

Arla Plast AB

Interim report January – September 2023



CONTINUED STRONG PROFIT – INCREASED VOLUMES

JULY – SEPTEMBER 2023

- Sales volume amounted to 4,819 tonnes (3,817 tonnes) an increase by 26%.
- Net sales amounted to SEK 262.9 million (SEK 232.0 million), an increase by 13%. The organic increase was 5%.
- Operating profit amounted to SEK 28.0 million (SEK 10.8 million), an increase by 159%.
- The operating margin increased to 10.7% (4.7%)
- Profit for the period amounted to SEK 20.8 million (SEK 7.6 million), an increase by 174%.
- Earnings per share before dilution amounted to SEK 1.03 (SEK 0.38) and after dilution to SEK 0.99 (SEK 0.36).
- All warrants of series 2020/2023 have been exercised for subscription of new shares whereas SEK 29.2 million has been added.

JANUARY – SEPTEMBER 2023

- Sales volume amounted to 14,904 tonnes (14,533 tonnes) an increase by 3%.
- Net sales amounted to SEK 788.5 million (SEK 725.7 million), an increase by 9%. The organic decline was 2%.
- Operating profit amounted to SEK 75.6 million (SEK 35.7 million), an increase by 112%.
- The operating margin increased to 9.6% (4.9%).
- Profit for the period amounted to SEK 57.8 million (SEK 25.8 million), an increase by 124%.
- Earnings per share before dilution amounted to SEK 2.87 (SEK 1.29) and after dilution to SEK 2.76 (SEK 1.23).
- Net cash amounted to SEK 8.8 million (SEK -108.0 million) at the end of the period, corresponding to 0.1 times (-1.3 times) EBITDA.
- The cash flow from operating activities amounted to SEK 86.9 million (SEK 35.5 million).

GROUP IN SUMMARY*

	Jul-Sep 2023	Jul-Sep 2022	Δ,%	Jan-Sep 2023	Jan-Sep 2022	Δ,%	R 12	Jan-Dec 2022	Δ,%
Sales volume, tonnes	4,819	3,817	26	14,904	14,533	3	19,028	18,657	2
Net sales, SEK million	262.9	232.0	13	788.5	725.7	9	1,020.6	957.8	7
Gross margin, %	23.4	16.0	46	21.6	15.1	43	20.5	15.5	32
EBITDA, SEK million	41.9	21.3	97	112.0	66.2	69	134.9	89.1	51
Adjusted EBITDA, SEK million	41.9	22.4	87	112.0	67.4	66	134.9	90.3	49
Operating profit, SEK million	28.0	10.8	159	75.6	35.7	112	87.0	47.0	85
Adjusted operating profit, SEK million	28.0	12.0	133	75.6	36.9	105	87.0	48.2	80
Operating margin, %	10.7	4.7	127	9.6	4.9	96	8.5	4.9	74
Adjusted operating margin, %	10.7	5.2	106	9.6	5.1	88	8.5	5.0	70
Profit for the period, SEK million	20.8	7.6	174	57.8	25.8	124	66.5	34.4	93
Earnings per share before dilution, SEK	1.03	0.38	171	2.87	1.29	122	3.31	1.72	92
Earnings per share after dilution, SEK	0.99	0.36	175	2.76	1.23	124	3.17	1.64	93
Net debt/EBITDA, multiple	-0.1	1.3	-	-0.1	1.3	-	-0.1	0.9	-
Net debt, SEK million	-8.8	108.0	-	-8.8	108.0	-	-8.8	76.7	-
Cash flow from operating activities, SEK million	43.7	52.8	-17	86.9	35.5	145	138.2	86.7	59
Return on capital employed, %	13.0	7.9	65	13.0	7.9	65	13.0	8.3	57
Equity/assets ratio, %	69.4	59.0	18	69.4	59.0	18	69.4	67.9	2

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

CONTINUED STRONG PROFIT – INCREASED VOLUMES

The market

The quarter was characterized by a market development that differs from previous quarters during the year and the previous year. The volumes in our industry have welcomingly started to increase, and we estimate that we maintain our market share in Europe. We have probably passed the lowest point in terms of the decline in market volumes and landed at a more stable level of demand, similar to the one before the pandemic. Demand in the construction industry remains generally weak, while a distinguishable increase has been noted in several other sectors, particularly in industry and industrial projects where special products have performed strongly. This trend has been evident in both segment Czech Republic and segment Sweden.

The prices of raw materials, which affect both net sales and gross profit, have continued downward during the third quarter. Global demand for raw materials has been weak, therefore our industry is currently experiencing a good supply. However, we have started to see tendencies towards capacity reduction in the supply chain. Price trends and the availability of raw materials are still uncertain factors in our market.

Strong profit and increased volumes

Our volumes increased by 26 percent compared to the previous year, while net sales increased by 13 percent. Net sales were positively affected by effects from organic growth, currency and acquisitions, while lower raw material prices counteracted. We see increased competition, driven by the economy, in certain product areas such as PETG and MWPC. At the same time, we continue to strengthen our offer within special products, which is made clear by an increased share of sales of OPC. We have successfully started the sale of PMMA products to infrastructure projects in the Nordics, which is an important step towards further broadening our product and customer portfolio.

During the third quarter of 2023, the operating profit amounted to SEK 28.0 million, which represents a significant increase compared to the same period last year. We have defended our margins in a market with falling prices and the gross margin strengthened further this quarter to 23.4 percent. A favorable product mix and efficient material use are reflected in the improved profitability.

We are still satisfied with the cash flow, even if it is weaker than the corresponding quarter last year. During 2023, we have had a constant lower level of working capital and the cash flow is a result of the increased operating profit and our measures to optimize capital tied up, especially in inventory. The strong cash flow frees up resources and has enabled us to further reduce our net debt to a net cash of SEK 8.8 million.

Sustainability

We continue to prioritize our sustainability initiatives. Together with one of our key customers, we have started a joint project to use a circular bio-based raw material. The work on the comprehensive life cycle analysis for products produced in Sweden is in its final phase where third-party review remains, which is expected to be completed before the year end. Subsequently, similar analyses will be carried out in our remaining facilities. The goal that our customers should be able to easily predict the climate impact of our products is therefore reachable in the near future. At the same time, we are working on structuring our sustainability work to be able to communicate our efforts and results in a better and clearer way.

Outlook

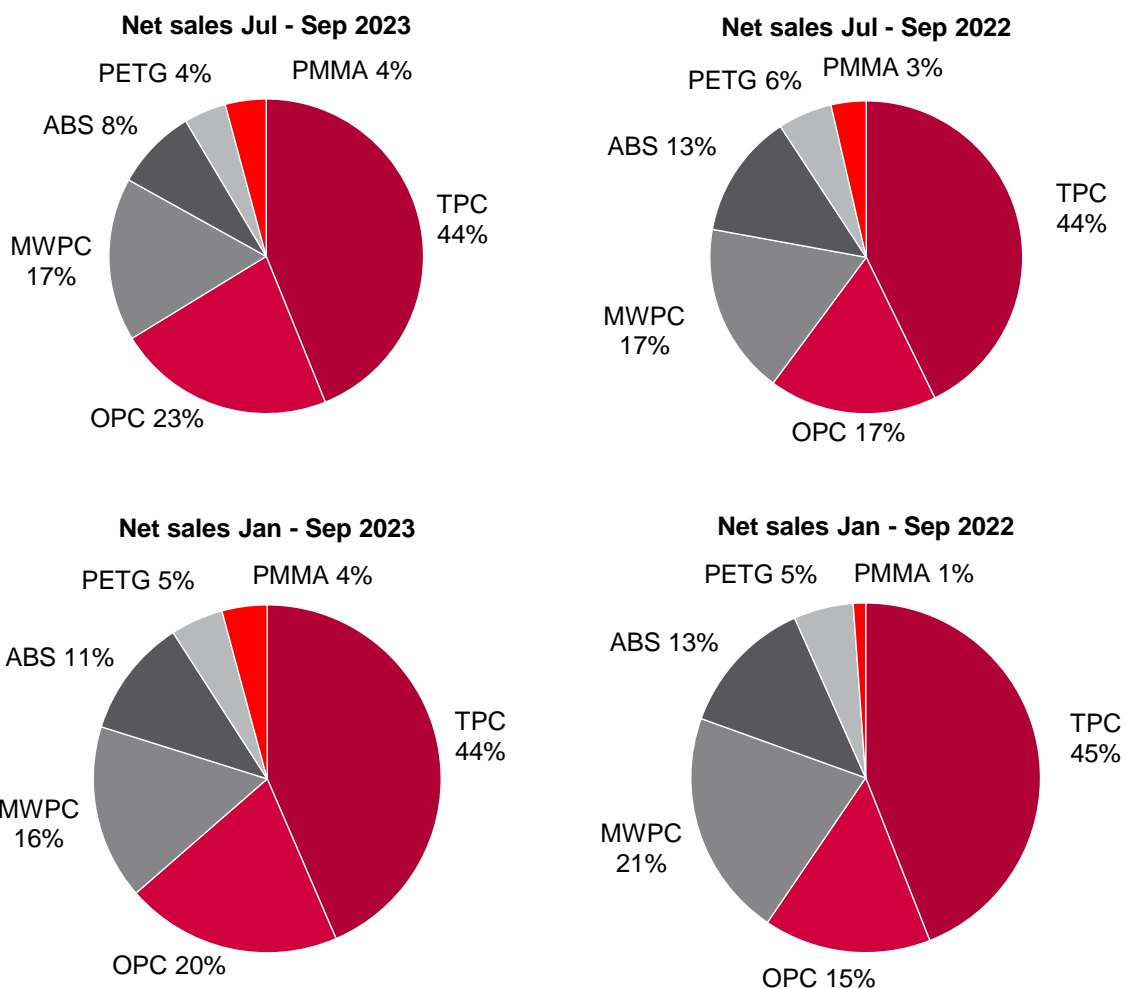
Market demand has stabilized and is stronger now than last year, but future development is still difficult to assess. We note that demand in various application areas is changing, but thanks to our well-diversified customer and product portfolio, the fluctuations are partially evened out. Investments have been restrained this year as we plan for the modernization of our facility in Kadaň and the construction of a new warehouse in Borensberg. The investments aim to streamline production in Kadaň and optimize logistics flows in Borensberg. With our improved profitability and strong balance sheet, we have good conditions to continue developing the business in a positive direction going forward.

Christian Krichau
President and CEO

FINANCIAL OVERVIEW

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

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



*For definitions of product areas, see page 25.

Net sales and operating profit

The sales volume in the third quarter 2023 increased by 26 percent to 4,819 tonnes (3,817 tonnes) compared with the corresponding quarter last year. Net sales increased by 13 percent to SEK 262.9 million (SEK 232.0 million), organically the increase was 5 percent. The total demand on the market measured in sales volume increased and we maintained our market position. A positive product mix with a higher share of sales of special products affected the net sales positively but was countered by the decline in raw materials prices. The gross margin increased to 23.4 percent (16.0 percent). The gross margin was positively affected mainly by a change in product mix with a higher share of special products together with an improved internal efficiency.

Operating profit for the third quarter amounted to SEK 28.0 million (SEK 10.8 million), an increase of 159 percent. The operating margin increased to 10.7 percent (4.7 percent). The operating margin increased mainly due to higher gross margin. The operating profit is charged with reservation costs for disposal of a machine taken out of operations amounting to approximately SEK 2.5 million.

Arla Plast's sales volume during the nine months period 2023 increased by 3 percent to 14,904 tonnes (14,533 tonnes) compared with the corresponding period last year. Net sales amounted to SEK 788.5 million (SEK 725.7 million), an increase of 9 percent. Organically, the decline was 2 percent. The gross margin increased to 21.6 percent (15.1 percent). The gross margin was positively affected mainly by a change in product mix with a higher share of special products together with an improved internal efficiency.

Operating profit for the nine months period amounted to SEK 75.6 million (SEK 35.7 million), an increase of 112 percent. The operating margin amounted to 9.6 percent (4.9 percent). The operating profit is charged with reservation costs for disposal of a machine taken out of operations amounting to approximately SEK 2.5 million. Government grant for electricity during the second quarter is included in segment Sweden amounting to SEK 5.5 million.

Profit/loss for the period and earnings per share

During the third quarter of 2023, the profit before tax amounted to SEK 26.7 million (SEK 12.3 million). Net financial income and expenses totalled SEK -1.3 million (SEK 1.5 million), including interest expenses of SEK -1.1 million (SEK -0.8 million). Taxes in the third quarter amounted to SEK -5.9 million (SEK -4.7 million), corresponding to an effective tax rate of 22.0 percent (38.3 percent). Net profit for the period was SEK 20.8 million (SEK 7.6 million), and earnings per share before dilution was SEK 1.03 (SEK 0.38) and after dilution SEK 0.99 (SEK 0.36).

During the nine months period 2023, profit before tax amounted to SEK 71.8 million (SEK 34.3 million). Net financial income and expenses totalled SEK -3.8 million (SEK -1.4 million), including interest expenses of SEK -2.5 million (SEK -1.2 million). Taxes in the nine months period amounted to SEK -14.0 million (SEK -8.5 million), corresponding to an effective tax rate of 19.5 percent (24.9 percent). Net profit for the nine months period was SEK 57.8 million (SEK 25.8 million) and earnings per share before dilution was SEK 2.87 (SEK 1.29) and after dilution SEK 2.76 (SEK 1.23).

Cash flow

Cash flow from operating activities decreased during the third quarter to SEK 43.7 million (SEK 52.8 million). The cash flow was positively impacted by higher operating profit. The change in working capital was positive, but in the comparison quarter the change was significantly greater due to reduced business activity and reduced inventory. The working capital, mainly inventory, continues to be a high priority.

Cash flow from investing activities was SEK -0.4 million (SEK -41.7 million) during the quarter and refers mainly to the maintenance investments in our three production facilities. In the comparison period, Alphaplex GmbH was acquired, which mainly explains the difference.

Cash flow from financing activities amounted to SEK 20.3 million (SEK 34.4 million) and includes emission from warrant program of SEK 29.2 million. The comparison period includes a new loan of SEK 45.0 million to finance the acquisition of Alphaplex GmbH.

For the nine months period the cash flow from operating activities amounted to SEK 86.9 million (SEK 35.5 million). The improvement in cash flow is explained mainly by the higher operating profit but also by a positive effect from change in working capital.

Cash flow from investing activities during the nine months period amounted to SEK -4.7 million (SEK -51.6 million) and refers mainly to maintenance investments in our three production facilities. The acquisition of Alphaplex GmbH mainly explains the difference.

Cash flow from financing activities totalled SEK -10.9 million (SEK 62.6 million) during the nine months period and includes a dividend of SEK -20.0 million, decreased utilization of overdraft facilities of SEK -13.3 million and emission from warrant program of SEK 29.2 million. The comparison period includes dividends of SEK -30.0 million, borrowings of SEK 65.7 million, repayment of loans of SEK -15.5 million and increased use of overdrafts of SEK 47.1 million.

Investments

Arla Plast continuously invests in its facilities. The Group's investments in property, plant and equipment during the third quarter amounted to SEK 0.4 million (SEK 4.3 million) and refers primarily to maintenance investments in our three production facilities. Total depreciations for the third quarter amounted to SEK -13.9 million (SEK -10.4 million).

During the nine months period 2023 the Group's investments in property, plant and equipment amounted to SEK 4.7 million (SEK 14.2 million). Total depreciation for the nine months amounted to SEK -36.4 million (SEK -30.5 million).

Financial position

Arla Plast's total assets amounted to SEK 827.4 million as of September 30, 2023 (SEK 818.1 million).

The Group's net cash amounted to SEK 8.8 million as of September 30, 2023 (SEK -108.0 million), corresponding to 0.1 times (-1.3 times) EBITDA. Net debt has decreased as a consequence of emission from warrant program and increased cash flow.

The Group's equity ratio, equity as of September 30, 2023 as a percentage of total assets was 69.4 percent (59.0 percent).

Parent company

Arla Plast AB is the parent company of the Arla Plast Group. The parent company's activities include the Swedish operating activities, as well as Group-wide functions such as management, finance, IT, purchasing and communications. In the third quarter of 2023, net sales amounted to SEK 151.0 million (SEK 141.7 million) and operating profit to SEK 14.6 million (SEK 9.0 million).

For the nine months period, net sales amounted to SEK 470.7 million (SEK 465.5 million) and operating profit to SEK 48.2 million (SEK 24.9 million).

Cash and cash equivalents as of September 30, 2023, amounted to SEK 96.9 million compared to SEK 62.4 million as of September 30, 2022.

Segments

The Group's activities are monitored through the three operating segments: Sweden, the Czech Republic and Germany. Group-wide functions can be found in both Sweden and the Czech Republic and are internally invoiced to ensure that a fair result can be monitored in each segment.

SWEDEN

Key performance indicator	Jul-Sep			Jan-Sep			Jan-Dec		
	2023	2022	Δ,%	2023	2022	Δ,%	R 12	2022	Δ,%
Sales volume, tonnes	2,959	2,582	15	9,451	9,460	-	11,994	12,003	-
Net sales, SEK million	151.0	141.7	7	470.7	465.5	1	615.3	610.1	1
Operating profit, SEK million	14.6	9.1	60	48.2	25.0	93	59.4	36.3	64
Operating margin, %	9.7	6.4	52	10.2	5.4	89	9.7	5.9	64

During the third quarter, sales volumes increased by 15 percent. The total market demand increased in volume and we maintained our market position. A positive product mix with a higher share of special products affected the net sales positively but was countered by decline in raw materials prices. Net sales increased to SEK 151.0 million (SEK 141.7 million). Operating profit increased to SEK 14.6 million (SEK 9.1 million), mainly as a result of the higher gross profit. The operating margin increased to 9.7 percent (6.4 percent).

In the nine months period 2023, sales volume is basically unchanged. We see it as a signal that the market demand for the entire industry has stopped declining and is leveling out. Net sales increased by 1 percent to SEK 470.7 million (SEK 465.5 million). Operating profit increased to SEK 48.2 million (SEK 25.0 million) mainly as a result of the higher gross profit. Government grant for electricity amounting to SEK 5.5 million affected the prior quarter. The operating margin increased to 10.2 percent (5.4 percent).

CZECH REPUBLIC

Key performance indicator	Jul-Sep			Jan-Sep			Jan-Dec		
	2023	2022	Δ,%	2023	2022	Δ,%	R 12	2022	Δ,%
Sales volume, tonnes	1,754	1,257	40	5,014	5,499	-9	6,394	6,879	-7
Net sales, SEK million	99.9	84.4	18	276.2	267.0	3	348.8	339.6	3
Operating profit, SEK million	14.5	2.7	437	28.7	11.1	159	28.2	10.7	164
Operating margin, %	14.5	3.3	339	10.4	4.2	148	8.1	3.2	153

In the third quarter 2023, sales volume increased by 40 percent. Net sales increased by 18 percent to SEK 99.9 million (SEK 84.4 million). The organic increase was 4 percent. The demand from industry applications and industrial projects was strong. Operating profit increased to SEK 14.5 million (SEK 2.7 million). The operating profit is charged with reservation costs for disposal of a machine taken out of operations amounting to SEK 2.5 million. The operating margin increased to 14.5 percent (3.3 percent).

During the nine months period, sales volumes decreased by 9 percent. Net sales increased by 3 percent to SEK 276.2 million (SEK 267.0 million) and considering the currency rate change the organic decrease was 9 percent. Net sales increased mainly as a result of a positive product mix with a higher share of special products for industry applications and a lower share of standard products for mainly construction applications. Operating profit amounted to SEK 28.7 million (SEK 11.1 million). The operating profit is charged with reservation costs for disposal of a machine taken out of operations amounting to SEK 2.5 million. The operating margin increased to 10.4 percent (4.2 percent).

GERMANY

Key performance indicator	Jul-Sep			Jan-Sep			Jan-Dec		
	2023	2022*	Δ,%	2023	2022*	Δ,%	R 12	2022*	Δ,%
Sales volume, tonnes	533	381	-	1,659	381	-	2,198	920	-
Net sales, SEK million	29.3	19.2	-	91.5	19.2	-	119.7	47.4	-
Operating profit, SEK million	0.1	0.8	-	2.0	0.8	-	3.9	2.7	-
Operating margin, %	0.3	3.9	-	2.2	3.9	-	3.3	5.7	-

* Consolidation started August 1, 2022

The operating segment Germany started as of August 1, 2022 with the acquisition of Alphaplex GmbH. For the third quarter the sales volume amounted to 533 tonnes. Net sales amounted to SEK 29.3 million and the operating profit to SEK 0.1 million. The segment has, as operating within distribution, challenges in defending the gross profit in a declining price market and the operating profit was also affected by investments in the organization for future development. The operating margin amounted to

0.3 percent.

For the nine months period 2023, the sales volume amounted to 1,659 tonnes. Net sales amounted to SEK 91.5 million and the operating profit to SEK 2.0 million. The operating margin amounted to 2.2 percent.

Financial objectives

Sales growth

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

Operating margin

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

Net debt

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

Dividend policy

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

Significant risks and uncertainties

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

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

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

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

Financial risks include market risk, liquidity risk, credit risk and refinancing risk. Currency risk is the most significant market risk as the Group is exposed to both transaction risk and translation risk. The Group is exposed to transaction risk mainly through EUR transactions within the Group. Furthermore, the Group is exposed to translation risk when converting the foreign subsidiaries in the Czech Republic and Germany. The risk is related to converting revenues, costs, assets and liabilities in CZK and EUR into the Group's reporting currency, which is SEK.

For further information on risks and uncertainties, see the 2022 Annual Report on www.arlaplastgroup.com.

Sustainability and the environment

It is important for Arla Plast to conduct its business in a sustainable and responsible manner, to strengthen our long-term competitiveness and to create value, both financially and operationally. Sustainable business value is achieved by working according to our sustainability framework and goals. Our approach to sustainability is that these types of issues should be addressed in an integrated way, as part of our day-to-day operations as well as part of our strategic processes.

Key areas of the Group's sustainability work include environmental footprint, social sustainability and business ethics. This entails that Arla Plast shall conduct its operations in accordance with the legal requirements imposed on the business with regard to environmental impact and actively work to minimize the environmental footprint of the Group's operations and products. Furthermore, Arla Plast's social responsibility shall primarily include employees and society, where a good and safe workplace is in focus together with an active effort to contribute to a positive social development. Arla Plast shall also conduct its business in an ethical and responsible manner and be a trustworthy partner in all relationships and wherever the company operates.

Arla Plast has certifications for quality, environment, and work environment according to the ISO standards ISO 9001, ISO 14001 and ISO 45001. Arla Plast has identified several KPI's related to sustainability which we follow up on. CO₂ and sickness leave are two important KPI's. During the third quarter 2023, our carbon footprint related to the production of raw materials

consumed was in average 3.6 kg CO₂e per kg of finished product produced (3.1 kg CO₂e) and sick leave was 5.2 percent (4.3 percent). Alphaplex GmbH does not produce finished products and is thus not included in the calculation of CO₂e per kg of finished product produced.

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

For further information regarding our sustainability work, see the 2022 Annual report on www.arlaplastgroup.com.

Seasonal variations

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

Personnel

The average number of full-time employees in the third quarter of 2023 was 259 (254). During the third quarter, women accounted for 25 percent (25 percent) of the employees. For the nine months period, the average number of full-time employees was 254 (260) whereof women accounted for 25 percent (27 percent).

Events after the end of the reporting period

After the end of the reporting period, the Nomination Committee prior to the Annual General Meeting on May 7, 2024, has been formed. The Nomination Committee consists of Lars Kvarnsund, Chairman, representing Svolder AB, Jan Synnersten, representing own holdings, Fredrik Persson, representing Swedia Invest AB.

No other significant events after the reporting period.

The share

As of 30 September 2023, Mats Synnersten AB owns 14 percent, Svolder AB 13 percent, K Synnersten Holding AB 13 percent, Ranzom AB 11 percent, Jan Synnersten AB 11 percent, Swedia Invest AB 10 percent, Nordea Investment Funds 8 percent and Roosgruppen AB 5 percent. Arla Plast AB has approximately 1,700 shareholders. The incentive program 2020/23 was exercised during the period and all 980,000 warrants of series 2020/2023 have been exercised for subscription of new shares in the Company. The proceeds from the exercise amount to approximately SEK 29.2 million. The share capital has increased by SEK 0.1 million, from SEK 2.4 million to SEK 2.5 million.

FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Note	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	R 12	Jan-Dec
		2023	2022	2023	2022		2022
Net sales	2,3	262.9	232.0	788.5	725.7	1,020.6	957.8
Cost of goods sold		-201.4	-194.8	-618.1	-615.9	-811.2	-809.0
Gross margin		61.5	37.2	170.4	109.8	209.4	148.7
Selling expenses		-17.1	-15.2	-54.4	-44.6	-69.9	-60.1
Administrative expenses		-17.4	-12.5	-50.1	-36.4	-64.2	-50.5
Other operating income	4	0.9	2.5	10.2	8.1	12.4	10.4
Other operating expenses	10	0.1	-1.2	-0.5	-1.3	-0.7	-1.5
Operating profit		28.0	10.8	75.6	35.7	87.0	47.0
Financial income	5	-0.2	2.2	0.2	1.9	0.9	2.6
Financial expense	5	-1.1	-0.7	-4.0	-3.3	-6.0	-5.3
Profit before tax		26.7	12.3	71.8	34.3	81.9	44.4
Tax expense		-5.9	-4.7	-14.0	-8.5	-15.4	-10.0
Profit for the period		20.8	7.6	57.8	25.8	66.5	34.4
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		-14.1	7.0	6.9	17.0	15.7	25.8
Other comprehensive income for the period		-14.1	7.0	6.9	17.0	15.7	25.8
Total comprehensive income for the period		6.7	14.6	64.7	42.8	82.2	60.2
Amounts in SEK							
Earnings per share, basic	11	1.03	0.38	2.87	1.29	3.31	1.72
Earnings per share, diluted	11	0.99	0.36	2.76	1.23	3.17	1.64

The profit and the total comprehensive income for the period are attributable in their entirety to the shareholders of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	Note	2023-09-30	2022-09-30	2022-12-31
ASSETS				
Total non-current assets				
Intangible non-current assets		32.5	30.2	32.8
Property, plant and equipment		250.7	276.5	272.9
Right-of-use assets	6	28.3	30.6	32.0
Total non-current assets		311.5	337.3	337.7
Current assets				
Inventories	8	198.7	229.0	216.1
Accounts receivable	7	179.3	155.6	118.4
Other current receivables	7	14.6	24.4	11.4
Prepaid expenses and accrued income		3.5	3.4	3.0
Derivative instruments	7	0.4	1.3	1.5
Cash and cash equivalents	7	119.5	67.1	47.9
Total current assets		515.9	480.8	398.3
TOTAL ASSETS		827.4	818.1	736.0
EQUITY				
Share capital		2.5	2.4	2.4
Other capital contributions		30.7	1.7	1.7
Translation reserve		65.9	50.2	59.0
Retained earnings (including profit for the period)		474.8	428.3	436.9
Total equity attributable to owners of the parent		573.9	482.6	500.0
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions	7	10.3	-	-
Non-current portion of lease liability	6	20.9	23.6	24.4
Deferred tax liabilities		44.0	43.7	44.4
Total non-current liabilities		75.2	67.3	68.8
Current liabilities				
Liabilities to credit institutions	7	71.9	144.7	92.5
Current portion of lease liability	6	7.6	7.0	7.7
Accounts payable	7	24.6	41.0	20.2
Current tax liabilities		1.9	-	1.8
Other liabilities	7	19.4	37.1	23.6
Accrued expenses and deferred income		52.9	38.6	21.3
Total current liabilities		178.3	268.3	167.2
Total liabilities		253.5	335.6	236.0
TOTAL EQUITY AND LIABILITIES		827.4	818.1	736.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	2023-09-30	2022-09-30	2022-12-31
Opening balance	500.0	469.8	469.8
Profit for the period	57.8	25.8	34.4
Other comprehensive income	6.9	17.0	25.8
Total comprehensive income	64.7	42.8	60.2
Dividend	-20.0	-30.0	-30.0
Emission	29.2	-	-
Total transactions with shareholders	9.2	-30.0	-30.0
Closing balance	573.9	482.6	500.0

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R 12	Jan-Dec 2022
Cash flow from operating activities						
Operating profit	28.0	10.8	75.6	35.7	87.0	47.0
Adjustment for items not included in cash flow	8.7	10.0	33.4	31.1	47.9	45.6
Interest received	0.3	2.4	1.8	2.7	2.6	3.5
Interest paid	-1.5	-0.7	-3.7	-1.7	-4.6	-2.6
Income tax paid	-2.3	-8.3	-14.0	-20.4	-15.4	-21.7
Cash flow from operating activities before changes in working capital	33.3	14.2	93.1	47.4	117.5	71.8
Cash flow from changes in working capital						
Increase/decrease in inventories	14.6	30.2	20.6	-13.8	34.7	0.3
Increase/decrease in operating receivables	-9.5	16.2	-59.0	-13.9	-15.5	29.6
Increase/decrease in operating liabilities	5.3	-7.8	32.2	15.7	1.5	-14.9
Total change in working capital	10.4	38.6	-6.2	-12.0	20.7	14.9
Cash flow from operating activities	43.7	52.8	86.9	35.5	138.2	86.7
Cash flow from investing activities						
Investments in property, plant and equipment	-0.4	-4.3	-4.7	-14.2	-7.9	-17.4
Acquisitions	-	-37.4	-	-37.4	-8.7	-46.1
Cash flow from investing activities	-0.4	-41.7	-4.7	-51.6	-16.6	-63.5
Cash flow from financing activities						
Dividend	-	-	-20.0	-30.0	-20.0	-30.0
Increased use of overdraft facility	-	-	-	47.1	-	-
Reduced use of overdraft facility	-6.5	-8.8	-13.3	-	-70.2	-9.9
Borrowing from credit institutions	71.5	45.0	94.2	65.7	94.2	65.7
Amortization related to lease liability	-2.4	-1.8	-6.7	-4.7	-8.6	-6.6
Amortization of loans to credit institutions	-71.5	-	-94.2	-15.5	-94.2	-15.5
Emission	29.2	-	29.2	-	29.2	-
Cash flow from financing activities	20.3	34.4	-10.9	62.6	-69.7	3.8
Cash flow for the period	63.6	45.5	71.3	46.5	51.8	27.0
Cash and cash equivalents at beginning of period	58.2	19.5	47.9	18.6	67.2	18.6
Exchange differences in cash and cash equivalents	-2.3	2.2	0.3	2.1	0.5	2.4
Cash and cash equivalents at close of period	119.5	67.2	119.5	67.2	119.5	47.9

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep		Jan-Dec
	2023	2022	2023	2022	R 12	2022
Net sales	151.0	141.7	470.7	465.5	615.3	610.1
Cost of goods sold	-112.1	-116.3	-359.1	-387.5	-474.2	-502.6
Gross profit	38.9	25.4	111.6	78.0	140.1	107.5
Selling expenses	-11.7	-10.6	-39.5	-33.9	-51.0	-45.4
Administrative expenses	-11.2	-7.9	-31.2	-26.4	-39.6	-34.9
Other operating income and operating expenses	-1.4	2.1	7.3	7.3	9.0	9.0
Operating profit	14.6	9.0	48.2	24.9	59.5	36.2
Financial income and financial expenses	-1.6	-0.5	-3.9	-2.6	-5.4	-4.1
Profit before appropriations and tax	13.0	8.5	44.3	22.3	54.1	32.2
Appropriations	-	-	-	-	4.7	4.7
Profit before tax	13.0	8.5	44.3	22.3	58.8	36.8
Tax expense	-2.7	-2.9	-9.2	-5.7	-11.5	-8.0
Profit for the period	10.3	5.6	35.1	16.6	47.3	28.8

PARENT COMPANY'S CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	10.3	5.6	35.1	16.6	47.3	28.8
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	10.3	5.6	35.1	16.6	47.3	28.8

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in SEK million	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Total non-current assets			
Intangible non-current assets	0.3	0.3	0.4
Property, plant and equipment	144.2	162.6	156.4
Financial fixed assets	90.9	90.9	90.9
Total non-current assets	235.3	253.8	247.6
Current assets			
Inventories	84.9	110.0	98.2
Receivables to group companies	-	-	1.3
Total current assets	111.8	99.7	74.8
Cash and bank balances	96.9	62.4	40.8
Total current assets	293.5	272.1	215.1
TOTAL ASSETS	528.8	525.9	462.7

	2023-09-30	2022-09-30	2022-12-31
EQUITY			
Restricted equity	3.0	2.9	2.9
Unrestricted equity	244.0	187.6	199.9
Total equity	247.0	190.5	202.7
Untaxed reserves	136.0	140.7	136.0
LIABILITIES			
Long-term liabilities			
Provisions	14.9	14.2	14.2
Current liabilities			
Liabilities to credit institutions	71.0	70.3	69.1
Other current liabilities	59.9	110.2	40.6
Total current liabilities	130.8	180.5	109.7
Total liabilities	145.8	194.7	123.9
TOTAL EQUITY AND LIABILITIES	528.8	525.9	462.7

NOTES

Note 1 Basic accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act. The same accounting policies as those in the last annual report have been applied for the Group and the Parent Company.

Significant estimates and judgements are set out in note 4 of the 2022 Annual Report. No changes have been made to that could have a substantial impact on the current interim report.

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

Note 2 Categories of revenue

Below is a breakdown of revenue from contracts with customers in Arla Plast's largest markets based on the domicile of the customer and Arla Plast's product areas. No single customer accounts for 10 percent or more of sales, which means that dependence on individual customers is limited for Arla Plast.

External net sales per geographical market, SEK million	Jul-Sep 2023		Jul-Sep 2022		Jan-Sep 2023		Jan-Sep 2022		R 12		Jan-Dec 2022	
		%		%		%		%		%		%
Sweden	30.1	11	30.6	13	100.5	13	89.1	12	136.1	13	124.7	13
Germany	48.4	18	41.3	18	154.4	20	121.7	17	200.2	20	167.5	17
Czech Republic	54.2	21	33.8	15	143.7	18	136.2	19	179.0	18	171.5	18
Polen	24.9	10	30.4	13	89.1	11	89.3	12	118.1	12	118.3	12
Rest of Europe	79.2	30	73.9	32	236.6	30	234.5	32	305.5	30	303.4	32
Rest of World	26.1	10	22.0	9	64.2	8	54.9	8	81.7	8	72.4	8
Total	262.9	100	232.0	100	788.5	100	725.7	100	1,020.6	100	957.8	100
External net sales per product category, SEK million												
TPC	115.4	44	101.7	44	342.0	44	323.6	45	440.8	43	422.4	44
OPC	58.9	23	39.4	17	158.6	20	111.2	15	201.1	20	153.7	16
MWPC	44.2	17	40.5	17	128.7	16	150.9	21	166.2	16	188.4	20
ABS	22.1	8	29.4	13	87.4	11	92.2	13	118.4	12	123.2	13
PETG	11.4	4	12.8	6	38.7	5	39.6	5	50.3	5	51.2	5
PMMA	11.0	4	8.2	3	33.1	4	8.2	1	43.8	4	18.9	2
Summa	262.9	100	232.0	100	788.5	100	725.7	100	1,020.6	100	957.8	100

Note 3 Operating segments

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

Group-wide functions can be found in both Sweden and the Czech Republic and are internally invoiced to ensure that a fair result can be monitored in each segment. Items affecting comparability are charged to Group-wide costs and have not been allocated. In the consolidated statement of comprehensive income, the items affecting comparability are included in administrative expenses. Intersegment sales take place on market terms. The CEO primarily uses net sales and adjusted operating profit in assessing the Group's performance.

Sweden

The Sweden segment is the Group's larger segment. This segment represents approximately 54 percent (60 percent) of the Group's total net sales in the third quarter of 2023 and includes all operations conducted and originating in Borensberg. The main raw materials in the segment are polycarbonate and ABS. The product areas in which the segment operates are TPC, OPC and ABS. Approximately 35 percent (48 percent) of the net sales of the joint product area OPC are generated in the Sweden segment.

Czech Republic

The Czech Republic segment represents approximately 36 percent (32 percent) of the Group's total net sales in the third quarter of 2023. This segment includes all operations conducted and originating in the Czech Republic. Production takes place in Kadaň and Pelhřimov. The main raw materials in the segment are polycarbonate and PETG. The product areas in which the segment operates are MWPC, OPC and PETG. Regarding the joint product area OPC, the Czech Republic segment accounts for approximately 65 percent (52 percent) of net sales.

Germany

The German segment represents approximately 10 percent (8 percent) of the Group's total net sales in the third quarter of 2023. This segment includes all activities conducted and originating in Hüllhorst, Germany. The segment is active in all product areas and also within PMMA. The segment is only to a limited extent active in the joint product area OPC and for the reporting periods there were no net sales in the product area.

Revenue

Intersegment sales take place on market terms. Revenue from external parties reported to the CEO is measured in the same way as in the consolidated statement of comprehensive income.

Net sales and earnings by segment, net sales by geographic market and segment, as well as significant assets and liabilities by segment are shown below. Segment Germany is included with five months for the full year 2022 and is included with two months in the third quarter 2022 and the nine months period 2022.

NET SALES AND EARNINGS PER SEGMENT

	Segment Sweden Q 3 2023	Segment Czech Q 3 2023	Segment Germany Q 3 2023	Jointly Q 3 2023	Elim. Q 3 2023	Group Q 3 2023	Segment Sweden Q 3 2022	Segment Czech Q 3 2022	Segment Germany Q 3 2022	Jointly Q 3 2022	Elim. Q 3 2022	Group Q 3 2022
Net sales and earnings												
Sales volume, tonnes	2,959	1,754	533	-	-427	4,819	2,582	1,257	381	-	-403	3,817
Net sales, external, SEK million	142.9	93.1	26.9	-	-	262.9	138.2	74.6	19.2	-	-	232.0
Net sales, intern, SEK million	8.1	6.8	2.4	-	-17.3	-	3.5	9.8	-	-	-13.3	-
Total net sales, SEK million	151.0	99.9	29.3	-	-17.3	262.9	141.7	84.4	19.2	-	-13.3	232.0
Adjusted operating profit, SEK million	14.6	14.5	0.1	-	-1.2	28.0	9.1	2.7	0.8	-0.9	0.3	12.0
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	1.2	-	1.2
Operating profit, SEK million	14.6	14.5	0.1	-	-1.2	28.0	9.1	2.7	0.8	-2.1	0.3	10.8
Net financial items, SEK million	-0.9	-0.4	-	-	-	-1.3	-0.5	2.1	-0.1	-	-	1.5
Profit before tax, SEK million	13.7	14.1	0.1	-	-1.2	26.7	8.6	4.8	0.7	-2.1	0.3	12.3
Operating margin, %	9.7	14.5	0.3	-	-	10.7	6.4	3.3	3.9	-	-	4.7
Adjusted operating margin, %	9.7	14.5	0.3	-	-	10.7	6.4	3.3	3.9	-	-	5.2

	Segment Sweden Jan-Sep 2023	Segment Czech Jan-Sep 2023	Segment Germany Jan-Sep 2023	Jointly Jan-Sep 2023	Elim. Jan-Sep 2023	Group Jan-Sep 2023	Segment Sweden Jan-Sep 2022	Segment Czech Jan-Sep 2022	Segment Germany Jan-Sep 2022	Jointly Jan-Sep 2022	Elim. Jan-Sep 2022	Group Jan-Sep 2022
Net sales and earnings												
Sales volume, tonnes	9,451	5,014	1,659	-	-1,220	14,904	9,460	5,499	381	-	-807	14,533
Net sales, external, SEK million	448.2	253.7	86.6	-	-	788.5	459.5	247.0	19.2	-	-	725.7
Net sales, intern, SEK million	22.5	22.5	4.9	-	-49.9	-	6.0	20.0	-	-	-26.0	-
Total net sales, SEK million	470.7	276.2	91.5	-	-49.9	788.5	465.5	267.0	19.2	-	-26.0	725.7
Adjusted operating profit, SEK million	48.2	28.7	2.0	-	-3.3	75.6	25.0	11.1	0.8	-0.9	0.9	36.9
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	1.2	-	1.2
Operating profit, SEK million	48.2	28.7	2.0	-	-3.3	75.6	25.0	11.1	0.8	-2.1	0.9	35.7
Net financial items, SEK million	-3.2	-0.3	-0.3	-	-	-3.8	-2.6	1.3	-0.1	-	-	-1.4
Profit before tax, SEK million	45.0	28.4	1.7	-	-3.3	71.8	22.4	12.4	0.7	-2.1	0.9	34.3
Operating margin, %	10.2	10.4	2.2	-	-	9.6	5.4	4.2	3.9	-	-	4.9
Adjusted operating margin, %	10.2	10.4	2.2	-	-	9.6	5.4	4.2	3.9	-	-	5.1

	Segment Sweden R 12	Segment Czech R 12	Segment Germany R 12	Jointly R 12	Elim. R 12	Group R 12	Segment Sweden Jan-Dec 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Jointly Jan-Dec 2022	Elim. Jan-Dec 2022	Group Jan-Dec 2022
Net sales and earnings												
Sales volume, tonnes	11,994	6,394	2,198	-	-1,558	19,028	12,003	6,879	920	-	-1,145	18,657
Net sales, external, SEK million	588.7	318.3	113.4	-	-	1,020.6	600.1	311.6	46.1	-	-	957.8
Net sales, intern, SEK million	26.5	30.5	6.2	-	-63.2	-	10.0	28.0	1.3	-	-39.3	-
Total net sales, SEK million	615.3	348.8	119.7	-	-63.2	1,020.6	610.1	339.6	47.4	-	-39.3	957.8
Adjusted operating profit, SEK million	59.5	28.2	3.9	-1.8	-3.0	87.0	36.2	10.7	2.7	-2.7	1.2	48.2
Items affecting comparability, SEK million	-	-	-	-	-	-	-	-	-	1.2	-	1.2
Operating profit, SEK million	59.5	28.2	3.9	-1.8	-3.0	87.0	36.2	10.7	2.7	-3.9	1.2	47.0
Net financial items, SEK million	-4.7	-	-0.4	-	-	-5.1	-4.1	1.6	-0.2	-	-	-2.6
Profit before tax, SEK million	54.8	28.3	3.5	-1.8	-3.0	81.9	32.2	12.3	2.5	-3.9	1.2	44.4
Operating margin, %	9.7	8.1	3.3	-	-	8.5	5.9	3.2	5.7	-	-	4.9
Adjusted operating margin, %	9.7	8.1	3.3	-	-	8.5	5.9	3.2	5.7	-	-	5.0

NET SALES BY GEOGRAPHIC MARKET AND SEGMENT

Geographical market, SEK million	Segment Sweden Q 3 2023	Segment Czech Q 3 2023	Segment Germany Q 3 2023	Internal Q 3 2023	Group Q 3 2023	Segment Sweden Q 3 2022	Segment Czech Q 3 2022	Segment Germany Q 3 2022	Internal Q 3 2022	Group Q 3 2022
Sweden	28.0	7.2	2.6	-7.7	30.1	28.6	8.8	0.1	-6.9	30.6
Germany	29.5	6.2	22.1	-9.4	48.4	21.9	8.6	16.9	-6.1	41.3
Czech	9.6	44.4	0.4	-0.2	54.2	5.7	28.4	-	-0.3	33.8
Polen	12.5	12.2	0.2	-	24.9	19.6	10.8	-	-	30.4
Rest Europe	51.7	23.5	4.0	-	79.2	51.5	20.2	2.2	-	73.9
Rest World	19.7	6.4	-	-	26.1	14.4	7.6	-	-	22.0
Total	151.0	99.9	29.3	-17.3	262.9	141.7	84.4	19.2	-13.3	232.0

Geographical market, SEK million	Segment Sweden Jan-Sep 2023	Segment Czech Jan-Sep 2023	Segment Germany Jan-Sep 2023	Internal Jan-Sep 2023	Group Jan-Sep 2023	Segment Sweden Jan-Sep 2022	Segment Czech Jan-Sep 2022	Segment Germany Jan-Sep 2022	Internal Jan-Sep 2022	Group Jan-Sep 2022
Sweden	94.5	22.1	5.2	-21.3	100.5	83.2	22.9	0.1	-17.1	89.1
Germany	88.0	22.2	71.7	-27.5	154.4	86.6	24.3	16.9	-6.1	121.7
Czech	29.5	114.4	0.9	-1.1	143.7	41.7	97.3	-	-2.8	136.2
Polen	53.3	35.2	0.6	-	89.1	59.9	29.4	-	-	89.3
Rest Europe	165.4	58.1	13.1	-	236.6	159.5	72.8	2.2	-	234.5
Rest World	40.0	24.2	-	-	64.2	34.6	20.3	-	-	54.9
Total	470.7	276.2	91.5	-49.9	788.5	465.5	267.0	19.2	-26.0	725.7

Geographical market, SEK million	Segment Sweden R12	Segment Czech R12	Segment Germany R12	Internal R 12	Group R 12	Segment Sweden Jan-Dec 2022	Segment Czech Jan-Dec 2022	Segment Germany Jan-Dec 2022	Internal Jan-Dec 2022	Group Jan-Dec 2022
Sweden	128.1	29.4	6.3	-27.7	136.1	116.8	30.2	1.2	-23.5	124.7
Germany	110.8	28.7	95.1	-34.4	200.2	109.2	30.8	40.5	-13.0	167.5
Czech	38.3	140.6	1.2	-1.1	179.0	50.6	123.5	0.2	-2.8	171.5
Polen	70.1	46.9	1.1	-	118.1	76.7	41.1	0.5	-	118.3
Rest Europe	214.1	75.5	16.0	-	305.6	208.2	90.2	5.0	-	303.4
Rest World	53.9	27.7	-	-	81.6	48.5	23.8	-	-	72.4
Total	615.3	348.8	119.7	-63.2	1,020.6	610.1	339.6	47.4	-39.4	957.8

MATERIAL ASSETS AND LIABILITIES PER SEGMENT

Material assets and liabilities per segment, SEK million	2023-09-30	2022-09-30	2022-12-31
<i>Segment Sweden</i>			
Property, plant and equipment	144.2	162.6	156.4
Inventories	84.9	110.0	98.2
Liabilities	145.8	194.7	109.7
<i>Segment Czech</i>			
Property, plant and equipment	105.9	116.5	117.6
Inventories	93.7	94.7	95.3
Liabilities	67.9	102.8	49.1
<i>Segment Germany</i>			
Property, plant and equipment	3.3	2.1	3.2
Inventories	20.1	24.3	22.6
Liabilities	21.6	29.9	11.8

Note 4 Other operating income

Other operating income includes consideration for sales other than in the ordinary course of business, such as net gains on the sale of non-current assets, government grants received and exchange gains of an operating nature. Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached to the grants.

Note 5 Financial income and financial expense

Amounts in SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R 12	Jan-Dec 2022
Interest income	-	0.1	-	0.1	-0.1	-
Change in value of forward exchange contracts	-0.2	2.1	0.2	1.8	1.0	2.6
Total financial income	-0.2	2.2	0.2	1.9	0.9	2.6
Interest payable to credit institutions	-0.9	-0.5	-2.0	-0.9	-2.8	-1.7
Interest on lease liabilities	-0.2	-0.1	-0.5	-0.4	-0.6	-0.5
Foreign exchange losses	-	-0.1	-1.5	-2.0	-2.6	-3.1
Total financial expense	-1.1	-0.7	-4.0	-3.3	-6.0	-5.3
Financial items – net	-1.3	1.5	-3.8	-1.4	-5.1	-2.7

Forward exchange contracts in Arla Plast s.r.o, where future cash flow of EUR has been exchanged to CZK, will affect at maturity and as well as when evaluating the market value of contracts not yet due. At the end of the period there were outstanding forward exchange contracts. For further information regarding forward exchange contracts see note 7.

Note 6 Right-of-use assets

The Group leases buildings, vehicles and other technical equipment such as a container compactor, inkjet printers, scrubbers and a vending machine. These are recognized as right-of-use assets with a corresponding liability.

Note 7 Financial instruments

The Group's financial assets and liabilities comprise other long-term receivables, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, leasing liabilities, accounts payable, other liabilities and derivative financial instruments.

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

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

Amounts in SEK million	2023-09-30	2022-09-30	2022-12-31
Current assets	0.4	1.3	1.5

Note 8 Inventories

Amounts in SEK million	2023-09-30	2022-09-30	2022-12-31
Raw materials and merchandise in stock	84.7	100.7	89.2
Finished goods produced in-house	110.0	120.7	122.7
Products in progress	4.0	7.6	4.2
Total inventories	198.7	229.0	216.1

The decrease in inventory is mainly due to decreased prices of input material which has affected the value of raw material in inventory as well as finished goods produced in-house.

Note 9 Related-party transactions

There have been no changes in the Group's or Parent Company's related-party relationships compared to those described in the 2022 Annual Report. There were no material related-party transactions during the period.

Note 10 Items affecting comparability

Amounts in SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R 12	Jan-Dec 2022
Acquisition costs	-	1.2	-	1.2	-	1.2
Total	-	1.2	-	1.2	-	1.2

In connection with the acquisition of Alphaplex GmbH in the third quarter of 2022 external lawyers were hired. The items affecting comparability are not allocated per segment. In the consolidated statement of comprehensive income the items affecting comparability can be found amongst other operating costs.

Note 11 Earnings per share

The company issued a total of 980,000 warrants at the Annual General Meeting on August 13, 2020, and all warrants of series 2020/2023 have been exercised for subscription of new shares in the Company per September 1, 2023. Due to the exercise of the warrants, the number of shares and votes in the Company have increased by 980,000, from 20,000,000 to 20,980,000 and the share capital has increased to SEK 2,517,600. Earnings per share before dilution is based on 20,000,000 shares until September 1, 2023 and thereafter on 20,980,000 shares. Earnings per share is calculated by embracing all potential dilution of shares. The number of shares and votes is by the end of September 2023 20,980,000 without further potential dilution.

Basic and diluted earnings per share	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R 12	2022-12-31
Profit attributable to equity holders of the parent, SEK million	20.8	7.6	57.8	25.8	66.5	34.0
Weighted number of shares, basic	20,319,565	20,000,000	20,107,692	20,000,000	20,080,548	20,000,000
Weighted number of shares, diluted	20,980,000	20,980,000	20,980,000	20,980,000	20,980,000	20,980,000
Earnings per share, basic, SEK	1.03	0.38	2.87	1.29	3.31	1.72
Earnings per share, diluted, SEK	0.99	0.36	2.76	1.23	3.17	1.64

Note 12 Alternative Performance Measures

The performance measures in this report take into account the nature of the operations and are deemed to provide relevant information to shareholders and other stakeholders, while also enabling comparability with other companies. In addition to the financial ratios prepared in accordance with IFRS, Arla Plast presents financial ratios that have not been defined in accordance with IFRS, for example EBITDA and adjusted operating margin. These alternative performance measures are considered important earnings and performance indicators for investors and other users of the interim report. The alternative performance measures should be considered a complement to, but not a substitute for, the financial information prepared in accordance with IFRS. The Arla Plast Group's definitions of these measures that are not defined under IFRS are described in this note.

Definitions	Calculation	Purpose
Gross margin, %	Gross profit/loss as a percentage of the net sales for the period.	The gross margin is used to measure profitability after the cost of goods sold.
Operating margin, %	Operating profit as a percentage of the net sales for the period.	The operating margin is used to measure operating profitability. The key ratio is one of the company's financial targets and should amount to at least 10% over a business cycle.
EBITDA, SEK million	Operating profit before depreciation, amortization and impairment.	The EBITDA is used to measure the operating profit without the effect of depreciation, amortization and impairment and therefore provides a measure of profit that is comparable over time.
Items affecting comparability, SEK million	Significant items not included in the ordinary course of business such as costs of preparing for a listing, restructuring and the impact of acquisitions or disposals.	Taking items affecting comparability into account increases the comparability and therefore the understanding of the Group's financial performance.
Adjusted operating profit, SEK million	Operating profit adjusted for items affecting comparability.	Adjusting the operating profit makes it more comparable. Used to monitor the Group's operating segment.
Adjusted operating margin, %	The adjusted operating profit as a percentage of the net sales for the period.	The adjusted operating margin excludes the effect of items affecting comparability, which enables a comparison of the underlying operating profitability.
Adjusted EBITDA, SEK million	EBITDA adjusted for items affecting comparability.	EBITDA adjusted increases the comparability of EBITDA.
Interest-bearing assets, SEK million	Cash and bank balances.	The interest-bearing assets are used to calculate the net debt.
Interest-bearing liabilities, SEK million	Current and non-current liabilities owed to credit institutions, current and non-current lease liabilities, and debt owed to the parent company.	The interest-bearing liabilities are used to calculate the net debt.
Net debt, SEK million	Interest-bearing liabilities less interest-bearing assets.	The net debt is used to measure the Company's ability to repay all of its debt using the Company's available cash if the debt matured on the calculation date.

Net debt/EBITDA, multiple	The net debt at period-end in relation to the EBITDA for the last 12 months.	The net debt/EBITDA ratio gives an indication of the company's ability to reduce its debt. It represents the number of years that it would take to repay the debt if the net debt and EBITDA stayed constant, without taking into account interest-, tax- and investment-related cash flow. The key ratio is one of the company's financial targets and should not exceed 2.5 times.
Organic growth, %	Organic growth is the sales growth excluding growth attributable to acquisitions, disposals and exchange rate fluctuations.	Organic growth is used to monitor the underlying change in income between different periods with constant exchange rates and excluding the effect of any acquisitions and/or divestments. The key ratio is one of the company's financial targets, and the annual organic sales growth over a business cycle should be 5%.
Working capital, SEK million	Inventories and other short-term operating assets less other short-term operating liabilities.	This measure is used to analyze the company's short-term tied-up capital.
Working capital/sales, %	Operating receivables less operating liabilities in relation to sales.	This key ratio is used to monitor the change in working capital in relation to net sales.
Capital employed, SEK million	Total assets less non-interest-bearing liabilities (including deferred tax).	Capital employed measures the ability of the enterprise to meet the needs of the business in addition to cash and cash equivalents.
Return on capital employed (ROCE), %	Adjusted operating profit divided by average capital employed. Average capital employed is calculated by adding the capital employed at period-end to the capital employed at period-end for the same period of the previous year and dividing it by two.	ROCE is a long-term profitability indicator that measures how effectively the company is using its capital.
Sales volume, metric tonnes	Volume sold stated in metric tonnes.	The sales volume is a key performance indicator used to assess the company's sales in relation to the total volume sold in the company's end markets.
R12, SEK million	A summary of outcomes from the last 12 months.	R12 allows for comparison with the full year 2020.
Operating cash flow, SEK million	Cash flow from operating activities and cash flow from investing activities.	This indicator measures the total cash flow in operating activities.
Equity/assets ratio	The equity at period-end as a percentage of total assets.	The equity ratio indicates the proportion of the company's assets that are financed by equity. This performance measure makes it possible to analyze the company's long-term ability to pay.

CALCULATION OF KEY RATIOS:

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R 12	2022
Gross margin, %:						
Gross profit, SEK million	61.5	37.2	170.4	109.8	209.4	148.7
Net sales, SEK million	262.9	232.0	788.5	725.7	1,020.6	957.8
Gross margin, %	23.4	16.0	21.6	15.1	20.5	15.5
Operating margin, %, Sweden:						
Net sales, SEK million	151.0	141.7	470.7	465.5	615.3	610.1
Operating profit, SEK million	14.6	9.1	48.2	25.0	59.4	36.2
Operating margin, %, Sweden	9.7	6.4	10.2	5.4	9.7	5.9
Operating margin, %, Czech Republic						
Net sales, SEK million	99.9	84.4	276.2	267.0	348.8	339.6
Operating profit, SEK million	14.5	2.7	28.7	11.1	28.2	10.7
Operating margin, %, Czech Republic	14.5	3.3	10.4	4.2	8.1	3.2
Operating margin, %, Germany						
Net sales, SEK million	29.3	19.2	91.5	19.2	119.7	47.4
Operating profit, SEK million	0.1	0.8	2.0	0.8	3.9	2.7
Operating margin, %, Germany	0.3	3.9	2.2	3.9	3.3	5.7
Adjusted EBITDA, SEK million:						
Operating profit	28.0	10.8	75.6	35.7	87.0	47.0
Less depreciation and amortization of non-current assets	13.9	10.4	36.4	30.5	47.9	42.0
Less depreciation of non-current assets	-	-	-	-	-	-
EBITDA	41.9	21.3	112.0	66.2	134.9	89.1
Less items affecting comparability	-	1.2	-	1.2	-	1.2
Adjusted EBITDA, SEK million	41.9	22.4	112.0	67.4	134.9	90.3
Organic growth, %:						
Net sales, SEK million	262.9	232.0	788.5	725.7	1,020.6	957.8
Net sales for the same period of the previous year, SEK million	232.0	222.1	725.7	687.2	966.0	927.5
Less acquisition	-5.0	-13.1	-46.4	-13.1	-80.8	-34.4
Net sales, change	25.9	9.9	16.4	38.5	-26.2	-4.1
Less exchange rate fluctuations, SEK million	-13.1	-7.3	-32.7	-20.7	-32.7	-20.7
Organic growth, %	5.1	1.1	-2.0	2.5	-5.5	-3.0
Working capital/sales, %:						
Operating receivables, SEK million	396.1	394.8	396.1	394.8	396.1	342.9
Operating liabilities, SEK million	96.9	116.7	96.9	116.7	96.9	65.1
Net working capital, SEK million	299.2	278.1	299.2	278.1	299.2	277.8
Net sales, R12 SEK million	1,020.6	966.0	1,020.6	966.0	1,020.6	957.8
Working capital/sales, %	29.3	28.8	29.3	28.8	29.3	29.0
Return on capital employed (ROCE), %:						
Capital employed, SEK million	684.6	657.8	684.6	657.8	684.6	624.7
Average capital employed, SEK million	671.2	600.2	671.2	600.2	671.2	578.8
Adjusted operating profit R12, SEK million	87.0	47.1	87.0	47.1	87.0	48.2
Return on capital employed (ROCE), %	13.0	7.9	13.0	7.9	13.0	8.3
Net debt/EBITDA, multiple:						
Net debt, SEK million	-8.8	108.0	-8.8	108.0	-8.8	76.7
EBITDA, R12 SEK million	134.9	86.4	134.9	86.4	134.9	89.1
Net debt/EBITDA, multiple	-0.1	1.25	-0.1	1.25	-0.1	0.86
Equity/assets ratio, %:						
Equity, SEK million	573.9	482.6	573.9	482.6	573.9	500.0
Total capital, SEK million	827.4	818.1	827.4	818.1	827.4	736.0
Equity/assets ratio, %	69.4	59.0	69.4	59.0	69.4	67.9

FINANCIAL INFORMATION

Year-end report 2023 - February 22, 2024
Interim report January – March 2024 - April 25, 2024
Release of Annual & Sustainability report 2023 – Week 14, 2024
AGM 2024 – May 7, 2024, in Borensberg
Interim report January – June 2024 - August 16, 2024
Interim report January – September 2024 - November 8, 2024
Year-end report 2024 - February 19, 2025

ASSURANCE BY THE BOARD AND CEO

The CEO and Board assure that this interim report provides a fair review of the Group's and Parent Company's operations, financial position and earnings and describes significant risks and uncertainties faced.

Arla Plast AB (reg no 556131-2611)

Borensberg November 8, 2023

Jan Synnersten
Chairman of the Board

Annelie Arnbäck
Board Member

Maria Catoni
Board Member

Ulf Hedlundh
Board Member

Leif Nilsson
Board Member

Ola Salmén
Board Member

Thomas Widstrand
Board Member

Annika Erlandsson
Employee representative
member

Klas Renlund
Employee representative
member

Christian Krichau
CEO

This interim report has been reviewed by the company's auditor.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Monica Ljung, CFO, +46 141 20 38 02

Forward-looking information

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

This information is such information that Arla Plast AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was published by the abovementioned contact persons on November 9, 2023 at 8:00 am CET.

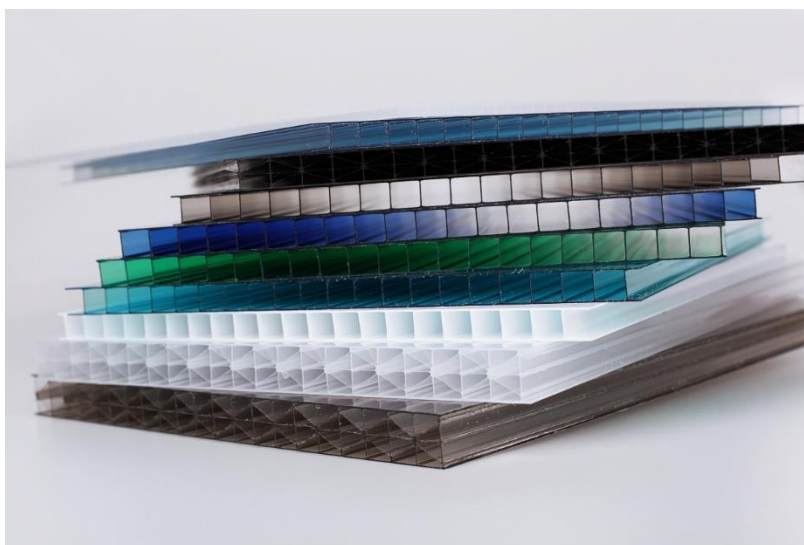
ABOUT ARLA PLAST

Arla Plast is a producer and supplier of extruded sheets made of technical plastics. The plastic sheets are made of polycarbonate (PC), acrylonitrile butadiene styrene (ABS), glycol-modified polyethylene terephthalate (PETG) and polymethyl methacrylate (PMMA) and have a large number of areas of application, such as safety products, machine guards, ice hockey rinks, greenhouses, pool covers, sound walls, suitcases, automotive components and various construction-related areas of application. The company is headquartered in Borensberg, Sweden, and has a total of three production facilities in Sweden and the Czech Republic. Arla Plast has a turnover of more than SEK 950 million, has approximately 250 employees and delivers to more than 700 customers in over 45 countries. In 2022, Arla Plast completed its first acquisition by acquiring Alphaplex GmbH in Germany.

More information about Arla Plast is available at www.arlaplastgroup.com.

Definitions of product areas

ABS:	Acrylonitrile butadiene styrene. The product group also includes products that are combinations of PC and ABS.
OPC:	Opaque polycarbonate.
MWPC:	Multiwall of polycarbonate.
PETG:	Polyethylene terephthalate glycol.
TPC:	Transparent polycarbonate.
PMMA:	Polymethyl methacrylate





Review Report

Introduction

We have reviewed the interim report for Arla Plast AB for the period January 1 - September 30, 2023. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Jönköping, November 8, 2023
Deloitte AB

Pernilla Rehnberg
Authorized Public Accountant