets, rather than customers who distribute the plastic sheets downstream.

The graph above illustrates the size of the PC sheet market and historical as well as expected future development for the main regions during the period 2016–2025. In 2020, the German market accounted for about 22 percent of the total European PC sheet market; it is expected to grow at a CAGR of 3.7 percent in volume during the period 2021–2025.³⁾ The Nordic market accounted for about 6 percent in 2020 and is expected to grow at a CAGR of 2.8 percent in volume during the period 2021–2025.³⁾ The German and Nordic markets are two of Arla Plast’s main markets.

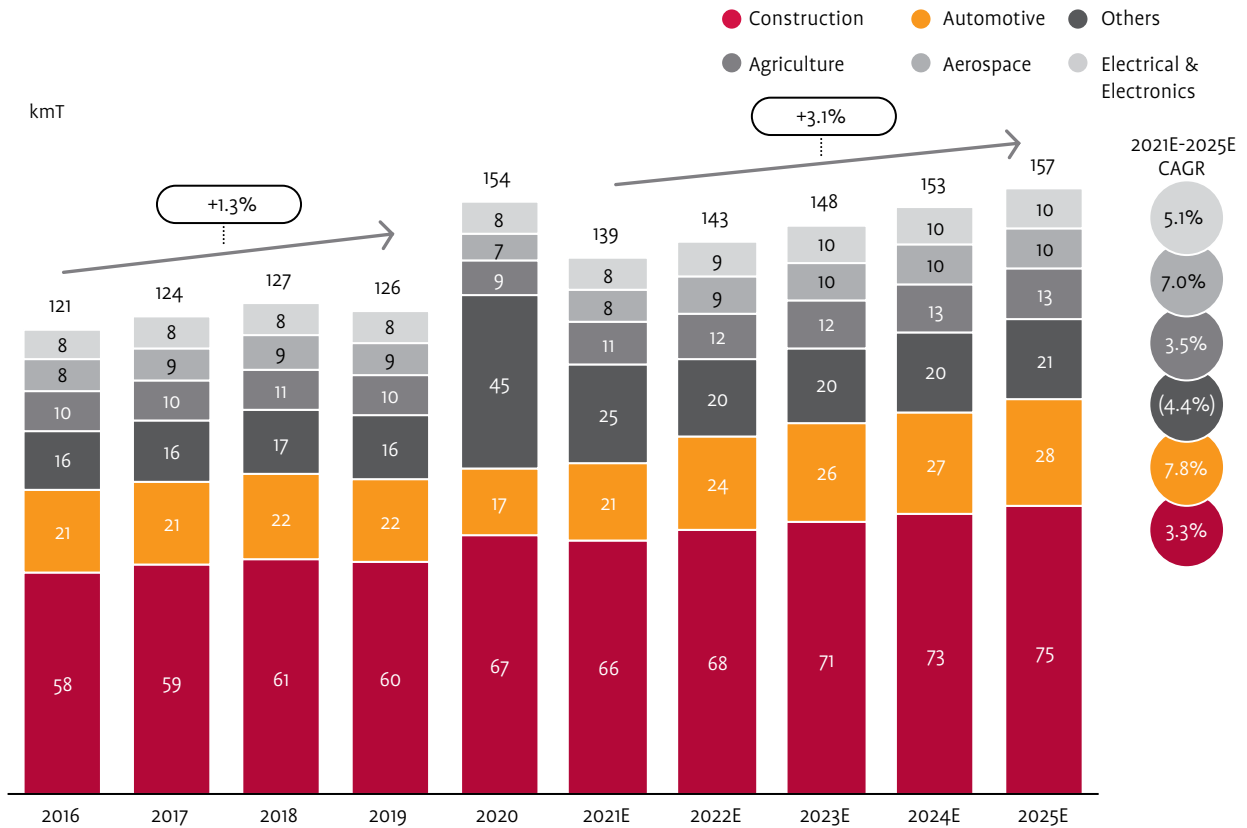
Trends and drivers

Arla Plast produces plastic sheets with many areas of application for several industries. There are a number of drivers that are specific to each application, as well as several drivers that affect the market for extruded plastic sheets in general. Some of the most significant drivers that the Company believes will impact the market moving forward are described below.

The graph below presents sales volumes of PC sheets by industry. In 2020 construction accounted for the largest proportion of total volume in Europe, at about 67 kmT.³⁾

3) Market Study.

European PC sheet market by industry



Source: The Market Study.

General trends and drivers

Replacement of material

PC sheets have many applications due to their advantageous and versatile properties, as well as the cost advantages of the material in relation to many alternatives. PC sheets have important properties such as high impact resistance, high fire resistance and good formability. In the construction and automotive industries, PC is often an attractive material since it offers both high safety and low weight. PC sheets are therefore expected to continue to replace traditional materials such as glass and acrylic plastics in most applications.

New construction

New construction of residential, commercial and public buildings is one of the main drivers underlying the development of the extruded PC sheet market. The construction market is affected by macroeconomic factors such as GDP growth and interest rates, as well as factors such as demographic trends and urbanization. The pace of construction in Europe has been high in recent years. The

construction market in Europe has shown a CAGR of 4.8 percent during the period 2013–2018. The construction market in Europe is estimated to grow at a CAGR of 3.3 percent over the period 2020–2023.⁴⁾

The market is driven by specific trends, such as the concept of “smart cities,” through the increase in demand for lightweight, versatile construction materials such as PC.

Agriculture

The increase in commercial plant nurseries and greenhouses is also expected to contribute to strong growth in the extruded PC sheet market going forward. The global commercial greenhouse market is estimated to grow at a CAGR of 8.8 percent between 2019 and 2025.⁵⁾ MWPC is used in greenhouses because of its low weight, impact resistance, robustness and UV resistance.

Safety and protection products

Investments in the defense industry have increased globally, while the global peace index has fallen nine out of the last twelve years.⁵⁾ In addition, crime and mass protests have increased in many

4) Euroconstruct November 2020
5) Market Study.

parts of the world, which also increases the demand for protective equipment. Many safety and protection products, such as bullet-proof glass in vehicles and buildings, must meet high demands for optical performance. Taken together, these factors contribute to growing global demand for protection products made of TPC in applications such as buildings, vehicles and safety equipment.

Increased focus on sustainability

An increased focus on long product lives is a factor judged to be affecting the market. Extruded plastic sheets made of PC offer several advantages in this respect, and the Company believes that impact resistance is their main selling point. For example, strong impact resistance provides an advantage over glass. In most cases, vandalism and other impact that result in broken glass do not result in broken PC sheets. Since PC is also about 50 percent lighter than glass, replacing heavier, traditional materials in vehicles with PC will reduce fuel and energy consumption. Moreover, PC has good insulating properties and recyclability, with a theoretical recycling rate of 100 percent.⁶⁾

Regulations and standards

By extension, an increased focus on sustainability results in new standards and regulations, such as stronger requirements in the ECE R118 standard, which imposes more stringent regulations regarding the flammability of materials used inside buses. As a result of these more stringent regulations, a PC/ABS composite is mainly replacing ABS inside most buses, since the addition of PC greatly improves fire resistance.

Specific drivers

Industrial machine glazing

The rapid increase in automation and robotization in industry is a contributing factor to the growing demand for industrial impact-resistant machine glazing made of PC, since the material provides good protection for operators against hazards such as moving and rotating parts. The number of accidents in the manufacturing industry is higher than in any other industry in the EU; the Company believes, however, that more extensive safety regulations will be imposed on industrial environments. In addition, PC provides ideal protection against collisions and other external impacts, for example from robotic production cells in the automotive industry.

Suitcases

The tourism industry has grown a compound annual growth rate of around 4 percent between 2013 and 2019, and is expected to return to a similar growth rate in 2021, assuming the effects of COVID-19 subside.⁶⁾ Vacuum-formed OPC is used for suitcases because of its high impact resistance, good formability and broad choice of colors and textures.

Sound walls and noise barriers

The construction industry is growing at a rapid pace in response to housing shortages and urbanization, which is driving demand for Arla Plast's products in this area. In addition, there is growing awareness of the health effects of prolonged exposure to high noise levels. The EU has also formulated regulations to reduce the effects of noise pollution, which is expected to contribute to a growing demand for noise barriers made of PC along roads or other locations.

Ice hockey

The number of people playing ice hockey is rising, as is the construction of new stadiums and rinks, which in turn increases demand for Arla Plast's products in this area. In existing rinks, PMMA and glass panels can be replaced by PC sheets. Compared with PMMA and glass, PC offers a good combination of higher impact resistance and flexibility, which provides both better durability and lower risk of concussion for hockey players.

Protective barriers because of COVID-19

In 2020, the market for protective barriers surged, driven by the need to limit the spread of COVID-19. This area is expected to remain important, albeit at a lower level than in 2020. Protective barriers to limit the spread of COVID-19 are mainly made of TPC and PETG sheets.

Competitive situation

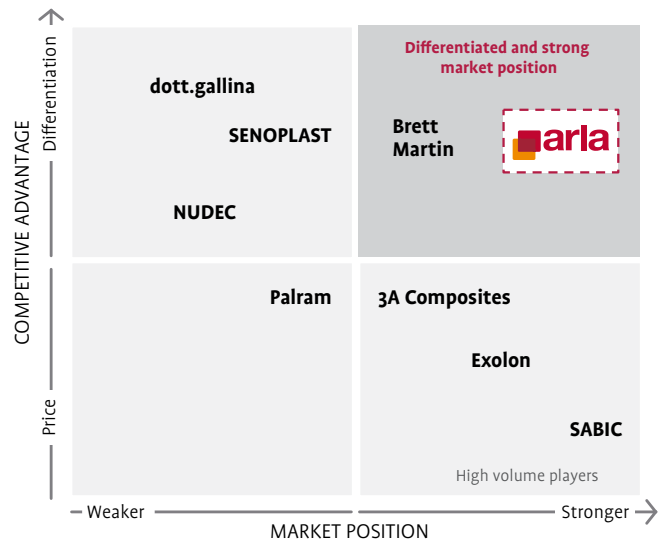
The petrochemical group SABIC has a strong global position and manufactures extruded PC sheets. SABIC is also active in the production of raw materials and plastic granules. Other manufacturer of PC sheets are small and medium-sized international players. The market players have developed different strengths in terms of product range, geographic focus and internationalization. Additional competitors include Senoplast, primarily active in ABS; 3A Composites, which has focused on a broader product portfolio; Brett Martin, which also offers panels and corrugated PC sheets; and finally, Exolon, which is most similar to Arla Plast in terms of product offering. SABIC and Exolon differ from Arla Plast in that the majority of their sales go to distributors. Sales to distributors are usually at lower prices than sales to customers who process or use the PC sheets. Exolon was previously part of Covestro, a larger group that, like SABIC, is also active in raw materials production and production of plastic granules. In early 2020, Covestro sold its sheet extrusion business, which changed its name to Exolon. The seven largest players in the European PC sheets market accounted for almost 90 percent of sales in 2019.⁶⁾ In the European market for ABS plastic sheets, the five largest players accounted for almost 80 percent of sales during the same period.⁶⁾ Moreover, the European market for extruded PETG sheets primarily consisted of about seven players.⁶⁾

6) Market Study..

The European extruded plastic sheet market has been undergoing consolidation over the past few years, as a few players, such as Palram and 3A Composites, completed acquisitions. Although the market has undergone some consolidation in recent years, a number of small and medium-sized competitors remain in the European market. The Company believes that market consolidation can be expected to continue, but at a slow pace as economies of scale are not apparent.

Arla Plast believes that the Company is a leading player in selected product areas, known for its ability to provide high-quality plastic sheets with flexible production, specific customer solutions and high service. Based on the Market Study, Arla Plast also believes that the Company has a strong position within the selected market, with few direct competitors. The figure below presents an illustrative overview of the competitive landscape in which the Company is positioned within the European market, according to the Company.

Illustrative mapping of competitive landscape

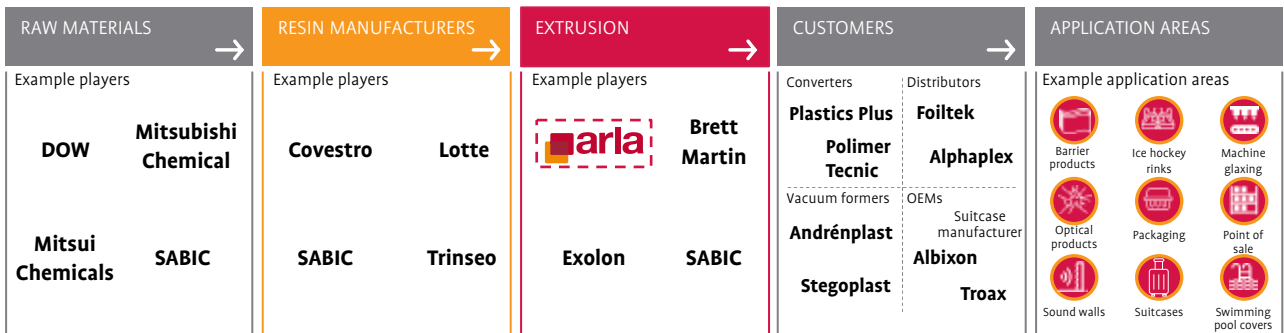


Source: the Market Study, and the Company's analysis, which is based on the Market Study.

Value chain

Arla Plast's value chain includes many players, the most important of which for Arla Plast are suppliers of plastic granules and other input materials, customers (including distributors, vacuum formers⁷⁾, other converters⁸⁾ and OEMs), as well as end-users. Arla Plast has a horizontally integrated business model and con-

trols key parts of the value chain. The Company combines high technical expertise in terms of producing high-quality products with a local sales organization that protects and maintains the Company's strong market position. According to Arla Plast, the figure below illustrates the value chain of the Company and its competitors.



The main input materials used to extrude PC sheets are various plastic granules, which are in turn produced through a multi-stage value chain originating from crude oil. The Company's input materials also include additives, paints, protective film, pallets and packaging materials. The Company and its competitors produce plastic sheets through an extrusion process. The Company's direct customers can be divided into the main categories of vacuum formers, other converters, distributors and OEMs. End customers can be found in a variety of industries in which the plastic sheets have a variety of uses, often as integral parts of finished products.

Customers

The main buyers of extruded plastic sheets are distributors, converters, vacuum formers and OEMs. Distributors are an important group of direct customers who often buy large quantities and resell, though Arla Plastics' main sales are to companies that further process the material, through vacuum-forming or other conversion methods, and in some cases to companies that produce finished products such as suitcases, pool covers or machine glazing. Examples of such OEMs include Troax and Albixon. These customer relationships are often characterized by collaborations on product development, improvement projects, service and customized solutions. Another example of a typical Arla Plast customer is Andrénplast, which produces vacuum-formed plastic components. Arla Plast has had a close customer relationship with Andrénplast since 1974.

7) Vacuum formers process the plastic sheets by first heating the products and then shaping and trimming them.
 8) Players who focus on converting plastic sheets into refined products using methods other than vacuum-forming.

Business description

Overview of Arla Plast

Arla Plast is a producer and supplier of extruded sheets made of technical plastics. Extrusion is a process used to create objects with given cross-sectional profiles; the plastic is pushed through a nozzle with the required cross sections. The plastic sheets, which are made of PC, ABS and PETG, have a large number of areas of application, including safety products, machine glazing, ice hockey rinks, sound walls, protective barriers (e.g. for COVID-19), pool covers, suitcases, wall cladding, packaging and automotive components, greenhouses, verandas, roof lights, and various other construction-related areas of application. Over the course of more than 50 years, Arla Plast has built up substantial expertise in the production of extruded plastic sheets and has developed strong relationships with customers, some of whom have been with Arla Plast almost from its inception. Arla Plast has transitioned from being a local operator producing spare parts for cars to becoming an international company which, according to the Company's own assessment based on the Market Study, is one of Europe's leading players in the extrusion of plastic sheets made of PC. Each year, the Company delivers products to just over 700 customers in more than 45 countries worldwide, with a primary focus on the European market, where the Company has 14 FTE sales representatives (including sales associates at the Company's regional sales offices around Europe, as well as centrally located Key Account Managers). The Company combines its expertise and capacity within extrusion for plastic sheets with proximity to customers regarding both technological needs and service. On many occasions these close collaborative efforts result in the delivery of customized products and solutions.

The company's headquarters is located in Borensberg, west of Linköping. In the 2000s, Arla Plast expanded its production capacity by having two production facilities built ("greenfield" projects) in Czech Republic. The Company's production is now carried out at its three production facilities located in Borensberg in Sweden (the original facility), as well as in Kadaň and Pelhřimov in Czech Republic. These production facilities have a total annual production capacity of approximately 31,000 mT of plastic sheets. Arla Plast reports in two segments: Sweden and the Czech Republic.

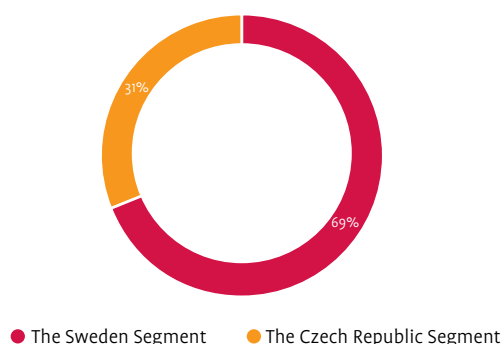
Sweden

The Sweden segment involves the sales made from the operational unit in Sweden (Operations Sweden). Production is predominantly located in Borensberg and includes the product groups TPC, ABS and OPC. Some OPC production may be carried out in the Czech Republic. The segment accounted for 69 percent of net sales in 2020. Although all of Arla Plast's sales representatives handle sales of the segment's products, the focus is on sales to the markets in Northern and Central Europe. Arla Plast's sales outside Europe are mainly attributable to the Sweden segment.

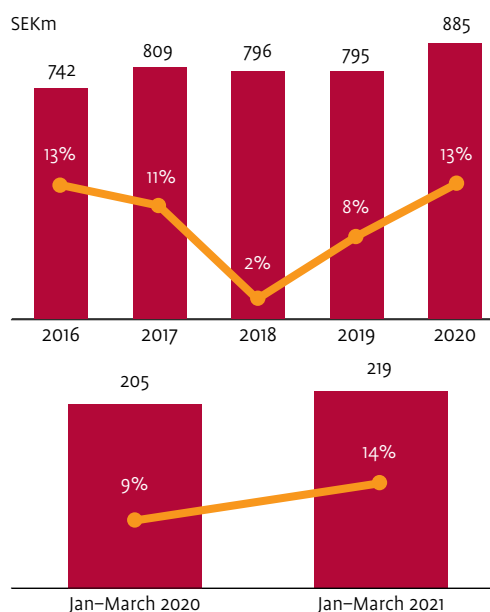
Czech Republic

The Czech Republic segment involves sales made from the operational unit in Czech Republic (Operations Czech Republic). Production is predominantly located in Kadaň or Pelhřimov and includes the product groups MWPC, PETG and OPC. The segment accounted for 31 percent of net sales in 2020. Although all of Arla Plast's sales representatives handle sales of the segment's products, the focus is on sales to the markets in Benelux and Central Europe. MWPC is a bulky product, with higher competitiveness in markets close to the production unit in Kadaň.

Percentage of net sales 2020



Net sales and adjusted operating margin trend 2016–March 2021



Arla Plast's extensive investments in technology and facility development, as well as strong customer offerings, combined with positive underlying market trends, have contributed to stable positive growth since the inception of the Company. In recent

years, the Company's net sales have increased from SEK 742 million in 2016 to SEK 885 million in 2020, representing a CAGR of 4.5 percent. The adjusted operating margin has been an average of 9.4 percent during this period. Net sales during the three-month period ending March 31, 2020 and 2021, respectively, totaled SEK 205 million and SEK 219 million, respectively, while the adjusted operating margin for the same time periods totaled 8.9 percent and 14.1 percent, respectively.

History and significant events

Entrepreneurship

Arla Plast was founded in 1969 by brothers Arne and Göran Larsson in Borensberg. The name of the Company, Arla, comes from the first two letters of Arne Larsson's first and last name. The company's first product was plastic composite screens for cars. At that time, cars tended to rust more than now, and the Company was able to offer the plastic screens at a lower price than the original parts through the growing spare parts market. The Company quickly identified a more efficient method of producing plastic screens: vacuum-forming of ABS plastic sheets. The Company therefore made a substantial investment in a vacuum-forming machine, which was delivered in 1972. One disadvantage of vacuum-forming the plastic screens was that two thirds of the material in the production process became waste material. An idea was then born: the waste material could be reused in the production of extruded sheets. To make this possible, in 1973 the Company moved to a new factory, where the first extrusion machine was installed in 1974, to produce ABS plastic sheets. This was Arla Plast's first step toward becoming a producer and supplier of extruded plastic sheets. That same year the Company found its first customer, Andrénplast, a business relationship that continues to this day. At the end of the 1970s the Company noted that because of their impact resistance, plastic sheets made of PC were more suitable than ABS for certain areas of application, after which the Company launched production of PC sheets. With the decision to switch production to extruded plastic sheets, in 1979 the company sold its car parts business to the Danish company Thermoform, after which it became a dedicated producer of extruded plastic sheets. In the 1980s, the business expanded further and new extrusion machines were installed. During that same period the Company was a pioneer in the use of co-extrusion technology, in which extrusion occurs in different layers. A major advantage of co-extrusion is that it allows for recycled material to be used in the middle layer, while new plastic granules are used for the external layers that are visible. This advantage also made it possible to develop outdoor (UV-resistant) sheets.

Professionalization

In 1993, Arla Plast underwent a change of ownership as Arne Larsson's son, Kenneth Synnersten, took over ownership of the Company. Under Kenneth Synnersten's management the Company grew through international expansion and Arla Plast transitioned from being a supplier in the Nordic market to an international supplier with a focus on the European market. At the same time, major investments were made to increase production capacity. In

the early 2000s, Arla Plast was an early producer of plastic sheets made of PC for suitcases, which was followed in the next step by the addition of a wide range of colors and effects, including a metallic finish.

Globalization

The Company's second production facility opened in 2006. This production facility was built through a greenfield project in Kadaň, Czech Republic, and at this point Arla Plast began to produce MWPC. Over the past decade, Arla Plast has invested heavily to become a leading player in PC sheets with high optical performance. The Company's third production facility, also built through a greenfield project, opened in 2012 in Pelhřimov, Czech Republic. The facility was established in collaboration with one of the Company's customers, a well-known suitcase manufacturer. In 2018, Arla Plast started to produce plastic sheets in a mixture of PC/ABS that meets the strict ECE R118 fire classification standard for bus interiors. Today the Company is one of the leaders in extrusion of plastic sheets made of PC in Europe, delivering products in over 45 countries worldwide.

Year	Event
1969	The Company was founded by the brothers, Arne and Göran Larsson, in Borensberg.
1974	The first extrusion machine to produce ABS plastic sheets is installed and the Company receives its first customer for plastic sheets, Andrénplast.
1977	The Company starts to produce plastic sheets in PC with a significant element of recycling
1979	The Company sells its automotive parts business to Thermoform to focus on plastic sheet extrusion
1980s	The Company's expansion continues and additional machines are installed. The Company becomes an early adopter of co-extrusion technology for transparent sheets. Using co-extrusion technology as a starting point, outdoor (UV-resistant) sheets were developed
1993	Kenneth Synnersten, Arne Larsson's son, takes over Arla Plast and becomes the Company's owner and Chief Executive Officer
1990s	The Company expands in Europe. Major investments are made in production and the recycling program is strengthened
2000s	The company produces plastic sheets made of PC for suitcases, including different colors and effects like a metallic finish
2006	The production facility in Kadaň, Czech Republic, opens and Arla Plast begins to produce MWPC.
2009	Beginning around 2009, Arla Plast is a leading player in the European market for PC sheets with high optical performance used in applications such as bullet-proof auto glass
2012	The production facility in Pelhřimov, Czech Republic, opens
2018	In 2018, Arla Plast starts to produce plastic sheets in a mixture of PC/ABS that meets the stricter ECE R118 fire classification standard.

Strengths and competitive advantages

The Company believes that Arla Plast's strengths and opportunities are as follows:

Robust underlying market for plastic sheets made of PC, strengthened by several trends

The European extruded PC sheet market, which is the market in which Arla Plast primarily competes, increased by a CAGR of 1.3 percent between 2016 and 2019, and is expected to continue to grow by a CAGR of about 3.1 percent between 2021 and 2025. The period 2019–2021 is characterized by an upswing driven by COVID-19 in 2020 that will likely subside in 2021.

Both historical and expected growth in the European extruded PC sheet market is driven by a number of trends. Especially important for Arla Plast are the general trends related to safety and protection products, an increased focus on sustainability, and new regulations and standards, as well as the specific drivers for machine glazing and barrier products.

See the section “*Market overview*” for more information about trends and Arla Plast’s market.

Leading market position in attractive market with high barriers to entry

Arla Plast has established a strong position as one of the leading producers and suppliers of extruded PC sheets for the European market.¹⁾ Strong position in PC sheets, complemented by a good product range of sheets made of ABS and PETG.

The Company believes that it will require a significant capital contribution to establish a production facility, a long and costly start-up period to equip the extrusion machines, extensive knowledge of materials and manufacturing, an accepted brand name and development of customer relationships to become established in the extruded PC sheet market. There are only a few other major European players because of the high barriers to entry in this market.

Broad product portfolio consisting of high-quality products with wide range of applications

Arla Plast has built up its expertise and methods to optimize its production over a long period of time and today offers a broad product portfolio consisting of extruded plastic sheets in the PC, ABS and PETG product areas. The Company’s product portfolio is characterized by high-quality products with a large number of applications in several industries. Plastic sheets made of PC are characterized by high impact resistance, high fire resistance and good formability. Areas of application for plastic sheets made of PC include safety products, machine glazing, ice hockey rinks, sound walls, protective barriers (e.g. for COVID-19), pool covers, suitcases, wall cladding, packaging, automotive components, greenhouses, verandas, roof lights, and various other construction-related areas of application. Plastic sheets made of ABS, including the mixture of PC/ABS, which are characterized by their versatility, can be used in a wide range of applications including automotive parts, bus interiors and packaging, while PETG is mainly used for barrier products, displays, wall cladding and food-related products.

For more information about the Company’s products, see the section “*Business description – Product areas*.”

Optimized production facilities

Arla Plast’s production is carried out at the Company’s three production facilities that are located in Borensberg in Sweden, as well as in Kadaň and Pelhřimov in Czech Republic. The Company has increased its total production capacity to approximately 31,000 mT through significant investments and improvements in its production facilities in recent years, and expects to further increase its capacity in the coming years through streamlining measures. Given this production capacity, Arla Plast sees good opportunities to grow over the next few years without major investments in machinery. Through deliberate investments in recent years, Arla Plast has created a reserve and flexibility in its facilities that allows products, with few exceptions, to be produced on more than one type of extrusion machine.

For more information about the Company’s production and production facilities, see the section “*Business description – Production*.”

Strong financial history and experienced management

Arla Plast has a history of strong organic sales growth, high and stable profitability, as well as good cash generation, all the result of the Company’s business model and illustrated by the increase in net sales between 2016 and 2020 with a CAGR of 4.5 percent and an average adjusted operating margin of 9.4 percent during the same period.

Arla Plast’s management team has a broad mix of skills and consists of people with extensive and solid industry experience, but also with significant experience from other industries, nationally and internationally. The management team is strongly supported by the Company’s Board of Directors, which has broad, in-depth industry and financial knowledge. For more information about the Company’s Board of Directors and management, see the sections “*Board of Directors, senior executives and auditor – Board of Directors*” and “*Board of Directors, senior executives and auditor – Senior executives*.”

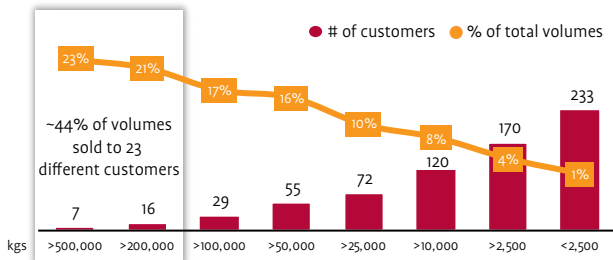
Long-term customer relationships and diversified customer base

Arla Plast is good at adapting to market opportunities and customer requests. To succeed in this endeavor, Arla Plast maintains close contact with its customers to develop the right products and to deliver according to customer specifications. In addition, Arla Plast possesses extensive technical expertise regarding products, polymer chemistry and extrusion technology. These factors, along with Arla Plast’s well-developed quality procedures, provide the Company with competitive advantage and long-term customer relationships.

Arla Plast has built up a diversified customer base with more than 700 customers; 23 of these customers accounted for approximately 44 percent of the Company’s sales in terms of volume in 2020. Arla Plast has certain key customers who are important for the Company, but is not dependent on any individual customer. Despite the diversified customer base, Arla Plast’s business model and the way the Company takes care of its customers have successfully created extremely long-term customer relationships, in many cases dating back decades.

1) According to the Company’s analysis, which is based on the Market Study.

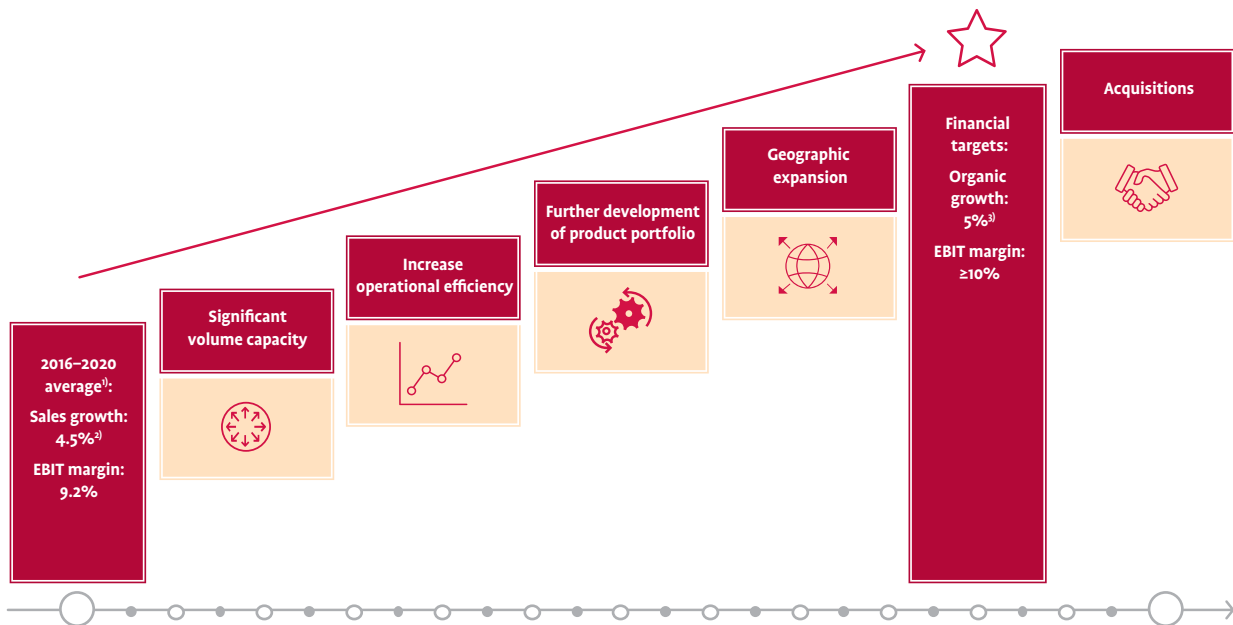
Number of customers per volume sold (2020 volumes)



Source: Company data based on indicative customer sales figures based on sales data and customer classification.

Growth strategy and growth potential

Arla Plast's strategy is to work closely with its customers. This strategy, which leads to a good understanding of the customer's applications, has proven to be successful. Arla Plast sees good growth opportunities through increased production and operational efficiency, development of the product portfolio, and geographic expansion. In addition, the Company intends to develop an acquisition strategy to find additional growth.

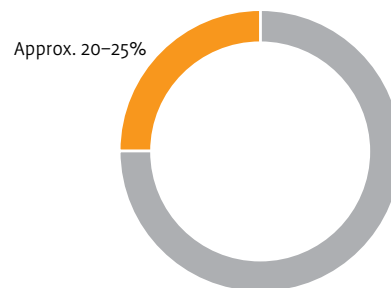


1) 2016–2017 based on annual reports prepared according to K3. 2018–2020 based on annual reports prepared according to IFRS.
 2) 2016–2020 CAGR.
 3) Sales growth in 2021 expected to be lower than 5%.

Increased production and operational efficiency

Arla Plast significantly increased its total production capacity through recent investments and efficiency improvements in the Company's production facilities. The Company also sees good opportunities to continue to improve the efficiency of its facilities in order to raise the capacity ceiling. Efficiency enhancements can be made through continued technological improvements, clear leadership and improved quality. The unused capacity provides an opportunity to increase production and continue to grow without additional machine investments.

Unused production capacity



Development of product portfolio

A fundamental requirement for continued growth is that the Company must also continue to work closely with its customers with a good understanding of their applications. Product development, as well as continuous adaptation of products and a high level of service, will ensure the development of existing business

and the acquisition of new business. Particularly good opportunities have been identified in a number of fast-growing applications, including machine glazing and barrier products.

For more information about trends, see the section “*Market overview – General trends and drivers*” and “*Market overview – Specific drivers*”.

Geographical expansion

Arla Plast is in a phase of international expansion with capacity to focus on several different geographic markets at the same time. Successful implementation of the Company’s expansion strategy to date has generated a broad geographic presence and established customer relationships in large parts of the world.

Recent efforts to establish a presence in new geographic markets have set the scene for Arla Plast to increase its market share in attractive markets. In accordance with The Company’s expansion strategy, prioritized areas will be North and South America, as well as selected European countries. Moreover, Arla Plast believes there is great potential to further develop the Company’s already strong position in key markets such as the Nordic region, Germany, Benelux and Central Europe.

Acquisitions

Arla Plast’s expansion strategy also includes looking for interesting acquisition targets. Acquisitions can target growth in new product areas, new geographic areas, or more value creation related to products. Once listed, the Company expects to create value through acquisitions of other companies, especially those that are unlisted. The Company also intends to develop a clearer acquisition strategy in 2021.

Mission and financial targets

Mission

“With our cornerstones as the foundation and extrusion as our core competency, we offer our customers plastic sheets tailored to their needs.”

Vision

Arla Plast’s vision is to be the customers’ choice for extruded plastic sheets for advanced purposes.

Cornerstones

The Company has four cornerstones for its business, which are presented below.

Cornerstone	Description
Quality	Being well known for high quality, in-depth industry knowledge and strong brand awareness.
Flexibility	Broad expertise allows customized solutions with the ability to quickly respond to changing requirements for parameters such as volumes and specifications.
Service	With strong customer focus, meeting or exceeding customer service expectations throughout the organization.
Speed	Speed means short lead times from order to delivery, fast problem solving and quick decision making.

Financial targets

In preparation for listing on Nasdaq Stockholm, Arla Plast’s Board of Directors adopted financial targets, which are presented below, that are linked to Arla Plast’s strategic initiatives.

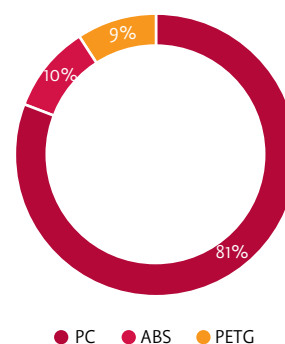
Target	Description
Sales growth	Annual organic sales growth over a business cycle should be 5 percent. This target is not likely to be met during the 2021 financial year, as growth was unexpectedly high in 2020 due to the sale of barrier products at the start of the pandemic.
Operating margin	Operating margin over a business cycle should be at least 10 percent.
Net debt	Net debt in relation to EBITDA shall not exceed 2.5x.
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.

The above financial targets are forward-looking statements that are based on a number of estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are not a guarantee of future results or performance, and the actual outcome may differ materially from the information set forth in the forward-looking statements. Arla Plast’s business, profitability, industry trends and the macroeconomic environment in which Arla Plast operates may differ materially from these, and may be more negative than assumed when the financial targets presented above were established. In addition, unforeseen events, whether within or beyond the control of Arla Plast, may adversely affect the actual results achieved by the Group in future periods, whether or not these assumptions prove to be correct. See also the section “*Important information for investors – Forward-looking statements and industry and market data*” and the section “*Risk factors*.”

Product areas

Arla Plast is primarily active within three product areas: PC, ABS and PETG. The PC product area includes solid plastic sheets (TPC and OPC) and MWPC.

Percentage of sales in 2020



PC

PC is characterized by high impact resistance, high fire resistance and good formability.

Solid PC

TPC

TPC accounts for the majority of Arla Plast’s sales in PC and represents the largest proportion of Arla Plast’s product offering. Arla Plast offers TPC in an array of different specifications regarding parameters such as thickness, size, colors, UV protection and various optical properties. For example, TPC can be used in products that demand high optical performance (such as safety glass, vehicle windows and ice hockey rinks), as well as for purposes such as machine glazing, sound walls, protective barriers (e.g. for COVID-19) and pool covers.

OPC

OPC is mainly project-driven and consists exclusively of products tailored to customer needs. Examples of applications include suitcases, wall cladding, packaging and automotive components. Arla Plast has developed a talent for customizing products to meet customer specifications, including dimensions, colors, design effects and UV protection.

MWPC

MWPC are plastic sheets with channels of empty space in the middle of the sheets, giving them much lower density than solid PC. Nevertheless, MWPC sheets are strong plastic sheets that offer high impact resistance and good light penetration, combined with good insulation. Arla Plast offers plastic sheets made of MWPC to meet a variety of specifications, including dimensions, structure, light transmission, UV protection and colors. MWPC can be used for products such as greenhouses, verandas, pool covers, roof lights, and various other construction-related applications.

ABS

ABS is characterized by its versatility and wide range of applications, including automotive parts, bus interiors and packaging, as well as many other purposes. others.

ABS is an opaque thermoplastic with high formability and good surface properties. If ABS and PC are mixed, the plastic sheets can be used in applications with higher requirements for fire and impact resistance.

PETG

PETG is characterized by high chemical resistance and good formability. Plastic sheets made of PETG are used for products such as barrier products, displays, wall cladding and various food-related products. There has been a strong increase in demand for PETG sheets as a result of COVID-19 since PETG sheets are well suited as protective barriers. Arla Plast offers PETG sheets with a variety of specifications, including dimensions, colors and UV protection.

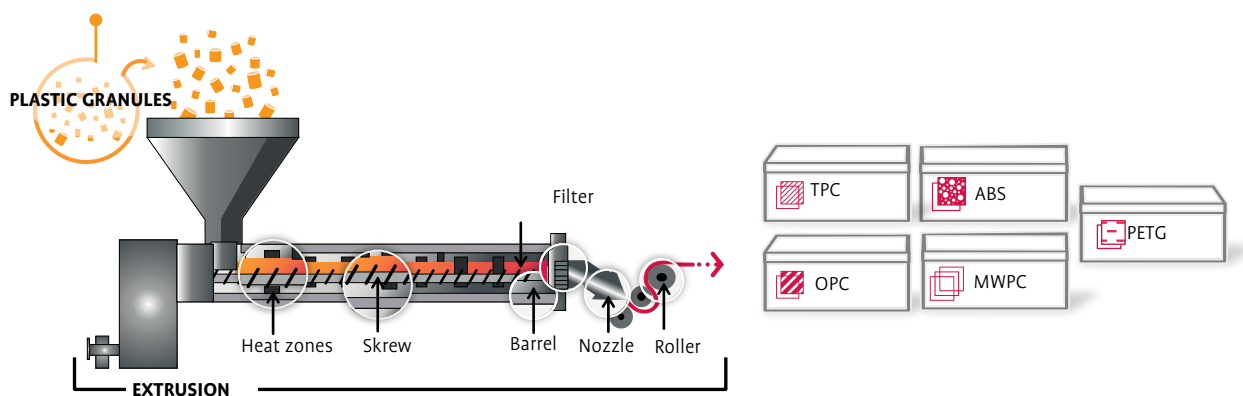
Product development

Arla Plast develops products by combining the materials offered by the granules suppliers with the process possibilities of the extrusion process. This approach often requires extensive testing. In order to conduct testing quickly and cost-effectively, it is often done using dedicated laboratory equipment.

Production

Through investments and years of experience, Arla Plast has optimized the process of efficiently producing plastic sheets that meet the wishes and specifications of the customers. The Company’s engineers possess extensive knowledge about the products and the processes, while the operators have extensive experience – a crucial combination for achieving the strict specifications and consistent quality of Arla Plast’s products. Machinery and equipment are becoming increasingly digital, helping to improve process stability and product quality.

Schematic diagram of the extrusion process



Arla Plast’s production begins with the purchase of various plastic granules from producers of this material. The main raw materials are supplemented with recycled material. Various materials such as color additives (“master batches”), UV protection and other

additives are then added to achieve the desired properties. The plastic granules of PC, ABS or PETG are dosed in at the beginning of the extrusion process and heated to melt the plastic. The melt is screwed forward through a barrel to a wide nozzle and shaped

into a sheet. The melted plastic is then cooled on heated rollers. However, MWPC is cooled on heated calibration plates. The plastic sheets are then coated with a protective film and cut into standard or customer-specific sizes before being stacked on a pallet. A common size for plastic sheets is two by three meters. Pallets are transported to customers by truck or container.

The extrusion process is set up in various ways, including material dosing, temperatures and speed in order to produce the specified product. During production, inspections are carried out according to specified quality instructions to ensure compliance with the applicable specification. More extensive testing is carried out in special test rooms and laboratories at the frequencies prescribed by the quality instructions.

To maintain good quality, preventive maintenance of equipment is carried out at the time intervals specified in special maintenance schedules. If unforeseen problems arise, Arla Plast constantly strives to find the root causes of the problems and remedy them.

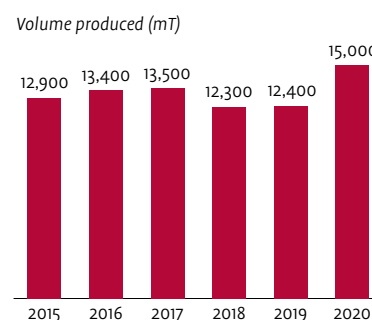
Production facilities

Arla Plast has run its operations in Borensberg since the Company was founded there in 1969. In 2006 and 2012, two new production facilities (greenfield projects) were built, with production in Kadaň and Pelhřimov in Czech Republic. Consequently, the Company's production now takes place in three facilities which are described in greater detail below.

Borensberg



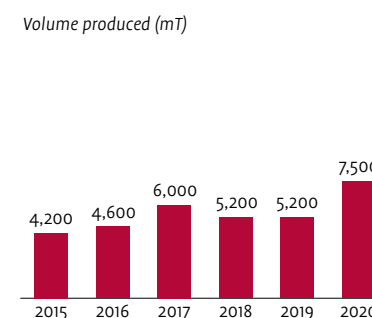
Built: 1972–1973
Owned by Arla Plast: Yes.
Total capacity: About 19,500 mT
Main products produced: TPC, OPC and ABS
Certificates: ISO 9001, ISO 14001 and ISO 45001



Kadaň



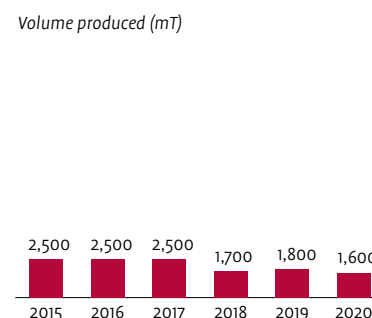
Built: 2005–2006
Owned by Arla Plast: Yes.
Total capacity: About 8,100 mT
Main products produced: MWPC and PETG
Certificates: ISO 9001, ISO 14001 and ISO 45001

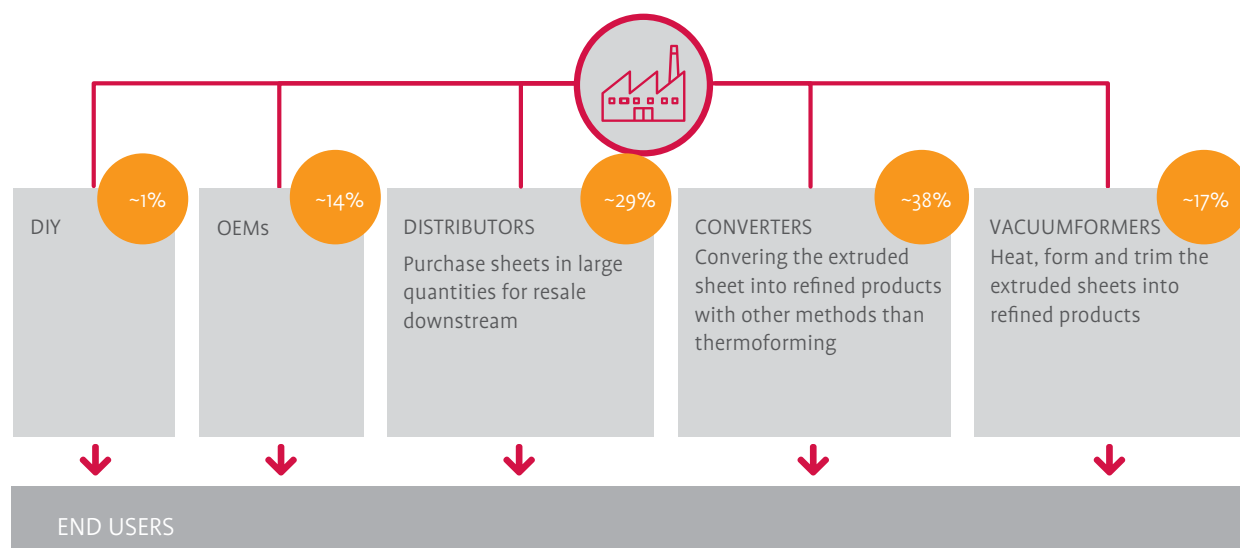


Pelhřimov



Built: 2012
Owned by Arla Plast: No (rented)
Total capacity: About 3,400 mT
Main products produced: OPC
Certificates: ISO 9001, ISO 14001 and ISO 45001





Source: Company data based on indicative customer sales figures based on sales data and customer classification (2020).

Sales and distribution

Arla Plast's sales take place through the Company's regional sales offices across Europe, as well as centrally located Key Account Managers. The sales representatives have overall responsibility for managing existing customers and initiating contact with new customers. Orders are placed through Arla Plast's order handling function, which is located at Arla Plast's three factories. Standard products are generally shipped from the Company's warehouse within a few working days, while customer-specific products are generally scheduled for production three to four weeks after receipt of the order. The plastic sheets are then distributed through a network of forwarding agents to ensure efficient deliveries within set timeframes. The diagram above shows Arla Plast's sales in 2020 broken down by the Company's different customer types.

Price-setting strategy

Arla Plast justerar försäljningspriset på sina plastskivor utifrån rådande marknadspriser, vilka främst styrs av inköpspriset på råvarorna. Bolagets marginal förblir därigenom relativt opåverkad av råvaruprisförändringar. De faktorer som huvudsakligen påverkar priset på plastskivorna är följande:

- 1. The price of raw materials.** The price of PC, ABS and PETG depends on the price of input raw materials, which in turn is driven by supply and demand.
- 2. Capacity of plastic granules producers.** There are only a few suppliers of plastic granules, and the price is largely governed by their capacity utilization.
- 3. Changes in demand.** The price of PC, ABS and PETG granules is also influenced by trends in all industries that use the material. Here, the demand for injection-molded parts plays a greater role than the demand for extruded sheets, since the former is much higher.
- 4. Global balance.** The balance of supply and demand and the price scenario in Asia play a major role in the situation in Europe.

Purchasing

The Company mainly purchases plastic granules for its operations, but also other materials used in the products such as paint additives (known as master batches), UV materials and other additives, as well as protective films, pallets and polyethylene film used for wrapping pallets.

Purchase of plastic granules

The most important raw material in the production of plastic sheets is plastic granules. Plastic granules are only purchased from approved suppliers. The company currently has five approved suppliers for delivery of plastic granules for PC, two for delivery of plastic granules for ABS and three for delivery of plastic granules for PETG.

IT

Arla Plast's IT infrastructure and platforms are centrally administered. The Group's shared overarching systems and applications are administered from Borensberg.

Each production unit also has its own IT infrastructure for specific local applications, primarily production and logistics-related IT solutions.

Arla Plast has redundant and stable connections for data traffic between its production units and the company's data center in Sweden. The Company works continuously on development and standardization of infrastructure and operations in order to maintain high safety, security and availability. As part of its continuous development, the Company is actively evaluating new or upgraded IT solutions to support its internal processes more effectively where possible. Arla Plast uses a common system solution (ERP) from Jeeves together with fully integrated support systems.

Sustainability

Sustainability is a natural element in Arla Plast's core activities and strategy, and efforts to achieve greater sustainability are viewed as an important challenge for the Company. Sustainability work is led by the Group executive management and coordinated by the quality officer. The basic premise for the Company's sustainability

efforts is a sustainability strategy, long term goals, and sustainability-related guidelines. The Board of Directors is responsible for the sustainability strategy and guidelines, and also approves the sustainability report that is prepared annually. Sustainability work is an integral component of Arla Plast's operational governance, including its business plan and budget work. Results and progress are primarily communicated through the Sustainability Report, as well as through ongoing dialogue with stakeholders.

Arla Plast works proactively to contribute to the UN's Sustainable Development Goals, which are part of the 2020 Agenda, and to Sweden's climate targets for 2045. The global driving force toward more sustainable development and the transition to a more circular and resource-efficient economy also means that Arla Plast's customers are becoming increasingly aware of the importance of using sustainable materials. For example, extruded plastic sheets made of PC are up to 250 times more impact resistant than glass and about 30 times more impact resistant than PMMA. Arla Plast also actively works to improve resource efficiency and climate performance from a life cycle perspective throughout the value chain. The Company's extensive knowledge and expertise in the properties and performance of plastics serves as a basis for this work. The sustainability targets have been identified based on this foundation and based on what is most relevant for Arla Plast's business and where the Company can make the greatest contribution.

Arla Plast is ISO-certified to ISO 9001 (quality management), 14001 (environmental management) and 45001 (occupational health and safety management) for all of its production facilities.

Below is a description of the three main areas that have been adopted for Arla Plast's sustainability work. Within these main areas, a number of targets have been identified, including key performance indicators to enable measurement of the improvements.

Environmental footprint

The reducing of the Company's environmental footprint is a key sustainability challenge. Arla Plast works to reduce the climate impact of its business activities along the entire value chain and from a product life cycle perspective. Arla Plast's strategy for reducing its environmental footprint is based on the measures below.

Recycling of waste

Arla Plast recycles almost all waste generated within its operations, as well as significant parts of the waste generated by its customers. Recycling of one kilogram of waste corresponds to an emission reduction of four kilograms of carbon dioxide, and in total Arla Plast saves about 10,000 mT of carbon emissions per year by reusing waste.³⁾

Energy-efficiency and use of renewable energy

Arla Plast uses green electricity wherever practical. The Swedish production facility uses EPD®-certified energy from Nordic hydropower. Surplus energy generated from the Swedish production facility is used to heat offices and nearby homes.

Waste and carbon footprint

Continuous work to reduce waste and emissions through several initiatives, ranging from production to the use of sustainable transport methods.

The development of products with a lower carbon footprint

Arla Plast is collaborating with a number of external parties, and mainly material suppliers, on various projects to develop extruded sheets produced from completely or partially fossil fuel-free materials. The Company is actively working on turning these projects into saleable products as from 2022.

Social sustainability

Arla Plast's social responsibility primarily includes its employees and the community.

Arla Plast strives to ensure that its employees are satisfied, engaged and motivated. By being an open and inclusive employer, with zero tolerance of discrimination, Arla Plast shall provide a workplace characterized by gender equality and diversity, where employees can reach their full potential and contribute to the development of a high-performing organization. Arla Plast actively works to retain and strengthen its corporate culture, which is described in the Company's Code of Conduct, "The Arla Plast Way." In addition, the Company's Board of Directors has adopted a Code of Conduct that lays the foundation for how employees should act and do business responsibly, both internally and in relation to business partners.

Employees should feel safe and secure, and the Company promotes a healthy work environment. Since Arla Plast has production facilities, the Company works actively to limit the risk of workplace accidents and work-related injuries. All production facilities have certified health and safety management systems, and all new employees receive training in safe working practices.

In addition, Arla Plast strives to contribute to positive social developments and is committed to being an important and engaged participant in the local community, by maintaining an open dialogue, as well as through various targeted initiatives such as sponsorship and summer jobs.

Business ethics

Arla Plast shall conduct business ethically and responsibly, and set clear requirements for its suppliers regarding business ethics, which are described in "The Arla Plast Way." "The Arla Plast Way" summarizes expectations of all Arla Plast employees, throughout the entire organization, regarding business ethics and general conduct. The Company's approach to business ethics is also reflected in other internal governance documents, such as the Insider Policy, the Purchasing Policy and the Related Party Policy.

Arla Plast has a whistleblower function to help discover unethical or illegal conduct. To ensure that Arla Plast's suppliers comply with Arla Plast's approach to business ethics, the Company's major suppliers shall inform themselves about the Arla Plast Code of Conduct.

3) The Company's own assessment.

Regulations

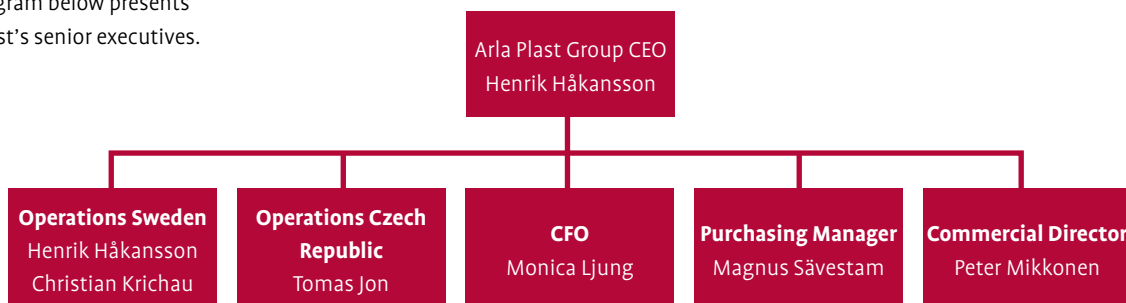
The Company's principle activities are the production of extruded plastic sheets from technical plastics. Its activities are therefore governed by many laws and regulations. The regulations that affect the Company's activities the most are environmental legislation, occupational health and safety regulations, product regulations and the applicable tax legislation in Sweden and the Czech

Republic. The Company is also affected by regulations relating to customs, tariffs and imports and exports, in connection with cross-border sales, which it mainly makes to European countries, but also to a number of countries outside Europe. In addition, the Company processes personal data, which means that the GDPR is applicable to the personal data processing carried out by the business.

Organization and employees

Organization

The diagram below presents Arla Plast's senior executives.



Employees

As of March 31, 2021, Arla Plast had 266 full-time employees, where the distribution between the operating segments Sweden and Czech Republic was 53 percent and 47 percent respectively. The table below presents the average number of full-time employees at Arla Plast during the periods January – March 2021, 2020, 2019 and 2018.

	January– March 2021	2020	2019	2018
By operating segment				
Sweden	139	140	147	144
Czech Republic	125	118	109	118

Selected financial information

Below is selected financial information for the Company concerning the financial years 2020, 2019 and 2018, as well as interim information for the period January 1 – March 31, 2021, with comparative figures for the corresponding period in 2020. The financial information for the financial years 2020, 2019 and 2018 was extracted from the Company's audited financial statements, which have been prepared in accordance with the Annual Accounts Act (1995:1554) ("**Annual Accounts Act**"), RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards ("**IFRS**") and Interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU. The consolidated accounts have been prepared under the historical cost convention, with the exception of financial instruments, which are measured at fair value (derivative instruments). Interim information for the period January 1 – March 31, 2021, with comparative figures for the corresponding period in 2020, is prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act and was extracted from the Company's reviewed interim report for the period January 1 – March 31, 2021. The quarterly financial information relating to 2018 and 2019, which is presented below, has been taken from Arla Plast's internal accounting and has been neither audited nor reviewed by Arla Plast's auditor.

The selected historical financial information in this Prospectus shall be read in conjunction with the sections "*Operating and financial review*" and "*Capitalization, indebtedness and other financial information*," as well as the Company's audited consolidated financial statements with accompanying notes and the Company's reviewed interim report for the period January 1 – March 31, 2021, which are incorporated in the Prospectus by reference.

Condensed consolidated statement of comprehensive income

Amounts in SEK thousand	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
Operating income					
Net sales	218,812	204,573	884,680	794,567	796,130
Cost of goods sold	-167,902	-164,667	-675,631	-634,777	-690,715
Gross margin	50,910	39,906	209,049	159,790	105,415
Selling expenses	-14,143	-18,976	-63,946	-62,084	-62,112
Administrative expenses	-12,427	-6,861	-41,568	-34,619	-30,148
Other operating income	3,399	4,244	6,056	2,982	3,093
Other operating expenses	-121	-74	-3,671	-995	-608
Operating profit	27,618	18,239	105,920	65,074	15,640
Financial income	138	289	4	2,059	3
Financial expense	-288	-1,279	-5,283	-1,313	-2,620
Profit before tax	27,468	17,249	100,641	65,820	13,023
Tax expense	-5,520	-3,722	-20,478	-13,971	-3,320
Profit for the period	21,948	13,527	80,163	51,849	9,703
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange rate differences for the period – translation of foreign subsidiaries	3,539	237	-12,769	5,938	6,706
Other comprehensive income for the period	3,539	237	-12,769	5,938	6,706
Total comprehensive income for the period	25,487	13,764	67,394	57,787	16,409

Condensed consolidated balance sheet

Amounts in SEK thousand	31 March			31 December	
	2021	2020	2020	2019	2018
ASSETS					
Non-current assets					
Intangible non-current assets	733	682	805	570	–
Property, plant and equipment	282,637	267,123	275,253	272,571	268,235
Rights of use	7,630	11,986	8,593	12,921	–
Other non-current receivables	9	2,660	14	3,158	3,088
Total non-current assets	291,009	282,451	284,665	289,220	271,323
Current assets					
Inventories	163,995	175,862	160,769	172,524	176,264
Accounts receivable	130,194	128,832	93,109	90,136	96,256
Other current receivables	6,152	3,915	10,788	10,670	6,991
Current tax assets	–	–	–	1,325	4,726
Prepaid expenses and accrued income	2,334	2,205	2,884	2,045	2,585
Derivative instruments	–	–	–	559	–
Cash and cash equivalents	30,794	71,029	23,814	77,430	25,952
Total current assets	333,469	381,843	291,364	354,689	312,774
TOTAL ASSETS	624,478	664,294	576,029	643,909	584,097
EQUITY AND LIABILITIES					
EQUITY					
Share capital	2,400	2,400	2,400	2,400	2,400
Other capital contributions	1,666	–	1,666	–	–
Translation reserve	24,573	34,043	21,034	33,802	27,864
Retained earnings (including profit for the period)	386,295	397,704	364,347	384,185	332,336
Total equity attributable to owners of the parent	414,934	434,147	389,447	420,387	362,600
LIABILITIES					
<i>Non-current liabilities</i>					
Non-current share of lease liabilities	3,214	7,224	4,041	8,191	–
Derivative instruments	–	–	–	–	294
Deferred tax liabilities	38,947	38,101	38,697	38,094	37,549
Total non-current liabilities	42,161	45,325	42,738	46,285	37,843
<i>Current liabilities</i>					
Debt owed to credit institutions	71,563	70,912	52,186	68,358	81,689
Current share of lease liabilities	4,456	4,898	4,624	4,846	–
Accounts payable	31,731	19,864	26,074	19,643	20,525
Current tax liabilities	3,977	1,034	6,609	5,405	305
Debt owed to Group companies	–	36,997	–	40,097	50,898
Derivative instruments	16	–	32	–	545
Other liabilities	20,959	15,300	29,067	17,251	4,921
Accrued expenses and deferred income	34,681	35,817	25,252	21,637	24,771
Total current liabilities	167,383	184,822	143,844	177,237	183,654
Total liabilities	209,544	230,147	186,582	223,522	221,497
TOTAL EQUITY AND LIABILITIES	624,478	664,294	576,029	643,909	584,097

Condensed consolidated cash flows

Amounts in SEK thousand	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
Cash flow from operating activities					
Operating profit	27,618	18,239	105,920	65,074	15,640
Adjustment for items not included in cash flow	8,954	10,610	36,934	35,467	33,280
Interest received	–	289	4	7	–3
Interest paid	–157	–544	–1,912	–791	–1,251
Income tax paid	–2,259	–5,821	–13,394	–5,458	–10,102
Cash flow from operating activities before changes in working capital	34,156	22,773	127,552	94,299	37,570
Cash flow from changes in working capital					
Increase/decrease in inventories	–1,788	–3,418	5,215	5,520	18,639
Increase/decrease in operating receivables	–31,011	–33,389	–6,989	3,997	13,759
Increase/decrease in operating liabilities	494	13,327	23,062	8,277	–7,024
Total change in working capital	–32,305	–23,480	21,288	17,794	25,374
Cash flow from operating activities	1,851	–707	148,840	112,093	62,944
Cash flow from investing activities					
Investments in intangible non-current assets	–	–162	–498	–570	–
Investments in property, plant and equipment	–12,492	–1,978	–40,998	–30,167	–11,395
Investments in financial non-current assets	–	–	–	–	–
Disposal of property, plant and equipment	–	–	–	–	1,997
Disposal of non-current receivables	–	–	3,129	–	–
Cash flow from investing activities	–12,492	–2,140	–38,367	–30,737	–9,398
Cash flow from financing activities					
Derivative instruments	–	283	–184	587	–275
Dividend	–	–	–100,000	–	–
Increase in use of bank overdraft facility	18,301	–	17,022	–	–
Decrease in use of bank overdraft facility	–	–1,635	–	–14,677	–22,762
Borrowing from credit institutions	–	–	–	36,176	16,000
Amortization related to lease liabilities	–1,297	–1,380	–5,324	–5,603	–
Amortization of debt owed to credit institutions	–	–	–31,560	–34,433	–40,319
Borrowing from Group companies	–	–	–	38,000	12,000
Amortization of debt owed to Group companies	–	–3,100	–39,497	–49,401	–33,322
Cash for warrants	–	–	1,666	–	–
Cash flow from financing activities	17,004	–5,832	–157,877	–29,351	–68,678
Decrease/increase in cash and cash equivalents	6,363	–8,679	–47,404	52,005	–15,132
Cash and cash equivalents, beginning of year	23,814	77,430	77,430	25,952	40,051
Exchange rate differences in cash and cash equivalents	617	2,278	–6,212	–527	1,033
Cash and cash equivalents at close of period	30,794	71,029	23,814	77,430	25,952

Key performance indicators

	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
Sales volume (tons)	6,181	5,507	23,992	19,120	18,794
Net sales (SEK thousand)	218,812	204,573	884,680	794,567	796,130
Gross margin (%)	23.3	19.5	23.6	20.1	13.2
EBITDA (SEK thousand)	36,459	27,152	141,138	100,976	47,070
Adjusted EBITDA (SEK thousand)	39,690	27,152	148,773	101,355	49,138
Operating profit (SEK thousand)	27,618	18,239	105,920	65,074	15,640
Adjusted operating profit (SEK thousand)	30,849	18,239	113,555	65,453	17,708
Operating margin (%)	12.6	8.9	12.0	8.2	2.0
Adjusted operating margin (%)	14.1	8.9	12.8	8.2	2.2
Profit before tax (SEK thousand)	27,468	17,249	100,641	65,820	13,023
Profit for the period (SEK thousand)	21,948	13,527	80,163	51,849	9,703
Earnings per share before dilution (SEK)	1.10	0.68	4.01	2.59	0.49
Earnings per share after dilution (SEK)	1.05	0.68	3.93	2.59	0.49
Total assets (SEK thousand)	624,478	664,294	576,029	643,909	584,097
Net debt (SEK thousand)	48,439	49,002	37,037	44,062	106,635
Net debt/EBITDA (multiple)	0.32	0.48	0.26	0.44	2.27
Organic growth (%)	9.9	-3.6	12.9	-1	-5
Working capital/sales (%)	24.3	25.5	21.2	27.7	29.7
Return on capital employed (%)	24.1	12.5	22.9	12.6	3.4
Operating cash flow (SEK thousand)	-10,641	-2,847	110,473	81,356	53,546
Cash generation (%)	29.2	10.5	78.3	80.6	113.8
Equity/assets ratio (%)	66.4	64.9	67.6	65.3	62.1
Average number of full-time employees	264	248	258	256	262

Definition of key performance indicators defined according to IFRS

Key performance indicator	Definition	Purpose
Earnings per share (SEK)	The profit for the year attributable to the parent company's shareholders in relation to the average number of outstanding shares.	This key performance indicator shows how much profit the Company generates for every share.

Reconciliation of key performance indicators defined according to IFRS

	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
<i>Earnings per share (SEK)</i>					
Profit for the period (SEK thousand)	21,948	13,527	80,163	51,849	9,703
Weighted number of shares before dilution	20,000 000	20,000 000	20,000 000	20,000 000	20,000 000
Weighted number of shares after dilution	20,980 000	20,000 000	20,377 541	20,000 000	20,000 000
Earnings per share before dilution (SEK)	1.10	0.68	4.01	2.59	0.49
Earnings per share after dilution (SEK)	1.05	0.68	3.93	2.59	0.49

Definition of Alternative Performance Measures not defined according to IFRS

The Company applies the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs) in this Prospectus. The aim of the guidelines is to make the Alternative Performance Measures in financial statements more understandable, reliable and comparable, thereby increasing their usefulness. According to the Guidelines, an alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flows other than

a financial measure defined or specified in the applicable recognized accounting standards: IFRS and the Annual Accounts Act. These guidelines are mandatory for financial reports published after July 3, 2016.

Arla Plast believes that the Alternative Performance Measures presented in this Prospectus, in conjunction with measures defined under IFRS, facilitate understanding of the Group's financial trends. Moreover, Arla Plast's management team, investors, securities analysts and other stakeholders use these Alternative Performance Measures as supplementary measures

of performance. However, the alternative performance measures, as defined by Arla Plast, should not be compared with other performance measures with similar names that are used by other companies, since the abovementioned performance measures are

not always defined in the same way and other companies may not calculate them in the same way as Arla Plast. These financial Alternative Performance Measures are defined below, together with the reason for their use.

Key performance indicator	Definition	Purpose
Sales volume (tons):	Volume sold stated in tons.	The sales volume is a key performance indicator used to assess the Company's sales in relation to the total volume sold on its end markets.
Gross margin (%):	Gross profit 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.
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):	Material items that are not included in the ordinary activities, such as the costs of preparing for an IPO, restructuring or impact from acquisition or divestment.	Taking items affecting comparability into account increases the comparability and therefore the understanding of the Group's financial performance.
Adjusted EBITDA (SEK thousand):	EBITDA adjusted for items affecting comparability.	Adjusting the EBITDA makes it more comparable.
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.
Interest-bearing assets (SEK thousand):	Cash at bank and in hand.	The interest-bearing assets are used to calculate the net debt.
Interest-bearing liabilities (SEK thousand):	Current and non-current debt 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 if it matured on the calculation date using the Company's available cash.
Net debt/EBITDA (multiple):	The net debt at period-end in relation to the EBITDA for the last twelve 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.
Organic growth (%):	Organic growth is the net 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 disposals.
Working capital (SEK thousand):	Inventories and other current operating assets less other current operating liabilities.	This measure is used to analyze the Company's current tied-up capital.
Working capital/sales (%):	Operating receivables less operating liabilities in relation to sales over the last twelve months.	This key performance indicator 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).	Arla Plast uses the capital employed to measure the Company's ability to meet its operating needs other than through its available cash.
Return on capital employed (%):	The adjusted operating profit for the last twelve months divided by the average capital employed. The 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.	The return on capital employed is a long-term profitability indicator that measures how effectively the Company is using its capital.
Operating cash flow (SEK thousand):	Cash flow from operating activities and cash flow from investing activities.	This indicator measures the total cash flow from operating activities.
Cash generation (%):	Operating cash flow as a percentage of EBITDA.	This key performance indicator shows the Company's ability to meet future repayment and investment obligations.
Equity/assets ratio (%):	The equity at period-end as a percentage of total assets.	The equity/assets ratio indicates the share of the Company's assets that are financed by equity. This key performance indicator is used to analyze a company's long-term payment capacity.

Reconciliation of alternative performance measures

	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
<i>Gross margin (%)</i>					
Gross profit (SEK thousand)	50,910	39,906	209,049	159,790	105,415
Net sales (SEK thousand)	218,812	204,573	884,680	794,567	796,130
Gross margin (%)	23.3	19.5	23.6	20.1	13.2
<i>Operating margin (%)</i>					
Operating profit (SEK thousand)	27,618	18,239	105,920	65,074	15,640
Net sales (SEK thousand)	218,812	204,573	884,680	794,567	796,130
Operating margin (%)	12.6	8.9	12.0	8.2	2
<i>EBITDA (SEK thousand)</i>					
Operating profit (SEK thousand)	27,618	18,239	105,920	65,074	15,640
Less the depreciation and amortization of non-current assets (SEK thousand)	8,841	8,913	35,218	35,902	31,430
EBITDA (SEK thousand)	36,459	27,152	141,138	100,976	47,070
<i>EBITDA R12 (SEK thousand)</i>					
EBITDA 2020	141,138	–	–	–	–
EBITDA 2019	–	100,976	–	–	–
EBITDA quarter 1 2021	36,459	–	–	–	–
EBITDA quarter 1 2020	–27,152	27,152	–	–	–
EBITDA quarter 1 2019	–	–26,663	–	–	–
EBITDA R12 (SEK thousand)	150,445	101,465	–	–	–
<i>Adjusted EBITDA (SEK thousand)</i>					
EBITDA (SEK thousand)	36,459	27,152	141,138	100,976	47,070
Less items affecting comparability	3,231	–	7,635	379	2,068
Adjusted EBITDA (SEK thousand)	39,690	27,152	148,773	101,355	49,138
<i>Adjusted operating profit (SEK thousand)</i>					
Operating profit	27,618	18,239	105,920	65,074	15,640
Less items affecting comparability	3,231	–	7,635	379	2,068
Adjusted operating profit (SEK thousand)	30,849	18,239	113,555	65,453	17,708
<i>Adjusted operating profit R12 (SEK thousand)</i>					
Adjusted operating profit 2020	113,555	–	–	–	–
Adjusted operating profit 2019	–	65,453	–	–	–
Adjusted operating profit quarter 1 2021	30,849	–	–	–	–
Adjusted operating profit quarter 1 2020	–18,239	18,239	–	–	–
Adjusted operating profit quarter 1 2019	–	–17,484	–	–	–
Adjusted operating profit R12 (SEK thousand)	126,165	66,208	–	–	–
<i>Adjusted operating margin (%)</i>					
Adjusted operating profit (SEK thousand)	30,849	18,239	113,555	65,453	17,708
Net sales (SEK thousand)	218,812	204,573	884,680	794,567	796,130
Adjusted operating margin (%)	14.1	8.9	12.8	8.2	2.2
<i>Net debt (SEK thousand)</i>					
Interest-bearing liabilities (SEK thousand)	79,233	120,031	60,851	121,492	132,587
Interest-bearing assets (SEK thousand)	30,794	71,029	23,814	77,430	25,952
Net debt (SEK thousand)	48,439	49,002	37,037	44,062	106,635
<i>Net debt/EBITDA (multiple)</i>					
Net debt (SEK thousand)	48,439	49,002	37,037	44,062	106,635
EBITDA, R12 (SEK thousand)	150,445	101,465	141,138	100,976	47,070
Net debt/EBITDA (multiple)	0.32	0.48	0.26	0.44	2.27

	1 January–31 March		1 January–31 December		
	2021	2020	2020	2019	2018
<i>Organic growth (%)</i>					
Net sales (SEK thousand)	218,812	204,573	884,680	794,567	796,130
Net sales for the same period of the previous year (SEK thousand)	204,573	210,086	794,567	796,130	809,080
Less exchange rate fluctuations (SEK thousand)	5,454	-2,179	11,282	-10,125	-29,917
Organic growth (%)	9.9	-3.6	12.9	-1	-5
<i>Net sales R12 (SEK thousand)</i>					
Net sales 2020	884,680	-	-	-	-
Net sales 2019	-	794,567	-	-	-
Net sales quarter 1 2021	218,812	-	-	-	-
Net sales quarter 1 2020	-204,573	204,573	-	-	-
Net sales quarter 1 2019	-	-210,086	-	-	-
Net sales R12 (SEK thousand)	898,919	789,054	-	-	-
<i>Working capital/sales (%)</i>					
Operating receivables (SEK thousand)	302,675	310,454	267,550	277,259	286,822
Operating liabilities (SEK thousand)	84,416	109,012	80,425	57,531	50,762
Net working capital (SEK thousand)	218,259	201,442	187,125	219,728	236,060
Net sales, R12 (SEK thousand)	898,919	789,054	884,680	794,567	796,130
Working capital/sales (%)	24.3	25.5	21.2	27.7	29.7
<i>Return on capital employed (%)</i>					
Adjusted operating profit, R12 (SEK thousand)	126,165	66,208	113,555	65,453	17,708
Average capital employed (SEK thousand)	524,171	529,346	496,089	518,533	518,742
Return on capital employed (%)	24.1	12.5	22.9	12.6	3.4
<i>Operating cash flow (SEK thousand)</i>					
Cash flow from operating activities (SEK thousand)	1,851	-707	148,840	112,093	62,944
Cash flow from investing activities (SEK thousand)	-12,492	-2,140	-38,367	-30,737	-9,398
Operating cash flow (SEK thousand)	-10,641	-2,847	110,473	81,356	53,546
<i>Cash generation (%)</i>					
Operating cash flow (SEK thousand)	-10,641	-2,847	110,473	81,356	53,546
EBITDA (SEK thousand)	36,459	27,152	141,138	100,976	47,070
Cash generation (%)	-29.2	-10.5	78.3	80.6	113.8
<i>Equity/assets ratio (%)</i>					
Equity (SEK thousand)	414,934	434,147	389,447	420,387	362,600
Total assets (SEK thousand)	624,478	664,294	576,029	643,909	584,097
Equity/assets ratio (%)	66.4	65.4	67.6	65.3	62.1

Additional financial information

Arla Plast believes that the selected financial information below is of significance to potential investors, since it enables a more in-depth analysis and assessment of the Company's performance by product area, geographical market and operating segment.

The information in the tables below for the financial years 2020, 2019 and 2018 is extracted from the Company's audited consolidated financial statements, which are incorporated in the Prospectus by reference. The information concerning total net sales and operating profit for the financial years 2017 and 2016 has been extracted from the Company's audited consolidated financial statements, while the breakdown by product area and operating segment is based on the Company's internal accounting

system and is unaudited. The consolidated financial statements for the financial years 2020, 2019 and 2018 with the comparative years 2016 and 2017 are prepared in accordance with the Swedish Annual Accounts Act, RFR 1 *Supplementary Accounting Rules for Groups*, and IFRS and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU.

Net sales by product area

Amounts in SEK thousand	2020	2019	2018	2017	2016
TPC	450,768	329,298	333,147	310,271	265,318
OPC	106,815	173,332	172,567	210,465	213,481
MWPC	155,808	145,850	167,198	174,883	149,698
ABS	87,422	98,464	86,541	75,109	73,389
PETG	83,867	47,623	36,677	38,352	40,230
Total	884,680	794,567	796,130	809,080	742,116

Net sales by geographical market

Amounts in SEK thousand	2020	2019	2018
Sweden	111,772	114,905	113,357
Germany	234,498	234,353	239,628
Czech Republic	88,362	48,012	51,370
Poland	84,210	70,437	65,419
Rest of Europe	329,830	271,918	270,996
Rest of World	36,008	54,942	55,360
Total	884,680	794,567	796,130

Quarterly net sales and operating profit

	2021		2020			2019				2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales (SEK thousand)	218,812	211,940	207,334	260,833	204,573	176,920	191,756	215,805	210,086	148,424	199,422	212,252	236,032
Operating profit (SEK thousand)	27,618	27,365	21,824	38,492	18,239	5,304	20,194	22,091	17,484	-20,690	6,040	13,267	17,023
Operating margin (%)	12.6	12.9	10.5	14.8	8.9	3.0	10.5	10.2	8.3	-13.9	3.0	6.3	7.2
Items affecting comparability (SEK thousand)	3,231	5,833	1,802	-	-	-	22	357	-	2068	-	-	-
Adjusted operating profit (SEK thousand)	30,849	33,165	23,624	38,492	18,239	5,304	20,216	22,448	17,484	-18,622	6,040	13,267	17,023
Adjusted operating margin (%)	14.1	15.6	11.4	14.8	8.9	3.0	10.5	10.4	8.3	-12.5	3.0	6.3	7.2

Operating cash flow and cash generation

Amounts in SEK thousand	2020	2019	2018
Cash flow from operating activities	148,840	112,093	62,944
Cash flow from investing activities	-38,367	-30,737	-9,398
Operating cash flow	110,473	81,356	53,546
Cash generation (%)	78 %	81 %	114 %
Cash flow from investing activities (% of net sales)	4 %	4 %	1 %

Net sales by operating segment*

Amounts in SEK thousand	2020	2019	2018	2017	2016
Sweden segment	614,077	519,050	519,395	529,275	475,040
Czech Republic segment	314,138	310,492	312,559	362,341	336,489
Eliminations	-43,535	-34,975	-35,824	-82,536	-69,413
Total	884,680	794,567	796,130	809,080	742,116

Operating profit by operating segment*

Amounts in SEK thousand	2020	2019	2018	2017	2016
Sweden segment	94,378	42,918	20,028	61,651	54,496
Czech Republic segment	18,742	21,923	-2,911	23,221	46,551
Eliminations and group-wide items affecting comparability	-7,200	233	-1,477	551	-4,086
Total	105,920	65,074	15,640	85,423	96,961

* In the second quarter of 2020, Arla Plast decided to change the operating segments, for which reason the comparative years 2016–2019 are restated.

For a description of the Company's operating segments, see the sections "Business description – Sweden", "Business description – Czech Republic" and "Operating and financial review – Arla Plast's segments".

Working capital and working capital/net sales

Amounts in SEK million	2020	2019	2018
Inventories	161	173	176
Accounts receivable	93	90	96
Other receivables	11	11	7
Tax assets	-	1	5
Prepaid expenses and accrued income	3	2	3
Derivative instruments	-	1	-
Accounts payable	(26)	(20)	(21)
Derivative instruments	-	-	(1)
Other liabilities	(30)	(17)	(5)
Accrued expenses and deferred income	(25)	(21)	(25)
Other working capital	26	47	59
Working capital	187	220	236
Working capital (% of net sales)	21 %	28 %	30 %

Operating and financial review

The following comments on financial performance are based on the financial years 2020, 2019 and 2018, as well as the periods January 1 – March 31, 2021 and January 1 – March 31, 2020. The information presented below shall be read in conjunction with the sections “*Selected financial information*” and “*Capitalization, indebtedness and other financial information*,” as well as the Company’s audited consolidated financial statements with accompanying notes and the Company’s reviewed interim report for the period January 1 – March 31, 2021, which are incorporated in the Prospectus by reference.

The following comments are intended to facilitate the understanding and assessment of trends and changes in Arla Plast’s earnings and financial position. Historical results are not necessarily indicative of future results.

This section may contain forward-looking statements. Such statements are subject to risks, uncertainties and other factors, including those set forth in the section “*Risk factors*,” that could cause the Company’s future earnings, financial position or cash flows to differ materially from those expressed or implied in such statements.

Overview

Arla Plast is a business that produces and sells extruded sheets made of technical plastics. The Company has its headquarters in Borensberg, Sweden, and the Company’s production is carried out in production facilities in Borensberg, Sweden, as well as in Pelhřimov and Kadaň, Czech Republic. The Company was founded in 1969.

In 2020 Consolidated net sales totaled SEK 884,680 thousand.

Arla Plast delivers products primarily in three different markets: the markets for plastic sheets made of PC, ABS and PETG.

Arla Plast’s segments

The chief operating decision maker for the Group is the Chief Executive Officer. The Chief Executive Officer evaluates the consolidated earnings and financial position and makes strategic decisions. The Board of Directors, in consultation with the Chief Executive Officer, has determined the operating segments based on the information processed by the Chief Executive Officer and used as a basis for allocating resources and evaluating performance. On this basis, the Company’s activities have been divided into two segments: Sweden and the Czech Republic.

The Sweden segment involves sales made from Operations Sweden and is the Group’s largest profit area. Production is predominantly located in Borensberg and includes the product groups TPC, ABS and OPC. Some OPC production may be carried out in the Czech Republic. The segment accounted for 69 percent of net sales in 2020.

The Czech Republic segment involves sales made at Operations Czech Republic. Production is predominantly located in Kadaň or Pelhřimov and includes the product groups MWPC, PETG and OPC.

The segment accounted for 31 percent of net sales in 2020 and is expected to grow. Regarding the joint product area OPC, the Czech Republic segment accounts for 52 percent of net sales.

Group-wide functions can be found in both Sweden and the Czech Republic and are invoiced internally to ensure that a fair result can be monitored in each segment. Costs affecting comparability, which relate to preparation costs for a possible listing, are charged to Group-wide costs and have not been allocated. Intersegment sales are to take place on market terms.

Key factors affecting operating profit

The financial performance of Arla Plast has been, and is likely to be, affected by a number of factors, some of which are beyond the control of the Company, both currently and in the future. The key factors that Arla Plast believes have affected the Company’s operating income and financial performance during the period covered by the historical financial information in the Prospectus and factors that may continue to do so in the future are described below. Below is a list of the factors that Arla Plast believes have the greatest impact on the Company’s operating income.

- Market and general economic conditions
- Currency fluctuations
- Raw materials
- Competition
- Arla Plast’s own ability to adapt

Market and general economic conditions

Demand for Arla Plast’s products is closely linked to industries such as the automotive, engineering, construction and travel industries, as well as the markets for various security products such as reinforced glass and barrier products to prevent the spread of viruses. The specific conditions in the various markets differ, but are affected by a number of macroeconomic factors such as economic growth, the unemployment rate, demographic trends and household disposable income.

Currency fluctuations

Because Arla Plast operates in Sweden and internationally, the Company’s earnings and financial position are exposed to foreign exchange risk, which affects the Company’s income statement and balance sheet. Currency exposure includes both transactional and translational exposure.

Currency risk arises at Arla Plast mainly from cross-border trade, where pricing and invoicing are denominated in EUR. The sensitivity of profit or loss to changes in exchange rates arises mainly in EUR, but also to a small extent in USD and GBP. Significant balance sheet items denominated in EUR can be found in accounts receivable and accounts payable. The Company’s borrowings are also denominated in EUR and historically, the Company has entered into forward exchange contracts and currency options as a financial hedge against future foreign currency flows.

The various entities within the Group use the local currency as their functional currency. Arla Plast's consolidated financial statements use SEK, which is the parent company's functional currency and the Group's presentation currency. This means that the earnings and financial position of the subsidiary, which has a functional currency other than the presentation currency, are translated into the Group's presentation currency. Assets and liabilities for the balance sheets are translated from the functional currency of the foreign operation into the Group's presentation currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses for the income statements are translated into SEK at the average exchange rate prevailing at each transaction date. Translation differences arising from translation of the accounts of foreign operations are recognized in other comprehensive income.

Raw materials

The Company's main input materials are priced on a monthly basis. Pricing is driven by the balance between supply and demand, and can therefore fluctuate widely. Essentially all of Arla Plast's competitors are exposed to similar fluctuations, for which reason there are strong incentives to change prices for customers when suppliers change their prices so that the margin between purchase cost and sales revenue remains unchanged. The Company's price to customers due to changes in input prices is adjusted with some delay, usually on a monthly basis, in line with changes in the market price of plastic sheets. The Company maintains an inventory of input materials and when the price change toward the customer for plastic sheets is implemented, typically some inventory remains that was purchased at the previous prevailing price of input materials. The Company's margin for production using such inventory will be higher than otherwise when market prices rise because the Company increases its price to the customer. When prices fall, the effect is the opposite; the Company's margin is lower than otherwise, because of the reduced price of plastic sheets to customers. Another risk is that on certain occasions, especially when prices rise sharply, there may be a shortage of input materials.

Competition

Arla Plast operates on markets that are largely consolidated and where a few players have significant market shares. If supply and demand are not in balance, there is a risk that the Company's competitors, in an effort to capture market share, could reduce their prices. There is also a risk that the Company's competitors could develop more cost-effective methods for producing plastic sheets. Should one or more competitors lower their prices, this could result in increased pressure on prices for the Company's products, which could have a negative impact on the Company's current margins and earnings.

Arla Plast's own ability to adapt

Over the years, Arla Plast has shown its ability to adapt and successfully position itself to ensure profitability despite changes in external factors. This capability is essential to ensure continued profitability and growth.

Description of items in profit or loss

Net sales

Net sales comprise sales less any deductions for discounts and customer bonuses in the Group's two segments. The main revenue stream for the Group is the sale of products in the form of extruded sheets of technical plastics, recognized at the time of completion of delivery in accordance with applicable delivery terms, which coincides with the transfer of risks and rewards to the customer. Intra-Group sales are eliminated in the consolidated financial statements.

Cost of goods sold

Cost of goods sold includes direct and indirect costs of producing the products, such as direct input materials, material and production overheads, purchased services, costs for premises, personnel and administrative costs, and depreciation, amortization and impairment of property, plant, and equipment and intangible assets related to production.

Selling expenses

Selling expenses include costs related to sales, advertising and promotion of the Group's products, such as personnel costs and costs related to marketing materials, exhibitions and other events. Selling expenses also include commissions to agents and distributors, rent for premises related to sales activities, credit insurance and collection costs, as well as sales-related depreciation, amortization and impairment of property, plant, and equipment and intangible assets related to sales, advertising and marketing.

Administrative expenses

Administrative expenses consist mainly of costs for administration, finance and IT, including personnel costs, purchased services, depreciation, amortization and impairment of property, plant, and equipment and intangible fixed assets related to the previously mentioned functions. Administrative costs also include costs of premises for administrative activities, fees from auditors, lawyers and consultants, as well as Company-wide insurance premiums.

Other operating income

Other operating income consists of gains on the disposal of non-current assets, rental income, grants received and insurance reimbursement, foreign exchange gains related to operating receivables and payables, as well as other types of ancillary income not included in, or arising from, the Group's operating activities.

Other operating expenses

Other operating expenses consist of loss on the disposal of non-current assets, bank charges on operating transactions, foreign exchange losses related to operating receivables and payables, as well as other types of ancillary costs not included in, or incurred in the course of, the Group's operating activities.

Financial income

Financial income includes interest income on bank deposits, positive changes in the value of forward exchange contracts and foreign exchange gains related to financial assets and liabilities.

Financial expense

Financial expenses include interest expenses on borrowings and financial liabilities, negative changes in the value of forward exchange contracts and foreign exchange losses related to financial assets and liabilities.

Tax expense

Tax expense consists of income tax on profit for the period, as well as deferred tax. Income tax is calculated based on the tax regulations in force in the country where the taxable income arises. Deferred tax relates to temporary differences between book values and tax values.

Comparison between January 1 – March 31, 2021 and January 1 – March 31, 2020**Net sales**

Arla Plast's net sales for the first quarter of 2021 amounted to SEK 218.8 million (SEK 204.6 million), equivalent to 7 percent sales growth compared with the first quarter of 2020. Net sales were positively affected by the rise in sales volumes (TPC, MWPC and PETG), but negatively affected by exchange rate fluctuations, above all the depreciation of the euro. Sales volumes increased in both the Sweden segment and the Czech Republic segment. The Sweden segment contributed the most to the increase in net sales.

Operating profit (EBIT)

The operating profit (EBIT) for the first quarter stood at SEK 27.6 million (SEK 18.2 million), amounting to a 52 percent rise compared with the first quarter of 2020. The operating margin rose to 12.6 percent (8.9 percent). The operating margin improved as a result of higher net sales and because the input materials used were purchased at lower purchase prices, to which the exchange rate fluctuations contributed positively.

Profit before tax

Profit before tax increased to SEK 27.5 million, compared with SEK 17.2 million during the first quarter of 2020. Financial income net of expenses totaled SEK -0.1 million (SEK -1.0 million), including interest expenses of SEK -0.2 million (SEK -0.3 million).

Profit for the period

The profit for the period grew by 62 percent to SEK 21.9 million, compared with SEK 13.5 million during the first quarter of 2020. First-quarter tax amounted to SEK -5.5 million (SEK -3.7 million), equivalent to a 20.0 percent (21.6 percent) effective tax rate.

Cash flow from operating activities

First-quarter cash flow totaled SEK 1.9 million (SEK -0.7 million). The cash flow was positively affected by the improvement in the operating profit.

Cash flow from investing activities

The cash flow from investing activities was SEK -12.5 million (SEK -2.1 million) during the quarter and is mainly attributable to the investments in the Borensberg plant, including SEK -9.4 million of investments in the new production line.

Cash flow from financing activities

The cash flow from financing activities stood at SEK 17 million (SEK -5.8 million). The principal reason for the increase in the cash flow from financing activities was the change in the use of overdraft facilities.

Financial position

Arla Plast's total assets came to SEK 624.5 million as of March 31, 2021, compared with SEK 664.3 million as of March 31, 2020. The Group's net debt decreased to SEK 48.4 million as of March 31, 2021, compared with SEK 49.0 million as of March 31, 2020. The net debt/equity ratio, calculated as the net debt divided by the EBITDA for the last twelve months, stood at 0.3, compared with 0.5 for the same period in 2020. The Group's equity/assets ratio, i.e. the equity at period-end as a percentage of total assets, was 66.4 percent (65.4 percent).

Comparison between 2020 and 2019**Net sales**

Arla Plast's net sales in 2020 amounted to SEK 884.7 million, compared with SEK 794.6 million in 2019, corresponding to an 11-percent increase. As for many industries, COVID-19 posed a major challenge for the extruded plastic sheets industry in terms of adjusting to the new situation. Demand drastically declined for some products, while rising for others. Demand for industrial applications, such as vehicles and suitcases, fell, at the same time that it rose for transparent barriers and visors to protect human health. However, this demand declined during the second half of the year and toward the end of the year, we could see some increase in demand from other applications. The sales increase during the year was largely attributable to the Sweden segment and demand for transparent barrier products.

Operating profit (EBIT)

Operating profit for 2020 totaled SEK 105.9 million, compared with SEK 65.1 million for 2019. The operating margin was 12.0 percent in 2020, compared with 8.2 percent in 2019. The improvements in operating income and operating margin are mainly attributable to higher sales and higher absorption of fixed costs in the Sweden segment.

Profit before tax

Profit before tax rose to SEK 100.6 million in 2020, compared with SEK 65.8 million in 2019. Net financial income and expenses totaled SEK –5.3 million in 2020, compared with SEK 0.7 million in 2019, including interest expenses of SEK –1.0 million in 2020 compared with SEK –0.5 million in 2019.

Profit for the period

Profit for the period for 2020 rose by 55 percent to SEK 80.2 million in 2020, compared with SEK 51.8 million in 2019. Tax expense was SEK –20.5 million in 2020, compared with SEK –14.0 million in 2019, corresponding to an effective tax rate of 20 percent, compared with 21 percent in 2019. The increase in profit for the period is attributable to the improved operating income.

Cash flow from operating activities

Cash flow from operating activities for 2020 totaled SEK 148.8 million, compared with SEK 112.1 million for 2019. The increase is attributable to the improved operating profit.

Cash flow from investing activities

Cash flow from investing activities for 2020 resulted in an outflow of SEK –38.4 million, compared with an outflow of SEK –30.7 million for 2019. Cash flow from investing activities relates primarily to investments in machinery. In 2019, investments in a new production line in Borensberg began. Investments stood at around SEK 51.5 million, with machines and related equipment accounting for around SEK 40.5 million and the construction of a production hall accounting for around SEK 11 million. A total of SEK 19.7 million of this amount was invested in 2019, SEK 22.1 million in 2020, and the remaining SEK 9.7 million will be invested in 2021.

Cash flow from financing activities

Cash flow from financing activities totaled SEK –157.9 million in 2020, compared with SEK –29.4 million in 2019. The negative cash flow from financing activities is attributable to a dividend of SEK 100 million paid to shareholders of the parent company and changes in borrowings and the use of overdraft facilities.

Financial position

Arla Plast's total assets amounted to SEK 576.0 million as of December 31, 2020 compared with SEK 643.9 million as of December 31, 2019. The Group's net debt decreased to SEK 37.0 million as of December 31, 2020 compared with SEK 44.1 million as of December 31, 2019. The net debt/equity ratio, calculated as net debt divided by EBITDA, amounted to 0.3 compared with 0.4 in 2019.

Comparison between 2019 and 2018**Net sales**

Arla Plast's net sales in 2019 amounted to SEK 794.6 million, compared with SEK 796.1 million in 2018, corresponding to an 0.2-percent increase. The extruded plastic sheets industry in Europe saw a weakening of demand in the second half of 2018 due to sharply rising raw material prices. A drop in raw material prices at the end of 2018 was then followed by a recovery in sales in 2019.

Operating profit (EBIT)

Operating profit for 2019 totaled SEK 65.1 million, compared with SEK 15.6 million for 2018. The operating margin was 8.2 percent in 2019, compared with 2.0 percent in 2018. The operating profit for 2018 was weakened by volume and margin losses due to the sharp rise in raw material prices. The Company also lost volumes in some premium segments, which negatively affected its operating profit. Changes in inventory valuations also had an adverse impact. The strongly improved operating profit and operating margin in 2019 are mainly attributable to the stabilization of the raw material situation as volumes and margins normalized.

Profit before tax

Profit before tax rose to SEK 65.8 million in 2019, compared with SEK 13.0 million in 2018. Net financial income and expenses totaled SEK 0.7 million in 2019 and SEK –2.6 million in 2018, including interest expenses of SEK –0.5 million compared with SEK –1.1 million in 2018.

Profit for the period

Profit for the period for 2019 rose by 434 percent to SEK 51.8 million in 2019, compared with SEK 9.7 million in 2018. Tax expense was SEK –14 million in 2019, compared with SEK –3.3 million in 2018, corresponding to an effective tax rate of 21 percent in 2019, compared with 25 percent in 2018. The increase in profit for the period is attributable to the improved operating income.

Cash flow from operating activities

Cash flow from operating activities for 2019 totaled SEK 112.1 million, compared with SEK 62.9 million for 2018. The increase is attributable to the improved operating profit.

Cash flow from investing activities

Cash flow from investing activities for 2019 resulted in an outflow of SEK 30.7 million, compared with an outflow of SEK 9.4 million for 2018. Cash flow from investing activities relates primarily to investments in machinery.

Cash flow from financing activities

Cash flow from financing activities totaled SEK –29.4 million in 2019, compared with SEK –68.7 million in 2018. The negative cash flow from financing activities is attributable to amortization of debt to credit institutions and debt to the parent company.

Financial position

Arla Plast's total assets amounted to SEK 643.9 million as of December 31, 2019 compared with SEK 584.1 million as of December 31, 2018. The Group's net debt decreased to SEK 44.1 million as of December 31, 2019 compared with SEK 106.6 million as of December 31, 2018. The net debt/equity ratio, calculated as net debt divided by EBITDA, amounted to 0.4 compared with 2.3 in 2018.

Borrowings and financing structure

Arla Plast's activities are mainly financed by cash flow from operating activities and bank loans. Its cash flow from operating activities for 2020 stood at SEK 148.8 million and its debt owed to credit institutions totaled SEK 52.2 million as of December 31, 2020.

Financial position

As of March 31, 2021 the Company's equity amounted to SEK 414.9 million, compared with SEK 434.1 million as of March 31, 2020. Arla Plast's total assets decreased to SEK 624.5 million as

of March 31, 2021, compared with SEK 664.3 million as of March 31, 2020. The Group's net debt decreased to SEK 48.4 million as of March 31, 2021, compared with SEK 49.0 million as of March 31, 2020. The Group's cash and cash equivalents decreased to SEK 30.8 million as of March 31, 2021, compared with SEK 71.0 million as of March 31, 2020. The decrease in cash and cash equivalents is due to the SEK 100 million dividend paid to shareholders during the fourth quarter of 2020.

As of December 31, 2020, the Company's equity totaled SEK 389.4 million, compared with SEK 420.4 million as of December 31, 2019. The SEK 31.0 million decrease is mainly attributable to the SEK 100 million dividend paid to shareholders during the fourth quarter of 2020, which was offset by profits. Arla Plast's total assets stood at SEK 576.0 million as of December 31, 2020, compared with SEK 643.9 million as of December 31, 2019. The Group's net debt decreased to SEK 37.0 million as of December 31, 2020, compared with SEK 44.1 million as of December 31, 2019. As of December 31, 2020, cash and cash equivalents totaled SEK 23.8 million, compared with SEK 77.4 million as of December 31, 2019.



Capitalization, indebtedness and other financial information

The tables in this section show Arla Plast's capitalization and indebtedness as of March 31, 2021. See the section "Shares, share capital and ownership structure" for more information about the Company's share capital and shares. The tables in this section should be read in conjunction with the sections "Selected financial information" and "Operating and financial review."

Equity and liabilities

Amounts in SEK million	2021-03-31
Current liabilities	
Guaranteed	–
Secured	71.6
Neither guaranteed nor secured	95.8
Total current liabilities	167.4
Non-current liabilities	
Guaranteed	–
Secured	–
Neither guaranteed nor secured	42.2
Total non-current liabilities	42.2
Equity	
Share capital	2.4
Other capital contributions	1.7
Retained earnings including profit for the period	410.8
Total equity	414.9

Net debt

Amounts in SEK million	2021-03-31
(A) Cash	–
(B) Cash and cash equivalents	30.8
(C) Readily realizable securities	–
(D) Total cash and cash equivalents (A) + (B) + (C)	30.8
(E) Current receivables	–
(F) Current bank loans	71.6
(G) Current share of non-current liabilities	–
(H) Other current liabilities	4.5
(I) Total current liabilities (F) + (G) + (H)	76.0
(J) Net current indebtedness (I)-(E)-(D)	45.2
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other non-current loans	3.2
(N) Non-current indebtedness (K) + (L) + (M)	3.2
(O) Net debt (J) + (N)	48.4

Financial undertakings

Arla Plast has no significant financial undertakings other than those described in the section "Investments" below.

Statement on working capital

It is the Company's assessment that the existing working capital is sufficient to meet the Company's needs during the upcoming twelve-month period. In this Prospectus, working capital refers to the Company's ability to access cash and cash equivalents to meet its payment obligations as they fall due for payment.

Investments

In 2019, investments began in a new production line in Borensberg, which should become operational in the second quarter of 2021. Investments stood at around SEK 51.5 million, with machines and related equipment accounting for around SEK 40.5 million and the construction of a production hall accounting for around SEK 11 million. A total of SEK 19.7 million of this amount was invested in 2019, SEK 22.1 million in 2020, and the remaining SEK 9.7 million will be invested in 2021. As of March 31, 2021, the Company had financial undertakings of EUR 361.5 thousand relating to the final payment for the production line. The final payment will be made once the Company has approved the machine, which should be during the second quarter of 2021. The final payment will be financed by cash and cash equivalents and increased use of overdraft facilities.

The Company has no significant ongoing investments other than those described above, and it has not entered into any undertakings relating to future significant investments.

Significant changes in the Group's financial position after March 31, 2021

No significant changes have occurred in the Group's earnings or financial position after March 31, 2021.

Significant trends

The raw material markets are characterized by changes in supply and demand, some periods being more turbulent than others. As 2021 gets under way, the Company is seeing one of these more turbulent trends as maintenance programs and technical problems at a number of raw material suppliers have reduced supply, while demand from Asia has risen sharply. This combination of factors has caused a steep increase in prices from the low levels seen at the end of 2020 and reduced the availability of PC and ABS input materials.

Other than the information provided above and what has emerged in previous sections of this Prospectus, as of the day of this Prospectus, the Company is not aware of any trends, uncertainties, potential receivables or other claims, commitments or events that can be expected to have a material impact on Arla Plast's business prospects during the current financial year. Apart from what is set out in the section "Risk factors", the Company is not aware of any trends, uncertainties, potential receivables or other claims, commitments or events that can be expected to have a material impact on the Group's business prospects during the current financial year.

Nor is the Company aware of any public, economic, fiscal, monetary or other political measures that, directly or indirectly, have materially affected or could materially affect the business of the Group, other than what is set out in the section "Risk factors" and above.





Board of Directors, senior executives and auditor

Board of Directors

The Board of Directors has its registered office in Motala Municipality, Östergötland County. According to the Company's Articles of Association, the Board of Directors shall consist of a minimum of three (3) and a maximum of ten (10) members elected by the General Meeting, and without deputies. In addition, by law, employee organizations may appoint employee representatives. The Board of Directors currently consists of six members elected by the General Meeting, who have been elected for the period

until the end of the 2022 Annual General Meeting, as well as two members who were appointed by employee organizations. The table below presents the Board members, their position, the year they were elected and their independence in relation to the Company, senior executives and major shareholders. Major shareholders are defined in accordance with the Code as owners who directly or indirectly control ten percent or more of the shares or votes of the Company.

Name	Position	Board member since	Holdings in the Company	Independent in relation to	
				Company and senior executives	Major shareholders
Kenneth Synnersten	Chairman of the Board	1983	20,000,000 ¹⁾	Yes.	No
Annelie Arnbäck	Board Member	2009	20,000,000 ²⁾	Yes.	No
Jan Synnersten	Board Member	2021	20,000,000 ³⁾	Yes.	No
Sten Jakobsson	Board Member	2018	–	Yes.	Yes.
Leif Nilsson	Board Member	2014	–	No	Yes.
Ola Salmén	Board Member	2018	–	Yes.	Yes.
Andreas Johansson	Board member*	2020	–	–	–
Joacim Törnroth	Board member*	2018	–	–	–

*) Employee representative.

1) 20,000,000 shares through Synnersten Invest AB (Kenneth Synnersten owns 25 percent of the capital and about 61 percent of the votes in Synnersten Invest AB).

2) 20,000,000 shares through Synnersten Invest AB (Annelie Arnbäck owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB).

3) 20,000,000 shares through Synnersten Invest AB (Jan Synnersten owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB).

Below is detailed information on the members of the Board of Directors regarding their age, position, education, other relevant experience, current assignments, corporate engagements completed in the last five years and holdings of shares and share-related instruments in the Company. Assignments in subsidiaries within the Group have been excluded.

Kenneth Synnersten



Born in 1946. Chairman of the Board since 2004.

Education: MSc in Polymer Chemistry from KTH Royal Institute of Technology and studies in Business Administration at Stockholm University.

Other experience: Chief Executive Officer of Arla

Plast 1993–2004. Prior to that positions including Executive Vice President at ABB Sweden.

Other current assignments: Chairman of the Board of Aros Congress Center Aktiebolag, Aros Congress Center Holding AB and Plaza i Västerås AB. Board member of Synnersten Invest AB and Mats Synnersten Fjällturism AB.

Previous assignments over the last five years: Chairman of the Board of City E Hotel i Västerås AB, Quicknet AB and Hakonsgården Hotell & Konferens AB and QuickNet Air AB. Board member of Handelsbanken Region Öst. Deputy Board member of Plaza i Västerås AB.

Holdings in the Company: 20,000,000 shares through Synnersten Invest AB (Kenneth Synnersten owns 25 percent of the capital and about 61 percent of the votes in Synnersten Invest AB).

Annelie Arnbäck



Born 1981. Board member since 2009.

Education: Fil. M.A. from Uppsala University and L.L.M. from Lund University.

Other experience: Product manager at Arla Plast 2008–2012.

Other current assignments: Board member of

Aros Congress Center Holding AB.

Previous assignments over the last five years: Board member of Aros Congress Center Holding AB.

Holdings in the Company: 20,000,000 shares through Synnersten Invest AB (Annelie Arnbäck owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB).

Jan Synnersten



Born 1972. Board member since 2021.

Education: Post-secondary engineering education.

Other experience: Board member of a branch at Svenska Handelsbanken AB.

Other current assignments: Chief Executive

Officer and Chairman of the Board of Quicknet AB. Board member of Jan Synnersten AB and Sunhill Ranch AB.

Previous assignments over the last five years: Chief Executive Officer and Board member of QuickNet Air AB. Chief Executive Officer of Sunhill Ranch. Board member of Bromma Air Rental AB, Bromma Air Maintenance Aktiebolag, BAM Intressenter AB, Bromma Air Sales AB and Arla Plast AB.

Holdings in the Company: 20,000,000 shares through Synnersten Invest AB (Jan Synnersten owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB).

Sten Jakobsson



Born 1949. Board member since 2018.

Education: MSc in Engineering from KTH Royal Institute of Technology.

Other experience: Chief Executive Officer and president of ABB Sweden.

Other current assignments: –

Previous assignments over the last five years: Chairman of the Board of Bliekevare Nät AB, Hedbodberget Säliträdberget Bliekevare Finans AB, PWP Produktion AB, Hedbodberget Säliträdberget Bliekevare Holding AB, Bliekevare Vind AB, Hedbodberget Vind AB, Röbergsfjället Nät AB, Säliträdberget Vind AB, Röbergsfjället Vind AB, Brahehus Vind AB, EnBW Sverige Vind AB, Granberget Vind AB, Röbergsfjället Finans AB, Sjisjka Brahehus Finans AB, Sjisjka Brahehus Holding AB and Luossavaara-Kiirunavaara Aktiebolag. Board member of Stena Metall Aktiebolag, SAAB Aktiebolag and Xylem Inc.

Holdings in the Company: –

Leif Nilsson



Born 1952. Board member since 2014.

Education: MSc in Polymer Chemistry from the Faculty of Engineering, Lund University.

Other experience: Chairman of the Board and Industry Officer for Svensk Plastindustriförening (the Swedish plastics industry association), SPIF.

Chief Executive Officer of Arla Plast 2004–2012. Prior to that, Chief Executive Officer of Trioplast Landskrona AB.

Other current assignments: Chairman of the Board and Chief Executive Officer of RentUs AB and RIN-pack AB. Chairman of the Board and Chief Executive Officer of HP Fastigheter Finspång AB (a wholly-owned subsidiary of RentUs AB). Chairman of the Board of Cyclacor AB. Board member of Svensk Plaståtervinning i Motala AB, S Q i Sverige AB and Bioextrax AB (publ).

Previous assignments over the last five years: Deputy Board member of Svensk Plaståtervinning i Motala AB.

Holdings in the Company: –

Ola Salmén



Born 1954. Board member since 2018.

Education: M.Sc. in Business and Economics from Stockholm University.

Other experience: Executive Vice President and CFO of Sandvik AB 2009–2012. Prior to that CFO for companies including V&S Vin & Sprit AB.

Other current assignments: Board member of Luossavaara-Kiirunavaara Aktiebolag and Hasseludden Konsult AB. Deputy Board member of Hasseludden Management AB.

Previous assignments over the last five years: Chairman of the Board of Teracom AB. Board member of Trade Invent AB, Teracom Group AB, Lernia AB, Eniro AB and Svevia AB.

Holdings in the Company: –

Andreas Johansson



Born 1982. Board member since 2020. Employee representative for Unionen.

Education: –

Other experience: Product engineer at Arla Plast since 2015.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: –

Joacim Törnroth



Born 1986. Board member since 2018. Employee representative for IF Metall.

Education: –

Other experience: Chief safety officer and resource in warehousing and logistics at Arla Plast.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: –

Senior executives

Below is information on members of the Group executive management regarding their age, position, education, other relevant experience, current assignments, corporate engagements completed in the last five years and holdings of shares and share-related instruments in the Company. Assignments in subsidiaries within the Group have been excluded.

Henrik Håkansson



Born 1966. Group CEO and Operations Sweden since 2018.

Education: MSc in Engineering from KTH Royal Institute of Technology and M.Sc. in Business from Stockholm University.

Other experience: Chief Executive Officer of

Dalkia Energy and Industrial Services AB and EBP i Olofström AB. Prior to that various positions within the Electrolux Group.

Other current assignments: Chief Executive Officer and Board member of Halbecon AB.

Previous assignments over the last five years: Board member of Enervent Oy.

Holdings in the Company: 400,000 warrants of series 2020/2023.

Monica Ljung



Born 1966. CFO since 2005.

Education: M.Sc. in Business and Economics from Örebro University.

Other experience: CFO at Danagårds Grafiska AB, controller and head of accounting at HDF-Bo-lagen AB, CFO at Zanda AB and head of finances at a start-up distribution company within Atlas Copco.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: 100,000 warrants of series 2020/2023.

Tomas Jon



Born 1972. Chief Executive Officer of Arla Plast s.r.o since 2008.

Education: Engineer in Economics and Industry Management from Brno University of Technology.

Other experience: Facilities manager at FTE

Automotive Czechia and Executive Vice President of Schott Electronic Packaging.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: 100,000 warrants of series 2020/2023.

Christian Krichau



Born 1976. Production and Technical Manager Sweden since 2019.

Education: Executive MBA from Stockholm University.

Other experience: Positions such as purchasing manager at Arla Plast 2015–2019. Prior to that,

purchasing manager at Gbo Fastening Systems AB and Biltema Sweden AB.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: 80,000 warrants of series 2020/2023.

Peter Mikkonen



Born 1971. Commercial Director since 2020.

Education: B.Sc. in Chemical Engineering from Institute of Technology, Linköping University.

Other experience: Sales manager at Omya AB and manager at Senoplast Nordic AB with responsibility for the company's operations in

Sweden, Finland, Norway, Denmark and the Baltic countries. Prior to that, positions such as product manager and developmental engineer at Arla Plast.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: 100,000 warrants of series 2020/2023.

Magnus Sävestam



Born 1973. Purchasing Manager since 2019.

Education: Operations engineer from Örebro University.

Other experience: Positions including product manager at Arla Plast 2006–2019.

Other current assignments: –

Previous assignments over the last five years: –

Holdings in the Company: 40,000 warrants of series 2020/2023.

Auditors

According to Arla Plast's Articles of Association, the Company shall have one (1) or two (2) auditors with a maximum of two (2) deputies. An authorized public accountant or a registered public accounting firm shall be appointed to serve as auditor. The Annual General Meeting held on April 27, 2021 resolved to re-elect Ernst & Young Aktiebolag to serve as auditor for the period until the end of the next Annual General Meeting. Johan Eklund is the auditor in charge at Ernst & Young Aktiebolag and is an authorized public accountant and member of FAR (an interbranch organization for accountants, auditors and advisors in Sweden). Ernst & Young Aktiebolag has no shares or share-related instruments in Arla Plast. Ernst & Young Aktiebolag's address is Jakobsbergsgatan 24, SE-111 44 Stockholm. During the period November 2016 – August 2019, Clas Tegedius, authorized public accountant and member of FAR, the Swedish professional accountancy organization, was the Company's auditor in charge, and during the period August 2019 – March 2020, Anna Christina Ingegerd Hegg, authorized public accountant and member of FAR, was the Company's auditor in charge.

Other information about the Board of Directors and senior executives

The Chairman of the Board of the Company, Kenneth Synnersten, has family ties to Annelie Arnbäck and Jan Synnersten, who are Board members of the Company. Otherwise, there are no family ties between Board members and senior executives of the Company. None of the Board members or senior executives has any private or other interests that may conflict with the interests of the Company. However, as noted above, several Board members and senior executives have financial interests in the Company through shareholdings or warrant holdings. There are no agreements between the Company and major shareholders, customers, suppliers or other parties under which any Board member has been elected to the Board of Directors or senior executives have been appointed as senior executives.

In the past five years, none of the Board members or senior executives have (i) been convicted of fraudulent offences, (ii) represented a company that has gone bankrupt, been liquidated or been put into receivership or administration, (iii) been involved in any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

All Board members and senior executives can be reached via the Company's office at Västånåvågen 2, SE-591 75 Borensberg, Sweden.



Corporate Governance

Corporate Governance

The company is a Swedish public limited liability company and is regulated by Swedish law, primarily the Swedish Companies Act and the Swedish Annual Accounts Act. Following the Offering, the Company will comply with Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"). In addition to legislation, Nasdaq Stockholm's Rule Book for Issuers and the Code, the Company's Articles of Association and internal corporate governance guidelines form the basis of the Company's corporate governance. The Articles of Association specify the registered office, the object of the Company's business, the limits on the number of shares and share capital, as well as the conditions for attending General Meetings. For the Articles of Association in their entirety, see below under the section "*Articles of Association*."

The Swedish Code of Corporate Governance

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act. The Company will apply the Code in full from the date of admission of the Company's shares to trading. The Code provides an opportunity for the Company to deviate from the rules and to choose alternative solutions that the Company considers to be more suitable for the Company and its business, provided that such possible deviations and the alternative solution are described and the reasons for them are explained (under the "comply or explain" principle). The Company will report any deviations from the Code annually in its corporate governance report. Currently, the Company does not expect to report any deviation from the Code in the corporate governance report.

General Meeting

Under the Swedish Companies Act, the General Meeting is the Company's highest decision-making body. The General Meeting can decide on any matter regarding the Company that does not expressly fall within the exclusive competence of another corporate body. At the General Meeting, shareholders exercise their voting rights in key issues, such as adoption of income statements and balance sheets, appropriation of the Company's profit or loss, discharge from liability of members of the Board of Directors and the Chief Executive Officer, election of members of the Board of Directors and auditor, as well as remuneration to the Board of Directors and the auditors.

The Annual General Meeting shall be held annually within six months of the end of the financial year. In addition to the Annual General Meeting, an Extraordinary General Meeting may also be convened. Notice of an Annual General Meeting or Extraordinary General Meeting at which amendments to Articles of Association will be addressed must be issued no earlier than six weeks and no

later than four weeks prior to the General Meeting. Notice of other extraordinary General Meetings must be issued no earlier than six weeks and no later than three weeks prior to the General Meeting. Notice of both the Annual General Meeting and Extraordinary General Meeting should also be published in Post- och Inrikes Tidningar (Official Swedish Gazette) and on Arla Plast's website. Information that notice has been given shall also be announced in Dagens Industri.

Notices, minutes and press releases from General Meetings will be held available on the Company's website.

Right to attend General Meetings

To attend and vote at General Meetings, either in person or through a proxy, shareholders must be registered in the Company's share register, maintained by Euroclear Sweden, on the record date (which is determined in accordance with the Swedish Companies Act) and notify the Company of their intention to attend the General Meeting no later than on the date specified in the notice of the meeting. In addition to notifying the Company, to be eligible to attend the General Meeting, shareholders whose shares are nominee registered at a bank or other nominee must request that their shares be temporarily registered under their own names in the share register maintained by Euroclear Sweden. Shareholders should inform their nominees well in advance of the record date. Shareholders may bring one or two assistants to the General Meeting, but only provided that the shareholder notifies the Company of the number of assistants attending in accordance with the procedure described above.

Shareholder initiatives

Shareholders who wish to have a matter brought before the General Meeting must submit a written request to the Board of Directors. Each shareholder of the Company who submits a matter well in advance has the right to have the matter brought before the General Meeting.

Nomination Committee

Provisions on the establishment of a Nomination Committee are set out in the Code. Under the Code, all companies whose shares are listed on a regulated market in Sweden must have a Nomination Committee with the task of preparing and proposing decisions to the General Meetings on electoral and remuneration issues and, where applicable, procedural issues for the appointment of the following year's Nomination Committee. The main task of the Nomination Committee is to propose candidates for the Chairman of General Meetings, candidates for members of the Board (including the Chairman of the Board), fees and other remuneration of Board members and remuneration for committee work, as well as the appointment and remuneration of external auditors. When proposing candidates for election to the Board of

Directors, the Nomination Committee must determine whether the proposed members are to be considered independent in relation to the Company, the Company's executive management and the Company's major shareholders. The Nomination Committee's proposal is presented in the notice of the Annual General Meeting and on the Company's website.

The Annual General Meeting on April 27, 2021 resolved on principles for appointing the Nomination Committee and guidelines for its work, to be applied for an indefinite period until the General Meeting resolves to amend them. According to these guidelines, the Nomination Committee shall consist of one representative from each of the three largest shareholders in terms of voting rights based on shareholder statistics from Euroclear Sweden as of the last business day in September of the year prior to the Annual General Meeting and other reliable shareholder information provided to the Company at that time. For the purposes of identifying the largest shareholders in terms of voting rights, a group of shareholders shall be deemed to constitute one shareholder if they (i) have been grouped as owners in Euroclear Sweden's register or (ii) have announced and notified the Company that they have reached a written agreement to take a long-term approach to the management of the Company by exercising their voting rights in a coordinated manner. The Chairman of the Board is tasked with contacting the largest shareholders and thus convening the Nomination Committee. If any shareholder chooses to waive his or her right to appoint a member to the Nomination Committee, the right shall pass to the next largest shareholder in terms of voting power.

Unless the members agree otherwise, the Chairman of the Nomination Committee shall be the member representing the largest shareholder in terms of voting rights. However, neither the Chairman of the Board nor any other Board member shall be Chairman of the Nomination Committee. Members of the Board of Directors may be members of the Nomination Committee, but shall not constitute a majority of the members of the Nomination Committee. The majority of the members of the Nomination Committee shall be independent in relation to the Company and Company's executive management. Neither the Chief Executive Officer nor any other member of the Company's executive management shall be a member of the Nomination Committee. At least one member of the Nomination Committee shall be independent in relation to the largest shareholder in the Company in terms of voting rights or group of shareholders that cooperates in terms of the Company's management.

Information regarding the composition of the Nomination Committee shall be posted on the Company's website not later than six months before the Annual General Meeting. If a member is appointed by a given shareholder, the shareholder's name must be stated. Information shall also be posted on the website about how shareholders can submit proposals to the Nomination Committee. The mandate period of the Nomination Committee shall extend until a new Nomination Committee has been appointed.

Shareholders who have appointed a member of the Nomination Committee shall have the right to replace such member with another to serve as a member of the Nomination Committee, and if a member resigns from the Nomination Committee pre-

maturely, the shareholder who appointed the member shall have the right to appoint a replacement. If, during the mandate period of the Nomination Committee, one or more of the shareholders who appointed the members of the Nomination Committee are no longer among the three largest shareholders in terms of the number of votes, the members appointed by these shareholders shall make their seats available and the shareholder or shareholders who have become among the three largest shareholders shall be entitled to appoint members. Unless special reasons are present, there shall be no changes in the composition of the Nomination Committee if only marginal changes in the number of votes have taken place, or if the change occurs later than three months before the Annual General Meeting. Changes in the composition of the Nomination Committee shall be announced as soon as they occur.

When preparing its proposal regarding the Board, the Nomination Committee must take note of the Board's evaluation of its work and take into account the requirements relating to the Board's composition under the Swedish Companies Act. The Nomination Committee must also take into account the requirements that the Code imposes relating to the Board's size and composition, and especially the requirement that there must be a range of expertise and profiles on the Board and a gender balance must be sought.

When it informs the Company of its proposal regarding the Board, the Nomination Committee must also provide the Company with a reasoned opinion of its proposal, taking into account the Code's stipulations on the Board's composition, and particularly justify the proposal with regard to the Code's requirement to seek a gender balance. The reasoned opinion must also contain a brief description of how the Nomination Committee has conducted its work. In other respects, the Nomination Committee shall perform the duties incumbent upon a Nomination Committee under the Code.

No remuneration is paid to members of the Nomination Committee. However, the Nomination Committee shall be entitled to charge the Company for reasonable expenses necessary for performance of the assignment.

Board of Directors

The Board of Directors is the highest decision-making body after the General Meeting and the highest executive body. According to the Swedish Companies Act, the Board of Directors is responsible for the organization of the Company and management of the Company's affairs, and shall continuously assess the financial situation of the Company and Group as well as ensure that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. In addition, the Board appoints the Chief Executive Officer.

Members of the Board of Directors (with the exception of employee representatives) are normally appointed by the Annual General Meeting for the period until the end of the following Annual General Meeting. According to the Company's Articles of Association, the Company's Board of Directors shall consist of a minimum of three and a maximum of ten members elected by

the General Meeting, and without deputies. There is no limitation on how long a member may serve on the Board of Directors. The Board of Directors currently consists of six members elected by the Annual General Meeting and two employee representatives. More detailed information regarding the members of the Board of Directors can be found above in the section “*Board of Directors, senior executives and auditor.*” According to the Code, the Chairman of the Board of Directors is appointed by the Annual General Meeting and has a special responsibility to lead the work of the Board of Directors and to ensure that the Board fulfils its statutory duties.

The Board of Directors has adopted written rules of procedure for its work, which are evaluated, updated and re-adopted annually at the statutory Board meeting. In conjunction with the statutory Board meeting, the Board also adopts the instructions for financial reporting and instructions to the Chief Executive Officer. The rules of procedure regulate Board practices, functions and breakdown of duties between Board members and the Chief Executive Officer.

The Board of Directors meets regularly in accordance with a program set out in the rules of procedure containing certain permanent items. In addition to these Board meetings, additional meetings may be convened to deal with issues that cannot be referred to a regular Board meeting. In addition to Board meetings, the Chairman of the Board and the Chief Executive Officer conduct a continuous dialog concerning management of the Company. The Board has established an Audit Committee under the Swedish Companies Act and a Remuneration Committee under the Code. The current composition and duties of the committees are described below.

Audit Committee

The Board of Directors has established an Audit Committee comprising three members: Ola Salmén, Jan Synnersten and Leif Nilsson. Ola Salmén is Chairman of the Committee. The Audit Committee shall, without otherwise affecting the responsibilities and tasks of the Board of Directors, monitor the Company’s financial reporting, monitor the efficiency of the Company’s internal controls and risk management, keep themselves informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditor and pay close attention to whether the auditor is providing other services besides audit services for the Company, and assist in the preparations for purchasing auditor services and in connection with the General Meeting’s decision on election of auditors.

Remuneration Committee

The Board of Directors has established a Remuneration Committee consisting of two members: Sten Jakobsson and Kenneth Synnersten. Sten Jakobsson is Chairman of the Committee. The main duties of the Remuneration Committee are to prepare resolutions by the Board of Directors on issues concerning remuneration principles, remuneration and other employment terms for the Company’s executive management. The Remuneration Committee is also tasked with monitoring and assessing the Company’s variable remuneration programs for the Company’s executive management, as well as monitoring and evaluating application of the guidelines for remuneration to senior executives adopted by the

Annual General Meeting, and the Company’s current remuneration levels and remuneration structures. Moreover, the Remuneration Committee shall decide on remuneration and other terms of employment for senior executives who report directly to the Chief Executive Officer.

Chief Executive Officer

The Chief Executive Officer of the Company reports to the Board of Directors and manages the day-to-day business of the Company in accordance with the Swedish Companies Act and the Board’s guidelines and instructions. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the instructions for the CEO. Measures which, in light of the scale and nature of the Company’s activities, are of an unusual nature or major importance fall outside the scope of day-to-day management. The Chief Executive Officer shall also take measures that are necessary to fulfill the Company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

The Chief Executive Officer shall continuously keep the Board of Directors informed of developments in the Company’s operations and must ensure that the Board of Directors receives adequate information in order for the Board to be able to continually evaluate the Company’s financial position.

More detailed information about the CEO and the other senior executives is presented above in the section “*Board of Directors, senior executives and auditor.*”

Remuneration for Board members, the Chief Executive Officer and other senior executives

Remuneration for the Board of Directors

The remuneration and other compensation of the members of the Board of Directors, including the Chairman, is determined by the General Meeting. The Annual General Meeting on April 27, 2021 resolved that the remuneration for the period until the end of the next Annual General Meeting shall be (i) SEK 400,000 to the Chairman of the Board and SEK 220,000 each to the other members of the Board elected by the Annual General Meeting who are not Company employees, (ii) SEK 40,000 to the Chairman of the Remuneration Committee and SEK 25,000 each to the other members of the Remuneration Committee, and (iii) SEK 70,000 to the Chairman of the Audit Committee and SEK 40,000 each to the other members of the Audit Committee. According to the Company’s guidelines for remuneration to senior executives, if a Board member performs work on behalf of the Company in addition to Board work, a consultant’s fee or other remuneration for such work may be paid.

The Company’s Board members are not entitled to any benefits after they have resigned as members of the Board.

Guidelines for remuneration to senior executives

The Annual General Meeting on April 27, 2021, resolved to adopt guidelines for remuneration to senior executives. The guidelines shall apply to remuneration of the Chief Executive Officer, other members of the Company’s executive management and, where

applicable, remuneration of Board members in addition to Board fees. The guidelines do not apply to remuneration decided or approved by the General Meeting.

Remuneration shall be competitive and in line with market practice and may consist of a fixed salary, short-term variable remuneration, other benefits and pension. The total remuneration package may also include long-term variable remuneration. Long-term variable remuneration is decided by the General Meeting and is therefore not covered by the guidelines.

Fixed salary

The fixed salary shall consist of a fixed annual cash salary. The fixed salary shall be in line with the market and determined taking into account responsibility, expertise and performance. The fixed salary is reviewed every year.

Short-term variable remuneration

In addition to fixed salary, the Company shall be able to offer short-term variable remuneration. The short-term variable remuneration shall be linked to predetermined and measurable criteria that can be financial or non-financial. They may also be individualized quantitative or qualitative targets. The criteria shall be designed to promote the Company's business strategy, long-term interests and sustainability. For the Chief Executive Officer, short-term variable remuneration, if any, may not exceed 40 percent of the fixed annual salary in any one financial year. For other members of Arla Plast's executive management, short-term variable remuneration in any one financial year may not exceed 30 percent of the fixed annual salary.

Pension

Pension benefits, including sickness/disability insurance, shall be classified as either defined benefit or defined contribution, and may not exceed 30 percent of the fixed annual salary.

Other benefits

Other benefits may include health insurance, car benefit, housing benefit and fitness subsidy. Where such benefits are offered, they

must be in line with market practice and only constitute a limited portion of total remuneration. Premiums and other costs related to such benefits may not amount to a total of more than 20 percent of the fixed annual salary.

Period of notice and severance pay

For the Chief Executive Officer, if notice of termination is served by the Company, the maximum notice period is twelve months. For notice of termination served by the Chief Executive Officer, the maximum notice period is six months, without right to severance pay. The notice period for other senior executives is six months if the employment is terminated by the Company and four months if the employment is terminated by the employee.

Fixed salary during the notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed remuneration for two years.

Consultant fee to Board members

If a member of the Board of Directors (including through a wholly-owned subsidiary) should carry out services for Arla Plast in addition to Board work, specific fees for this can be paid, provided that such services contribute to the implementation of Arla Plast's business strategy and the safeguarding of Arla Plast's long-term interests, including its sustainability. The annual consultancy fee for each Board member may not exceed the annual Board fee. The fee shall be in line with market practice.

Derogation from the guidelines

The Board of Directors may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the long-term interests of Arla Plast, including its sustainability, or to ensure the financial viability of Arla Plast. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes resolutions to derogate from the guidelines.

Remuneration in 2020

The following table shows the remuneration paid to Board members and senior executives during the 2020 financial year.

SEK THOUSAND	Base salary/ Board fees	Variable remuneration	Pension	Other benefits	Total
Board of Directors					
Kenneth Synnersten	6	–	–	–	6
Annelie Arnbäck	–	–	–	–	–
Barbro Forss ¹⁾	125	–	–	–	125
Sten Jakobsson	210	–	–	–	210
Andreas Johansson	–	–	–	–	–
Leif Nilsson	125	–	–	–	125
Ola Salmén	218	–	–	–	218
Helena Camarda ¹⁾	–	–	–	–	–
Joacim Törnroth	–	–	–	–	–
Board of Directors total	684	–	–	–	684
Senior executives					
Henrik Håkansson, Group CEO	2,100	846	837	–	3,783
Other senior executives (five people)	5,417	460	597	–	6,474
Senior executives total	7,517	1,306	1,434	–	10,257
Total Board of Directors and senior executives	8,201	1,306	1,434	–	10,941

1) No longer part of the Board.

Current employment terms for the Chief Executive Officer and the other senior executives

The Chief Executive Officer has a fixed monthly salary of SEK 196 thousand. Provided that certain financial targets set in advance by the Board of Directors are achieved, the Chief Executive Officer may also receive an annual bonus. The bonus for 2021 may be a maximum of SEK 940 thousand. For the Chief Executive Officer, a notice period of six months applies in case of termination by the Chief Executive Officer and twelve months in case of termination by the Company.

For the other senior executives, a notice period of four months applies in case of termination by the senior executive and six months in case of termination by the Company.

The other senior executives have the opportunity to receive an annual bonus, provided that certain targets are met.

Agreement on remuneration after termination

None of the Board members or senior executives has an agreement for post-employment benefits (with the exception of normal termination pay for the CEO and the senior executives). The Company has no deferred or accrued amounts for pensions or similar benefits following termination of position or assignment of Board members or senior executives.

Incentive plan

For a description the Company's long-term incentive plan, see the section "Shares, share capital and ownership structure."

Internal control and risk management

General

The Board of Directors is responsible for internal control under the Swedish Companies Act, the Swedish Annual Accounts Act

– which includes requirements for including information about the main features of the Company's internal control measures in the corporate governance report – and the Code. Internal control is a process that is intended to provide reasonable assurance that the Company's objectives are being met with respect to effective and efficient operations, reliable reporting and compliance with applicable laws and regulations. Internal control of financial reporting is intended to provide reasonable assurance regarding the reliability of external financial reporting, as well as to ensure that external financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

The Board of Directors has overall responsibility for the Company's internal control. This is formally executed through written rules of procedure that define the responsibilities of the Board of Directors and how these responsibilities are allocated between Board members, Board committees and the Chief Executive Officer. For more information concerning the Board's delegation of duties and the duties of the Audit Committee, see the sections "Corporate Governance – Board of Directors" and "Corporate governance – Audit Committee" above.

The Company has chosen to structure its risk management and internal control work within a framework that includes the control environment, risk assessment, control activities, information and communication and oversight and monitoring.

Control environment

The Company's control environment is based on the division of labor between the Board, the Board committees and the Chief Executive Officer, and the values that form the basis of the Board's and Company management's communication and work. In order to maintain and develop a well-functioning control environment,

comply with the applicable laws and regulations, and ensure that the Group's desired approach to the conducting of business is being complied with throughout the Group, the Board, as the body with ultimate responsibility, has produced a number of basic governance documents and policies governing risk management and internal control.

The Code of Conduct, named "The Arla Plast Way", contains what every employee needs to know about the governance documents. It must be read and understood by new employees and all employees undergo continuous training in its contents. Targeted training is also carried out, according to function and need.

Risk management

The Company has implemented a process-oriented approach to risk management whereby it conducts an annual risk analysis and risk assessment. Risks in the following four areas are identified and categorized in accordance with this procedure:

- Strategic Risks
- Operational Risks
- Regulatory Compliance Risks
- Financial Risks

The Company's aim in carrying out the risk analysis is to identify the most significant risks that may prevent it from achieving its operational objectives. The goal is to evaluate the risks based on the likelihood of their occurrence within a three-year period and the extent to which the risks could affect the Company's objectives if they materialized. Another aim of the risk analysis is to assess the effectiveness of the mitigating measures.

Risks are evaluated and rated, on a scale from one to five, according to the likelihood of their occurrence and the potential impacts. A concrete action plan is introduced for the most significant risks, with a risk rating of twelve or higher, to reduce or eliminate the risk exposure. Risks with a risk rating of eight or higher are monitored over the year and included in the following year's risk evaluation.

The Chief Executive Officer is responsible for the annual presentation of the overall risk analysis to the Board.

In addition to the annual risk assessment, risks are continuously evaluated as part of day-to-day operations. Significant changes in the risk situation or major risk exposures are immediately reported by the Chief Executive Officer to the Board.

Control activities

The Company has defined a number of control activities in order to ensure a minimum level of internal control. These control activities act as the starting point for the minimum level of control that must be established and function as part of Arla Plast's processes that are globally significant for the Group. The significant processes identified for which there are control activities include the inventory, manufacturing, purchase to payment, order to payment, financial statement, consolidation, reporting and budget processes. The processes assessed on a qualitative basis include general IT controls and information security.

For the respective processes there is a list and control matrix of the risks identified and the control activities that must be

established to counter them, and a description of how the control activities' effectiveness is monitored through self-evaluation.

Oversight and monitoring

The results of the Group executive management's risk evaluation, along with the accompanying measures and control activities, are reported annually in a risk report addressed to the Audit Committee. The risk report also summarizes the results of the self-evaluation of the internal controls' effectiveness and describes any anomalies that need to be remedied. The Audit Committee reports to the Board annually.

The Board receives monthly reports on the Group's income, earnings and financial position. The Group's interim reports, other financial reports and annual financial statements are always reviewed by the Board before they are published. The Group's policies are also subject to annual adoption by the Board.

Information and communication

Internal information is provided to employees through various channels, including an internal portal that also contains policies and guidelines.

The Company's Board has adopted an information policy, among other things, that describes Arla Plast's management and communication of insider information and other external information obligations. The Board has delegated responsibility for the management of insider information-related matters to the Company's CFO.

The Company's IR function is managed and overseen by the Company's CEO and CFO. The IR function's primary responsibility is to support the Chief Executive Officer and senior executives in their dealings with the capital markets. The IR function also works with the CEO and the CFO on the preparation of the Company's financial reports, capital market presentations and other regular reporting.

Auditing

As a public company, the Company is required to have at least one auditor to audit the annual accounts and financial statements of the Company and the Group, as well as the management of the Board of Directors and the Chief Executive Officer. The audit shall be as thorough and extensive as required by good auditing practice. Following the end of each financial year, the auditor shall present an audit report and a consolidated audit report to the AGM.

The Company's auditors are elected by the General Meeting in accordance with the Swedish Companies Act. According to the Company's Articles of Association, the Company shall appoint one or two auditors, with or without deputies. The Company's current auditor is Ernst & Young Aktiebolag. The Company's auditor is presented in more detail in the section "Board of Directors, senior executives and auditor."

In 2020 the total remuneration to the Company's auditor was SEK 647 thousand.

Shares, share capital and ownership structure

Shares and share capital

According to the Articles of Association, the Company's share capital shall be no less than SEK 1,200,000 and no more than SEK 4,800,000 divided into no less than 10,000,000 shares and no more than 40,000,000 shares. As of the date of this Prospectus, the share capital of the Company is SEK 2,400,000 divided into a total of 20,000,000 shares and votes¹⁾. The Company's shares are denominated in SEK and have a quota value of SEK 0.12. All shares in the Company are issued in accordance with Swedish law and are fully paid. The Company's shares will not be subject to restrictions on the free transferability on the first day of trading on Nasdaq Stockholm. As of the date of this Prospectus, the Company has no treasury shares.

Certain rights attached to the Company's shares

The Company's shares are issued in accordance with Swedish law and shareholders' rights related to the shares may only be modified or altered by amending the Articles of Association in accordance with the Swedish Companies Act. A resolution to amend the Articles of Association is made by the General Meeting, and the Swedish Companies Act establishes certain qualified majority requirements for such resolutions made by the General Meeting to be valid.

Voting rights

Shareholder influence in the Company is exercised at the General Meeting which, in accordance with the Swedish Companies Act, is the Company's highest decision-making body. Each share in the Company entitles to one vote at General Meetings and each shareholder at the General Meeting is entitled to a number of votes corresponding to the shareholder's number of shares in the Company.

Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles, shareholders in the Company, in accordance with the Swedish Companies Act, generally have preferential rights to subscribe for such securities in relation to their holdings. The General Meeting or the Board of Directors, with authorization from the General Meeting, may decide to deviate from the preferential rights of shareholders in accordance with the Swedish Companies Act.

Right to dividends and surplus on liquidation

All shares in the Company confer equal rights to assets and profits in the Company. In case of liquidation of the Company, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder. Resolutions regarding dividends are passed by the General Meeting. The entitlement to dividends vests in any person who, on the record date for dividends determined at the General Meeting, is registered as a holder of shares in the share register maintained by Euroclear Sweden. Dividends are distributed by Euroclear Sweden and usually paid to shareholders as a cash payment, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be contacted for payment of a dividend, the shareholder's receivable shall remain against the Company, and is limited only by general statutory limitations which means that the receivable generally falls due in ten years. In the event the statutory limitation is passed, the entire amount of the dividend reverts to the Company.

Dividends may only be paid in such an amount that, after the dividend, there is full coverage of the Company's restricted equity and only if the dividend appears justifiable in light of the Company's capital requirements. As a general rule, shareholders may not resolve on dividends at a higher amount than the Board proposed.

There are no restrictions on the right to dividends for shareholders domiciled outside of Sweden. Shareholders not resident in Sweden for tax purposes are usually subject to Swedish tax on dividends, refer to the section "*Certain tax issues*".

Important information about taxation

The tax legislation in investors' countries of residence and in Sweden may affect any income received from Arla Plast shares.

The taxation of dividends and capital gains, and the rules applicable to capital losses on the disposal of securities, depend on individual investors' specific circumstances. Different rules apply to different categories of taxpayers and different forms of investment. Each investor should therefore consult a tax advisor to obtain information about the specific tax implications arising in their individual case, including the application and effect of foreign tax regulations and tax treaties.

Central securities depository

The shares in Arla Plast are registered in an electronic CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479). This electronic CSD is managed by Euroclear Sweden AB, P.O. Box 191,

1) As of the balance sheet date, March 31, 2021, the number of shares in the Company was 20,000,000, share capital amounted to SEK 2,400,000 and the quota value was SEK 0.12.

SE-101 23 Stockholm, Sweden. No share certificates have been issued for the Company's shares.

Information regarding takeover offers and redemption of minority shares

Pursuant to the Swedish Takeovers Act (2006:451) any person who does not hold any shares, or holds shares representing less than three tenths of the number of votes for all shares in a Swedish limited liability company that is listed for trading on a regulated market and who through the acquisition of shares in such a company, alone or together with a closely related party, achieves a shareholding representing at least three tenths of the number of votes for all shares in the company, is obliged to immediately

disclose the size of their holding in the company and within four weeks thereafter make a public offer to acquire the remaining shares in the company (mandatory bid requirement). There have not been any public takeover offers relating to the Company's shares during the current or previous financial year.

A shareholder who directly, or through a subsidiary, holds more than 90 percent of shares in a Swedish limited liability company is entitled to redeem the remaining shares in the company. Holders of the remaining shares in the company are correspondingly entitled to have their shares redeemed by the majority shareholder. The procedure for such redemption of minority shareholders' shares is explained in greater detail in the Swedish Companies Act.

Share capital trend

The table below shows the changes in the share capital of the Company since 2018 up to and including the Offering.

Year	Event	Change in the number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota value (SEK)
2020	Reverse split	-23,999	1	-	2,400,000	2,400,000
2020	Split	19,999,999	20,000,000	-	2,400,000	0.12

Convertibles, warrants, incentive plans, etc.

In addition to what is described in the section "Shares, share capital and ownership structure – Share-related Incentive Plan" below, as of the date of this Prospectus, the Company has no outstanding convertible debentures, warrants or other equity-related securities that would, if exercised, entail a dilutive effect for shareholders of the Company.

No new shares will be issued by the Company as part of the Offering, for which reason the Offering will not entail any dilution of the number of shares and votes in the Company.

Share-related incentive plan

The Extraordinary General Meeting of Shareholders on August 13, 2020, resolved to introduce an incentive plan, through which 980,000 warrants of series 2020/2023 were issued to ten key personnel in the Group. The reason for the incentive plan is that a personal incentive through ownership in the Company is expected to lead to increased motivation and a sense of belonging to the Company, as well as to increased interest in the business and its performance. Each (1) warrant entitles the holder to subscribe for one (1) share in the Company at a price of SEK 22.90 per share (plus an annual interest rate of 9.14 percent (calculated from September 1, 2020 until September 1, 2023, based on the actual number of days during the period divided by the actual number of days per year (accumulated daily and capitalized annually at the end of the last calendar day of each year, for the first time on December 31, 2020)). Assuming full exercise of the warrants, share capital may increase by a maximum of SEK 117,600 through the issuance of 980,000 shares, corresponding to a dilution of 4.67 percent. Subscription of new shares based on the warrants shall

take place during the period commencing on August 1, 2023 up to and including September 1, 2023. In the event of special corporate events, such as a share transfer corresponding to more than 50 percent of votes in the Company (not including the Offering), or a transfer of assets, whereby all or substantially all of the assets of the Company or the Group are sold, new subscriptions for shares under the warrants may be made in connection with such corporate events. Otherwise, the terms and conditions of the warrants stipulate that they are subject to customary recalculation provisions.

Authorization

The Annual General Meeting of April 27, 2021 resolved to authorize the Board of Directors on one or more occasions, during the period until the next Annual General Meeting, to resolve to issue shares, with or without deviation from shareholders' preferential rights. By virtue of the authorization, the Board of Directors may decide to issue a maximum of 2,000,000 new shares, corresponding to a maximum of ten (10) percent of the total number of outstanding shares in the Company. In addition to payment in cash, payment may be made in kind or by set-off, or otherwise subject to conditions. If the Board decides on a new share issue with deviation from the shareholders' preferential rights, its purpose shall be to enable the Company to fully or partially finance an acquisition by issuing shares as payment in connection with an acquisition agreement, or to raise capital for such an acquisition. New issues of shares made with deviation from the shareholders' preferential rights shall occur at a market-based subscription price, including a market-based issue discount where applicable.

Ownership structure

The table below describes Arla Plast's ownership structure immediately before the Offering, and immediately following completion of the Offering.

Shareholder	Shareholding prior to the Offering		Shareholding after the Offering (if the Over-Allotment Option is not exercised)		Shareholding after the Offering (if the Over-Allotment Option is fully exercised)	
Synnersten Invest AB	20,000,000	100 %	11,000,000	55 %	9,650,000	48 %
Total	20,000,000	100 %				

Principal Owner

As of the date of this Prospectus, Synnersten Invest AB owns 20,000,000 shares, corresponding to 100 percent of the number of shares and votes in the Company. The Company's Chairman of the Board, Kenneth Synnersten, owns 25 percent of the capital and about 61 percent of the votes, Board member Annelie Arnbäck owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB and Board member Jan Synnersten owns 20 percent of the capital and about 11 percent of the votes in Synnersten Invest AB.

Selling Shareholder

The Selling Shareholder in the Offering is Synnersten Invest AB, Reg. No. 556377-7514. Synnersten Invest AB, which is domiciled in Västerås, is a Swedish private limited company founded in Sweden in accordance with Swedish law and operates in accordance with Swedish law. The Company's legal form is regulated by the Swedish Companies Act. The Company's LEI code is 5493004N6QZA5T2PTO80.

The Selling Shareholder has granted an option to Carnegie to acquire up to 1,350,000 shares, corresponding to 15 percent of the shares to be transferred in the Offering, to cover any over-allotment (if any should arise) in connection with the Offering. The Over-Allotment Option can be exercised in its entirety or to a certain extent during a 30-day period after the first day of trading with the shares in the Company on Nasdaq Stockholm.

Upon completion of the Offering, the Selling Shareholder's holdings will be 48 percent of the number of shares and votes in the Company, provided that the Over-Allotment Option is fully exercised. Thus, even after completion of the Offering, the Selling Shareholder will have the option to exercise a significant influence over the Company and significant control over matters on which the Company's shareholders vote, including distribution of dividends, adoption of the income statement and balance sheet, election and appointment of Board members, capital increases, reductions of share capital and amendments to the Company's Articles of Association. This means other shareholders may have limited ability to exercise influence in the Company through their voting rights. To ensure that control over the Company is not abused, the Company complies with applicable corporate governance rules, which can be found in sources such as the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers and the Code (for more information, see the section "Corporate Governance" above). Compliance with such rules ensures for the Company that good corporate governance is maintained, with a clear separation of responsibilities between shareholders, the Board of Directors and Company's executive management.

Shareholder agreements

As far as the Company's Board of Directors is aware, there are no shareholder agreements or corresponding agreements with a purpose of jointly influencing the Company. The Company's Board of Directors is not aware of any agreements or similar arrangements which could lead to a change of control over the Company.

Lock-up agreement

The Selling Shareholder and the Company's Board members and senior executives will make an undertaking to Carnegie, subject to certain conditions, not to sell or otherwise transfer any shares or other securities in the Company for a certain period after trading in the Company's shares on Nasdaq Stockholm has commenced. This lock-up period will be 360 days. These commitments will not apply to shares sold under the Offering and Carnegie may grant exemptions from the commitments. Once the lock-up period has expired, the shares may be offered for sale.

Dividend and dividend policy

Dividends over the past three years

The Company's approved distribution of dividends for the financial years ending on December 31 in 2018, 2019 and 2020 is shown in the table below.

Financial year	SEK/share
2018	0
2019	0
2020	5.00

Dividend policy

The dividend policy is to pay shareholders about 30–50 percent of the profit for the year. Resolutions on dividends will reflect the Company's financial position, cash flow and investment needs. See the section "Risk factors – The Company's ability to pay dividends in the future may be limited and depends on several factors."

Application for listing on Nasdaq Stockholm

Nasdaq Stockholm's listing committee has, on May 6, 2021, assessed that the Company meets the listing requirements for Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain terms, including submission of such an application and the distribution requirement for its shares, are met. The first day of trading in the Company's share on Nasdaq Stockholm is expected to be May 25, 2021.

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Articles of Association

Adopted at the Extraordinary General Meeting of April 9, 2021. The Articles of Association should be registered with the Swedish Companies Registration Office on May 17, 2021.

§ 1 Name

The name of the company is Arla Plast AB. The company is a public company (publ).

§ 2 Registered office

The Board of Directors shall have its registered office in Motala Municipality, Östergötland County.

§ 3 Object of the company's business

The company shall, directly or through wholly or partly owned subsidiaries, engage in the production and sale of plastic products, own and manage real estate and engage in other related activities.

§ 4 Share capital

The share capital shall be not less than SEK 1,200,000 and not more than SEK 4,800,000.

§ 5 Number of shares

The number of shares shall be not less than 10,000,000 and not more than 40,000,000.

§ 6 Board of Directors

The Board of Directors shall consist of a minimum of three (3) and a maximum of ten (10) members, and without deputies.

§ 7 Auditors

The company shall have one (1) or two (2) auditors with a maximum of (2) deputy auditors. An authorized public accountant or a registered public accounting firm shall be appointed to serve as auditor.

§ 8 General Meeting

General Meetings can be held in Motala Municipality or in Stockholm Municipality.

The Annual General Meeting shall be held annually within six (6) months of the end of the financial year.

The following matters shall be addressed at the Annual General Meeting:

1. Election of Chairman of the General Meeting.
2. Preparation and approval of voting list.
3. Election of one or two persons to approve the minutes.
4. Determination of whether or not the General Meeting has been duly convened.
5. Approval of the agenda.
6. Submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the Group.
7. Resolutions on:
 - a. adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
 - b. appropriation of the company's profit or loss as shown in the balance sheet adopted by the Meeting;

c. discharge from liability for the members of the Board of Directors and the Chief Executive Officer.

8. Determination of fees for members of the Board of Directors and auditors.
9. Determination of the number of members of the Board of Directors as well as the number of auditors and deputy auditors.
10. Election of the Board of Directors, as well as auditors and deputy auditors.
11. Other business to be addressed by the General Meeting in accordance with the Swedish Companies Act or the Articles of Association.

§ 9 Notice

Notice of the General Meeting shall be published in Post- och Inrikes Tidningar (Official Swedish Gazette) and by keeping the notice available on the company's website. Information that notice has been given shall be announced in Dagens Industri.

Shareholders wishing to participate in the General Meeting must be registered in the transcript or other presentation of the entire shareholders' register on the record date for the General Meeting, which is established in accordance with the Swedish Companies Act, and also notify the company of their intention to attend the Meeting not later than the day stipulated in the notice convening the General Meeting. The deadline must not be a Sunday, another public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not fall earlier than five working days before the meeting.

Shareholders may bring one or two assistants to the General Meeting, but only provided that the shareholder notifies the company hereof as described above.

§ 10 Financial year

The company's financial year shall be January 1 – December 31.

§ 11 Collection of proxy forms, voting by post and presence of third parties at General Meetings

The Board of Directors may collect proxies in accordance with the procedure stated in Chapter 7 Section 4 second paragraph of the Swedish Companies Act.

The Board of Directors may resolve, prior to a General Meeting, that shareholders shall be entitled to exercise their voting rights by post before the General Meeting.

Anyone who is not a shareholder shall be entitled, on terms determined by the Board of Directors, to be present or otherwise follow the proceedings at the General Meeting.

§ 12 Record day provision

The company's shares shall be registered in a central securities depository register pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

Legal considerations and supplementary information

Information about the Prospectus

The Swedish version of this prospectus has been approved by the Swedish Financial Supervisory Authority as the competent authority, pursuant to Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority approves this Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in Regulation (EU) 2017/1129. The approval should not be construed as a form of support for the issuer referred to in the Prospectus. When investors decide to invest, they should independently assess the suitability of an investment in the shares in the Offering.

The Prospectus was approved by Swedish Financial Supervisory Authority on May 14, 2021. The Prospectus is valid for a maximum of twelve months from this date. The obligation to draw up supplements to this Prospectus due to new material circumstances, factual errors or material misstatements will cease when the shares in Arla Plast have been admitted to trading on Nasdaq Stockholm.

General Company information

The Company is a Swedish public limited liability company that was incorporated on October 21, 1969 and registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on December 3, 1969. Arla Plast's company registration number is 556131-2611 and its LEI code is 549300DGKW6UDAZV9R84. The registered name of the Company is Arla Plast AB and its commercial name is "Arla Plast". The Company is domiciled in Sweden and its registered office is in Motala Municipality, Östergötland County. The Company's legal form is regulated by the Swedish Companies Act. The object of the Company's business is stated in paragraph 3 of its Articles of Association, see the section "*Articles of Association*" above for more details.

Arla Plast's address is Västånåvägen 2, SE-591 75 Borensberg, Sweden. Its telephone number is +46 141 20 38 00 and its website is www.arlaplastgroup.com. The information on the Company's website does not form part of the Prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority. There are hyperlinks in the Prospectus. The information on these websites does not form part of the Prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority.

Group structure

The Company is the parent company in the Group which, as of the date of this Prospectus, consists of the Company and a wholly owned subsidiary in Czech Republic, Arla Plast s.r.o, with registration number 260 84 996. Prior to the Offering the Company was a subsidiary of Synnersten Invest AB.

Material agreements

A summary of material agreements signed by the Group over the past two years is presented below, as well as earlier agreements signed by the Group that contain rights or obligations of significance to the Group (in both cases excluding agreements signed in operating activities).

Agreement with producer of suitcases

In October 2011, Arla Plast entered into an agreement with a producer of suitcases (the "**key customer**") regarding ongoing deliveries of plastic sheets made of PC to the key customer. The agreement does not contain any price commitments and there are no longer any volume commitments in force. The agreement runs until December 31, 2021, with an automatic extension of twelve months if the agreement is not terminated in writing within six months prior to the end of the calendar year. In order to meet the delivery commitments under the agreement, the Company has also entered into the Pelhřimov lease agreement with the key customer under which the Company leases a factory space in the Czech Republic for the production of plastic sheets made of PC. The Pelhřimov lease runs until September 30, 2023 and the Company and key customer are engaged in negotiations for an extension. Under the Pelhřimov lease, the Company is entitled to an option to renew, allowing for an extension of the lease for an additional five years, provided that the Company requests such extension no later than twelve months prior to the expiration of the lease term. Either party may request termination of the Pelhřimov lease during the current lease period by sending written notice. Such termination is subject to a notice period of six months and notice may be given without stating a specific reason for the termination.

Agreement with SABIC regarding the purchase of raw materials

Arla Plast has entered into a framework agreement with the Dutch company SABIC under which SABIC delivers plastic granules to Arla Plast in accordance with purchase orders from Arla Plast. The framework agreement runs until December 31, 2021.

Agreements regarding non-current assets

Arla Plast has entered into a contract with Breyer GmbH ("**Breyer**") regarding the purchase of an extrusion machine for the Company's factory in Borensberg. Arla Plast has paid for shipping and borne the risk during shipping of the extrusion machine from Germany to Borensberg. Necessary tests of the extrusion machine are being carried out in consultation with Breyer, where Breyer takes any measures that prove necessary in connection with the tests. The extrusion machine will remain Breyer's property until it is paid in

full to the extent that such retention is consistent with applicable law. The purchase agreement is regulated by the United Nations Convention on the International Sale of Goods (CISG). Legal issues that are not governed by the CISG or that cannot be resolved in accordance with the general principles on which the CISG is based shall be governed by Swiss law.

Transportation agreement

Arla Plast has entered into a cooperation agreement with Freja Transport & Logistics AB (“**Freja**”) as a carrier, under which Freja will provide transport services to a number of markets. The transport services are provided largely in accordance with NSAB 2015. Freja holds insurance in accordance with the Convention on the Contract for the International Carriage of Goods by Road (CMR Convention). The agreement runs until December 31, 2021, with an automatic extension of twelve months if the agreement is not terminated in writing within six months prior to the end of the calendar year.

Placing Agreement

The Company, the Selling Shareholder and Carnegie will enter into the Placing Agreement, whose signing is planned for around May 25, 2021. Through the Placing Agreement, the Selling Shareholder will undertake to sell the shares included in the Offering to the investors referred by Carnegie. This is assuming that the Offering has not been cancelled before then (see below). The Placing Agreement also contains an Over-Allotment Option, which amounts to a commitment, at Carnegie’s request, 30 days at the latest from the date when the trading of shares in the Company on Nasdaq Stockholm has commenced, to sell a maximum additional 15 percent of the number of shares included in the Offering for a price equal to the Offering price. The Over-Allotment Option may only be exercised to cover an over-allotment in connection with the Offering, but the shares covered by the Over-Allotment Option may also be used for any stabilization measures (see “*Legal considerations and supplementary information – Stabilization measures*” below).

Through the Placing Agreement, the Company grants Carnegie the customary guarantees and undertakings, including that the information in the Prospectus is accurate, that the Prospectus meets the legal and regulatory requirements, and that there are no legal or other obstacles preventing the Company from entering into the agreement or preventing or hindering it from completing the Offering. In accordance with the Placing Agreement, Carnegie’s commitment to refer investors depends on factors including the adequacy of the guarantees given by the Company under the Placing Agreement and the absence of any events that have such a significant adverse impact on the Company that it would be inappropriate to proceed with the Offering. In such circumstances, Carnegie would have the right to terminate the Placing Agreement and the Offering may then be cancelled. In this case, the shares included in the Offering would neither be delivered nor paid for.

Through the Placing Agreement, the Company will undertake towards Carnegie to not issue or otherwise make dispositions regarding shares or other securities in the Company without Carnegie’s consent for a period of 360 days from the first day of trading in the Company’s shares on Nasdaq Stockholm.

Stabilization measures

In connection with the Offering and the listing on Nasdaq Stockholm, Carnegie may, to the extent permitted by Swedish law, enter into transactions to stabilize, maintain or otherwise affect the price of the Company’s shares for up to 30 days after the first day of trading in the Company’s shares on Nasdaq Stockholm. Carnegie may effectuate transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Carnegie has no obligation to undertake any stabilization measures and there is no assurance that stabilization measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering. Stabilization transactions can be carried out on all types of stock markets, OTC markets or by other means. Carnegie may use the Over-Allotment Option to over-allot shares in order to facilitate stabilization transactions. If the stabilization transactions are conducted, they may be discontinued at any time without prior notice, but must be discontinued no later than within the aforementioned 30-day period. Carnegie must, no later than by the end of the seventh trading day after stabilization transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014, disclose that stabilization measures have been undertaken. Within one week of the end of the stabilization period, Carnegie will disclose whether or not stabilization was undertaken, the date on which stabilization started, the date on which stabilization was last carried out, as well as the price range within which stabilization was carried out for each of the dates when stabilization measures were conducted.

Insurance

The Board believes that current insurance policies, including levels and conditions for these policies, provide an adequate level of coverage, taking into account insurance premiums and the potential risks of the business. However, it cannot be guaranteed that the Company will not suffer losses or damage in excess of the insurance limits or outside the scope of coverage of its insurance policies (see the section “*Risk Factors – Risks related to insurance coverage*” for more information on the risks associated with insurance coverage).

Legal and arbitration proceedings

As of the date of this Prospectus, Arla Plast is not a party, nor has it been a party in the past twelve months, to any governmental, legal or arbitration proceedings (including proceedings that have not yet been resolved or that, to the knowledge of the issuer, are likely to be initiated) that have had or could have a material effect on the financial position or profitability of the Group. Moreover, the Company has not been informed of any claim that may result in the Company becoming a party to such litigation or arbitration.

Related party transactions

For information about Arla Plast’s related party transactions in 2018, see note 31 of Arla Plast’s annual report for the 2018 financial year. For information about Arla Plast’s related party transactions in 2019, see note 32 of Arla Plast’s annual report for

the 2019 financial year. For information about Arla Plast's related party transactions in 2020, see note 32 of Arla Plast's annual report for the 2020 financial year.

No related party transactions have taken place since December 31, 2020 that are significant for Arla Plast either individually or when taken together.

For more information about remuneration to Board members and senior executives, see the section "Corporate Governance – Remuneration for Board members, the Chief Executive Officer and other senior executives."

Interests of advisors

Carnegie is providing financial advice and other services to the Company in connection with the Offering. Carnegie is Sole Global Coordinator and Bookrunner in connection with the Offering as set forth in this Prospectus. Carnegie (and companies closely related to Carnegie) has provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which Carnegie received, or may receive, remuneration.

Transaction costs

The Company's costs related to the Offering and the listing of the Company's shares on Nasdaq Stockholm are estimated at about SEK 13 million. Such costs are mainly related to expenses for auditors, financial and legal advisers, printing of this Prospectus and costs related to marketing materials and other presentations.

Undertaking to acquire shares from Cornerstone Investors

The Company has received undertakings from Cornerstone Investors to acquire shares included in the Offering totaling SEK 230 million, amounting to around 48 percent of the total number of shares covered by the Offering (provided that the Over-Allotment Option is exercised in full). These undertakings were concluded in the beginning of May. No remuneration will be paid to parties who have given undertakings, which will be made at the Offering price.

The undertakings are not secured by bank guarantee, blocked funds, pledge or similar arrangements, for which reason there is a risk that Cornerstone Investors may not meet their commitments; also see the section "Risk factors – Unsecured undertakings to acquire shares".

The table below shows the parties that have undertaken to acquire shares.

Name	Undertaking to acquire shares (SEK million)	Number of shares	Share of the number of shares included in the Offering ¹⁾
Nortal Investments AB	92	2,000,000	19.3
RoosGruppen AB	46	1,000,000	9.7
Svolder AB (publ)	92	2,000,000	19.3
Total	230	5,000,000	48.3

1) Provided that the Over-Allotment Option is exercised in full.

Documents incorporated by reference

The following documents are incorporated by reference and form part of this Prospectus:

- Arla Plast's audited annual report for the financial year 2018, where reference is made to the income statement on page 4, balance sheet on pages 5–6, statement of changes in equity on page 7, statement of cash flows on page 8, notes on pages 9–43 and auditor's report on pages 65–66.¹⁾
- Arla Plast's audited annual report for the financial year 2019, where reference is made to the income statement on page 4, balance sheet on pages 5–6, statement of changes in equity on page 7, statement of cash flows on page 8, notes on pages 9–34 and auditor's report on pages 54–55.²⁾
- Arla Plast's audited annual report for the financial year 2020, where reference is made to the income statement on page 8, balance sheet on page 9, statement of changes in equity on page 10, statement of cash flows on page 11, notes on pages 12–36, and auditor's report on pages 54–55.³⁾

- Arla Plast's reviewed interim report for the period January 1–March 31, 2021, with reference to the income statement on page 7, balance sheet on page 8, statement of changes in equity on page 9, statement of cash flows on page 10, notes on pages 13–19 and auditor's report on page 22.⁴⁾

Documents kept available for inspection

The Company's certificate of incorporation, Articles of Association applicable on the date of this Prospectus, Articles of Association that should be registered with the Swedish Companies Registration Office on May 17, 2021, documents incorporated by reference and other information made public by Arla Plast referred to in this Prospectus are available in electronic format throughout the validity period of the Prospectus at the Company's website www.arlaplastgroup.com. Other information on the Company's website that is not incorporated in accordance with this section is not part of this Prospectus.

1) www.arlaplastgroup.com/en.

2) www.arlaplastgroup.com/en.

3) www.arlaplastgroup.com/en.

4) www.arlaplastgroup.com/en.

Certain tax issues

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm for natural persons and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission to trading on Nasdaq Stockholm. The summary does not cover:

- situations where shares are held as current assets in business operations;
- situations where shares are held by a limited partnership or a partnership;
- situations where shares are held in an investment savings account or alternatively held by endowment insurance,
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends in the corporate sector that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes,
- the special rules which in certain cases may be applicable to shares in companies which are or have been “closely held companies” or to shares acquired by means of such shares;
- the special rules that may be applicable to natural persons who make or reverse what is known as an investor deduction,
- foreign companies conducting business through a permanent establishment in Sweden,
- foreign companies that have been Swedish companies, or
- certain categories of taxpayers, such as investment firms.

The tax consequences for each individual shareholder depend in part on such shareholder’s particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission to trading of the shares in the Company on Nasdaq Stockholm, including the applicability and effect of foreign tax legislation and provisions in double taxation agreements.

Natural persons

For natural persons subject to unlimited tax liability in Sweden, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category.

The capital gain or loss is normally calculated as the difference between the sales proceeds, net of sales expenses, and the amount of expenses. The acquisition price for all shares of the same class and type is calculated collectively using the average cost method. Alternatively, upon the sale of listed shares, the tax basis may be determined according to the standard method at a rate of 20 percent of the sales proceeds after deducting sales costs.

Capital losses on listed shares are fully deductible against taxable capital gains realized in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. värdepappersfonder) or hedge funds (Sw. specialfonder) containing only Swedish receivables (Sw. räntefonder). For capital losses that cannot be set off in this way, a deduction of up to 70 percent can be made against other capital income.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For natural persons resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Limited liability companies

For limited liability companies all income, including taxable capital gains and taxable dividends, is taxed as business income at a rate of 20.6 percent (21.4 percent for tax years that began prior to January 1, 2021).

Capital gains and losses are calculated in the same manner as described above with respect to natural persons. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilized during the year of the loss may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company incurring the loss, such loss may be offset against taxable capital gains assignable to shares and other securities taxed as shares, in another company in the same Group, if a right to exchange group contributions exists between the companies and both companies request this for a tax year which has the same filing date (or, if one of the companies’ accounting liability ceases, would have had the same filing date).

Shareholders who have limited tax liability in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, a Swedish tax on dividends is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. However, the tax rate is generally reduced by tax treaties to avoid double taxation. In Sweden, the deduction for dividend tax is usually made by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The majority of Sweden's tax treaties enable a reduction of the Swedish dividend tax to the tax rate stipulated in the treaty directly at the payment of dividends, provided that Euroclear Sweden or the nominee has the necessary information in relation to the person entitled to such dividends. Further, investors entitled to be taxed at a lower rate under applicable tax treaties may seek a refund from the Swedish tax authorities if tax has been withheld at the source at a tax rate of 30 percent.

Shareholders who have limited tax liability in Sweden, and who do not conduct business from a permanent establishment in Sweden, are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, natural persons with limited tax liability in Sweden may, however, be subject to capital gains taxation in Sweden on the disposal of shares if they have been resident or present in Sweden at any time during the calendar year in which the disposal takes place or during the ten preceding calendar years. In a number of cases though, the applicability of this rule is limited by tax treaties.



Definitions and abbreviations

“ABS”	refers to plastic in acrylonitrile butadiene styrene.
“Swedish Companies Act”	refers to the Swedish Companies Act (2005:551).
“Arla Plast,” the “Company” or the “Group”	refers to Arla Plast AB, or the group in which Arla Plast AB is the parent company, depending on the context.
“GDP”	refers to gross national product.
“BPA”	refers to bisphenol A.
“Breyer”	refers to Breyer GmbH.
“CAGR”	refers to compound annual growth rate.
“Carnegie”, “Sole Global Coordinator” or “Bookrunner”	refers to Carnegie Investment Bank AB (publ).
“CISG”	refers to the United Nations Convention on Contracts for the International Sale of Goods.
“Coface”	refers to Coface, Sweden Branch.
“Cornerstone Investors”	refers to Nortal Investments AB, RoosGruppen AB and Svolder AB (publ).
“CZK”	refers to the Czech Koruna.
“The Offering”	refers to the offering to acquire shares in the Company as set out in this Prospectus.
“EUR”	refers to the euro.
“Euroclear Sweden”	refer to Euroclear Sweden AB.
“DIY”	refers to do it yourself.
“Freja”	refers to Freja Transport & Logistics AB.
“FTE”	refers to full-time equivalents.
“GBP”	refers to the British pound.
“IFRS”	refers to International Financial Reporting Standards as adopted by the EU.
“the Code”	refers to the Swedish Code of Corporate Governance.
“mT” and “kMT”	refers to metric tons and thousand metric tons.
“MWPC”	refers to multi-wall polycarbonate.
“Nasdaq Stockholm”	The regulated market operated by Nasdaq Stockholm Aktiebolag.
“OEM”	refers to Original Equipment Manufacturer.
“OPC”	refers to the opaque PC.
“PC”	refers to plastic made of polycarbonate.
“PETG”	refers to plastic made of polyethylene terephthalate glycol.
“Placing Agreement”	refers to the agreement between Arla Plast, the Selling Shareholder and Carnegie on the placement of the shares, expected to be entered into on or about May 25, 2021.
“PMMA”	refers to plastic made of polymethyl methacrylate.
“Prospectus”	refers to this prospectus.
“SABIC”	refers to SABIC Innovative Plastic b.v.
“Securities Act”	refers to the Securities Act of 1933 in its current wording.
“SEK,” “SEK thousand,” “SEK million” and “SEK billion”	refers to the Swedish krona, thousand Swedish kronor, million Swedish kronor and billion Swedish kronor.
“Selling Shareholder”	refers to Synnersten Invest AB.
“TPC”	refers to transparent PC.
“USD”	refers to the US Dollar.
“Over-Allotment Option”	refers to the option granted by the Selling Shareholder to Carnegie to acquire at a price equal to the Offering Price 1,350,000 existing shares, corresponding to a maximum of 15 percent of the number of shares in the Offering.
“Annual Accounts Act”	refers to the Swedish Annual Accounts Act (1995:1554)

Addresses

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Legal advisor to the Sole Global Coordinator

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