

ANNUAL REPORT  
**2023**



## CONTENTS

### Overview

|                          |   |
|--------------------------|---|
| This is Arla Plast ..... | 4 |
| 2023 in brief .....      | 5 |
| Group CEO comments ..... | 6 |

### Business

|  |    |
|--|----|
| Our mission and vision .....           | 8  |
| Financial targets and results .....    | 9  |
| Six product groups .....               | 10 |
| Growth strategy .....                  | 11 |
| Value chain .....                      | 12 |
| Market.....                            | 14 |
| Customer relationships and sales ..... | 16 |
| Segment.....                           | 18 |
| Customer case.....                     | 20 |

|                    |           |
|--------------------|-----------|
| <b>Share .....</b> | <b>22</b> |
|--------------------|-----------|

|                                    |           |
|------------------------------------|-----------|
| <b>Sustainability report .....</b> | <b>24</b> |
|------------------------------------|-----------|

|  |           |
|--|-----------|
| <b>Corporate governance report .....</b> | <b>37</b> |
|--|-----------|

### Financial report

|   |     |
|---|-----|
| Directors' report .....                               | 48  |
| Multi-year overview .....                             | 53  |
| Group – financial statements and notes .....          | 54  |
| Parent company – financial statements and notes ..... | 87  |
| Auditor's report .....                                | 102 |

### Investor relations contacts

Christian Krichau, CEO  
 Monica Ljung, CFO  
 ir@arlaplast.com

### Arla Plast AB

Box 33, SE-591 06 Borensberg, Sweden  
 Street address: Västanåvägen 2  
 SE-591 75 Borensberg, Sweden  
 Tel +46 141 20 38 00  
 Company reg. no.: 556131-2611  
 www.arlaplastgroup.com

### Financial calendar

Interim report Jan – Mar, 25 Apr 2024  
 Annual General Meeting, 7 May 2024  
 Interim report Jan – Jun, 16 Aug 2024  
 Interim report Jan – Sep, 8 Nov 2024  
 Year-end report, 19 Feb 2025

---

Arla Plast's Annual and Sustainability report and Corporate Governance report, which are in accordance with the Swedish Annual Accounts Act, can be found on pages 24–101. It is published in Swedish and in an English translation. In case of any differences between the two versions, the Swedish version takes precedence. Production: Arla Plast in cooperation with Sthlm Kommunikation & IR

---

THIS IS ARLA PLAST

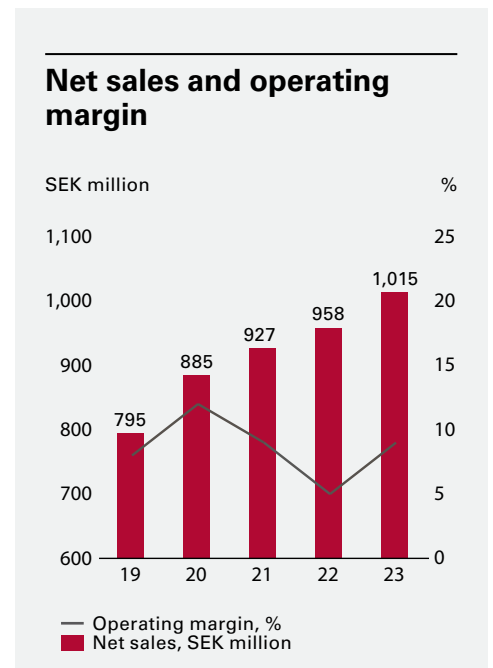
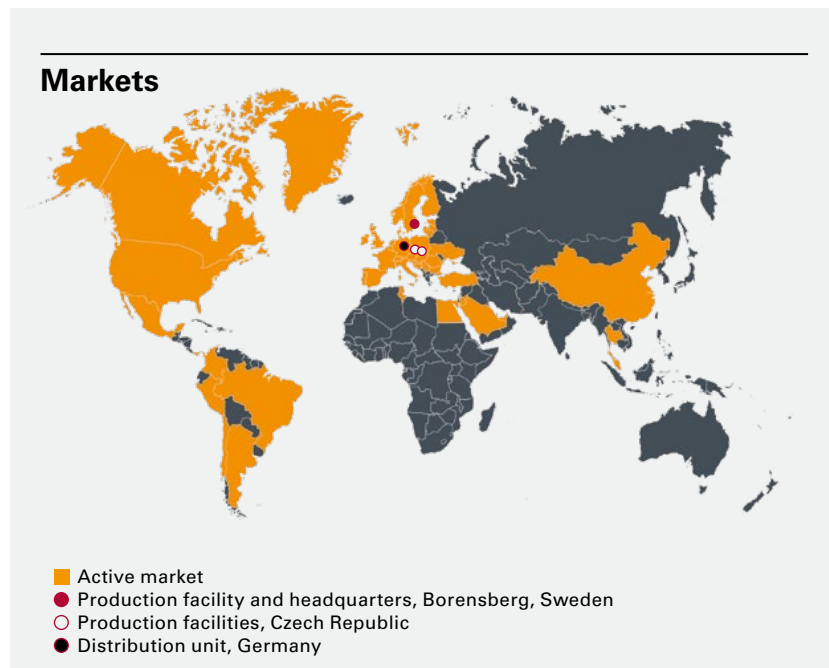
# Leading manufacturer of extruded plastic sheets

**Arla Plast is a leading producer and supplier of extruded sheets made of technical plastics. Our plastic sheets have a wide range of applications such as personal protection, machine guards, ice hockey rinks, automotive parts, sound walls and greenhouses.**

The range includes products in six main categories, presented in more detail on page 10. Arla Plast's business is based on our four cornerstones: quality, speed, service and flexibility. The cornerstones also characterize our corporate culture and our values in relation to our customers, our suppliers and each other. Extensive

experience, an integrated approach to sustainability, a high level of investment and finely calibrated extrusion technology ensure that Arla Plast is well positioned on the market.

The company was founded in 1969 and today it has three production facilities located in Sweden and the Czech Republic, along with a distribution unit in Germany. Arla Plast has around 250 employees and more than 700 customers in over 45 countries. The head office is located in Borensberg, Sweden, and the company's shares have been listed on Nasdaq Stockholm since 2021.



**Founded** **1969**

---

**Employees** **250**

**Customers** **700**

---

**Countries** **45**

## 2023 IN BRIEF

- **Increased volumes  
– market turnaround**
- **Positive margin development**
- **Reduced raw material prices and  
good access to raw materials**
- **Strong cash flow and  
low indebtedness**



## Key performance indicators

|   | 2023              | 2022   | 2021   | 2020   | 2019   |
|---|-------------------|--------|--------|--------|--------|
| Sales volume, tonnes                                | 19,232            | 18,657 | 22,646 | 23,992 | 19,120 |
| Net sales, SEK million                              | 1,015.1           | 957.8  | 927.5  | 884.7  | 794.6  |
| Operating profit, SEK million                       | 91.6              | 47.0   | 86.2   | 105.9  | 65.1   |
| Operating margin, %                                 | 9.0               | 4.9    | 9.3    | 12.0   | 8.2    |
| Earnings per share, basic, SEK                      | 3.29              | 1.72   | 3.41   | 4.01   | 2.59   |
| Earnings per share, diluted, SEK                    | 3.19              | 1.64   | 3.25   | 3.93   | 2.59   |
| Net debt, SEK million                               | -81.3             | 76.7   | 44.5   | 37.0   | 44.1   |
| Equity/assets ratio, %                              | 72.4              | 67.9   | 72.6   | 67.6   | 65.3   |
| Dividend per share, SEK                             | 1.25 <sup>1</sup> | 1.00   | 1.50   | –      | –      |
| Average number of employees                         | 256               | 253    | 265    | 258    | 256    |
| Emissions, CO <sub>2</sub> e tonnes/tonnes produced | 3.54              | 3.50   | 3.60   | 3.83   | –      |

<sup>1</sup> Board's proposal.

## CEO COMMENTS

# Record sales and stronger profitability

**Over the full year, Arla Plast delivered its highest level of sales and one of its best financial results ever. We have strengthened the company and made it more sustainable. We are proud of what we achieved in 2023.**

Despite challenging market conditions, I am pleased to say that 2023 was a successful year for Arla Plast. Net sales passed the billion Swedish kronor mark and operating profit almost doubled compared with 2022.

## Positive market development in the second half of the year

After a long period of declining volumes in the industry, we finally saw a turnaround after the summer, with an increase in demand to pre-pandemic levels. Demand in the construction sector has been generally weak, while it has been more favourable where industry and industrial projects are concerned, as evidenced by an increased share of OPC sales.

Raw material prices, which have a significant impact on net sales, had already started to move downwards at the end of 2022. Prices continued to fall throughout the year, levelling off at its close. Global demand for raw materials has been weak, and supply in our industry has therefore been more than adequate. As 2023 came to an end, we noticed tendencies towards a reduction in capacity in the supply chain which, along with disruptions in the logistics chain, could cause raw material prices to rise again.

Our sales volumes for the full year increased by 3%. Net sales increased by 6%, positively impacted by acquisitions and a favourable product mix, despite low raw material prices having the opposite effect.

## Boosted earnings and cash flow

Thanks to targeted sales efforts, a clear inventory strategy in an environment of falling prices and streamlined operations with greater material utilization, our gross margin was boosted during the year, which also explains our strong performance. Operating profit almost doubled compared with last year, and the operating margin was 9.0% (4.9).

The operating cash flow was strong during the year as a direct result of improvements in operating profit and

our measures to optimize tied-up capital, especially in terms of inventories. Investments have been restrained, as we plan to modernize our facility in Kadaň in the coming years and build a new warehouse in Borensberg. Our strong cash flow has meant that the company's debt has now become net cash of SEK 81.3 million.

## Good progress made within sustainability

Sustainability is key at Arla Plast. Since the company was founded over 50 years ago, we have endeavoured and aimed to continuously develop and take responsibility for our resource consumption. The production of our main input, the granules, accounts for the largest share of our carbon footprint, and it is therefore of the utmost importance that the material is used as efficiently as possible. We have made good progress during the year through a number of activities aimed at increasing awareness and recycling rates in the supply chain. We have reduced the regrind material generated in production, increased the take-back of materials from our customers and conducted thorough life cycle analyses for our products.

## Well prepared for the future

That market demand has started to stabilize and is now stronger than it was last year which is a positive factor. We have maintained our market position and strive for continued growth in a market where we foresee long-term consolidation. We have signed a letter of intent with the shareholders of Nudac S.A., Spain, regarding the acquisition of 100% of its shares. If the acquisition takes place, it will strengthen the Arla Plast Group's geographical position in Europe and further broaden its product portfolio. Our approach in 2024 will be to continue to focus on our long-term strategy while remaining adaptable to short-term challenges.

Finally, I would like to express my gratitude to our customers around the world for their trust, and to our dedicated staff. Without you, we could not have delivered the strong 2023 that we can now look back on with pride.

Christian Krichau, CEO



*“ Highest sales ever and  
an almost doubled  
operating profit.*

OUR MISSION AND VISION

# Cornerstones as foundations and extrusion as the core

Arla Plast's corporate culture and business operations are steeped in values based on quality, speed, service and flexibility, which are our four cornerstones. Extensive

experience, an emphasis on sustainability, a high level of investment and advanced extrusion technology ensure that Arla Plast is well positioned in the industry.

## Business concept

Based on our cornerstones, and with extrusion as our core competence, we offer our customers plastic sheets customized to their needs.

## Vision

Arla Plast's vision is to be the customer's choice for extruded plastic sheets for advanced applications.

## The four cornerstones

Arla Plast's business is guided by four cornerstones that form the basis of our corporate culture.

### Quality

To be known for high-quality, in-depth industry expertise and strong brand awareness.



### Flexibility

Wide-ranging expertise enables customized solutions and an ability to respond quickly to changing requirements, such as volumes and specifications.



### Service

To meet or exceed customer service expectations throughout the organization through a strong customer focus.



### Speed

Speed includes short lead times from order to delivery, rapid problem-solving and quick decision-making.





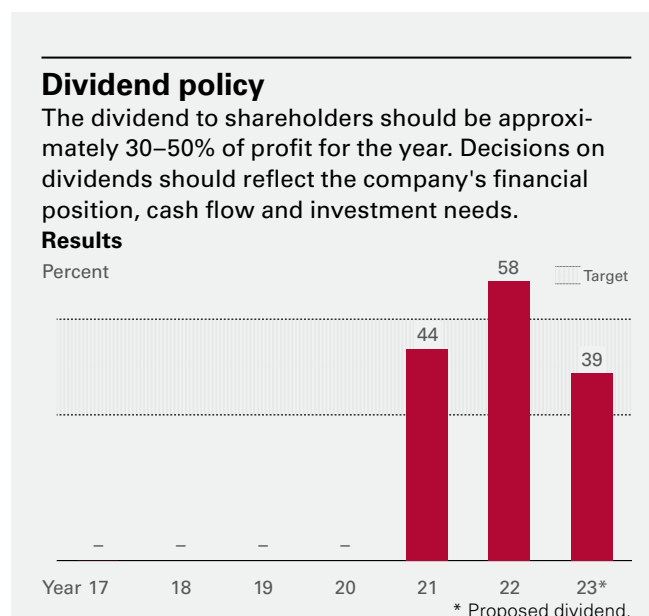
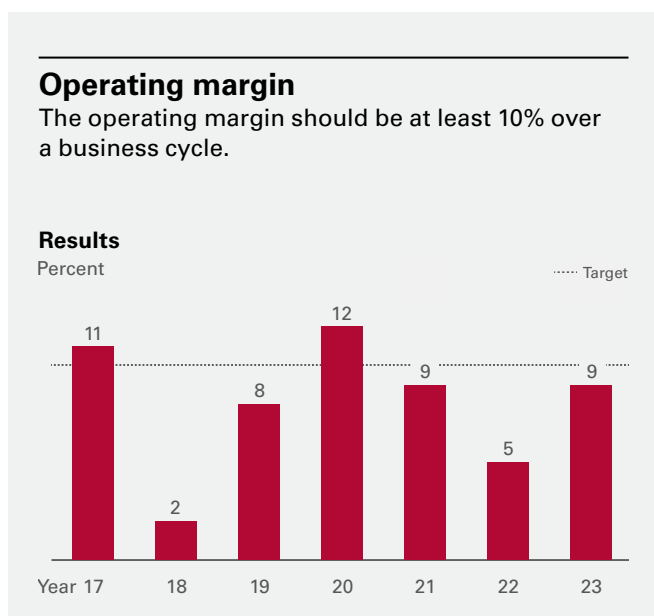
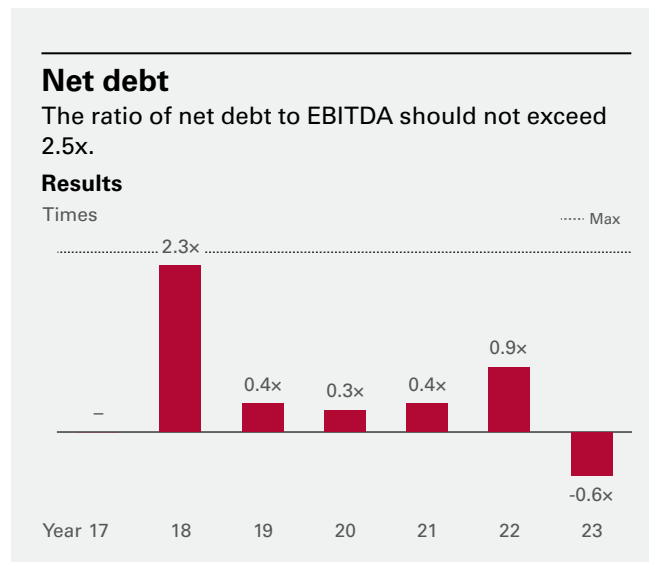
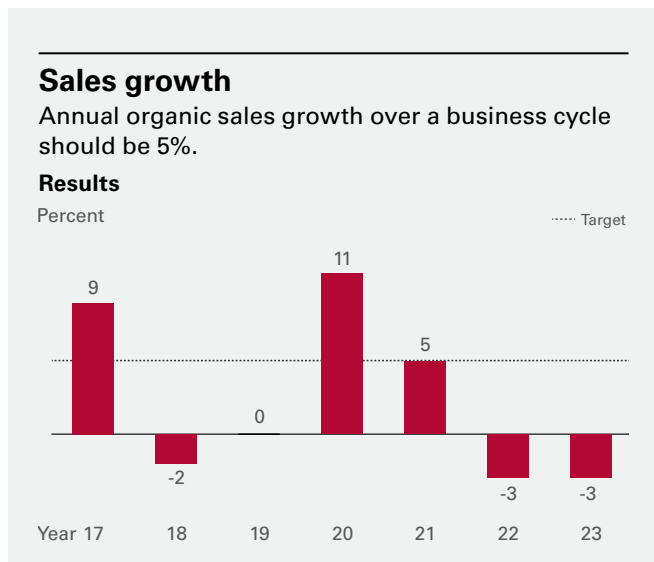
**FINANCIAL TARGETS**

# Financial targets and results

The company's long history of stable sales development and good profitability provides a solid foundation for future development. Prior to the 2021 listing, the Board adopted financial targets.

Due to the decline in volumes in the market in recent years and the low prices in 2023, the sales growth target of 5%

was not reached. For the same reason, the operating margin only bordered on the target of at least 10%. Our assessment is that there is good potential to achieve the targets over a business cycle. Net debt and dividend targets have been met.



## SIX PRODUCT GROUPS

# Main categories and applications

Arla Plast offers products in four technical plastic materials: PC, ABS, PETG and PMMA. Based on product properties, PC is divided into transparent with high optical performance (TPC), coloured or opaque (OPC) and multiwall polycarbonate (MWPC). This gives the customer six different product areas to choose from: TPC, OPC, MWPC,

ABS, PETG and PMMA. Arla Plast offers great opportunities for customization in all product areas and a wide range of specifications, such as thickness, dimensions, colours, design effects, structures and UV protection. A selection of possible applications is listed below.

## TPC

TPC (transparent polycarbonate) is mainly used to manufacture machine guards, noise protection and optical products.

Share of net sales

**43%**

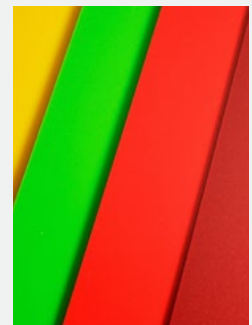


## OPC

OPC (opaque polycarbonate) is mainly used for guards and components for industry, suitcases and packaging solutions.

Share of net sales

**21%**

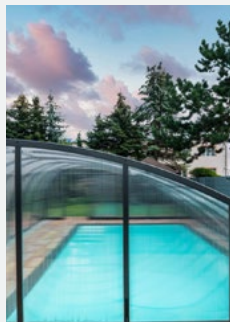


## MWPC

MWPC (multiwall polycarbonate) is mainly used to make swimming pool covers, greenhouses and various types of roofs for buildings such as sports arenas and railway stations.

Share of net sales

**16%**



## ABS

ABS (acrylonitrile butadiene styrene) is mainly used to manufacture interior and exterior automotive parts and packaging.

Share of net sales

**11%**



## PETG

PETG (polyethylene terephthalate glycol) is used to make shop fittings, wall coverings and food-related products.

Share of net sales

**5%**



## PMMA

PMMA (polymethyl methacrylate) is mainly used for outdoor applications and shop interiors.

Share of net sales

**4%**



**GROWTH STRATEGY**

# Customer focus, expansion and efficient production

**We work closely with our customers and have a good understanding of their needs and areas of application. We see growth opportunities through the development of the product portfolio, geographical expansion and operating efficiency. We also intend to grow through acquisitions.**

**Product portfolio**

We are working on the long-term development of a financially sustainable product portfolio, both through new product groups and the development of our existing products. We are also maintaining a high level of service for our customers.

**Geographical expansion**

Expansion could focus on growth in new geographical areas and a greater presence in existing markets. It

could also be achieved by creating value around existing products and introducing products that are new for the area.

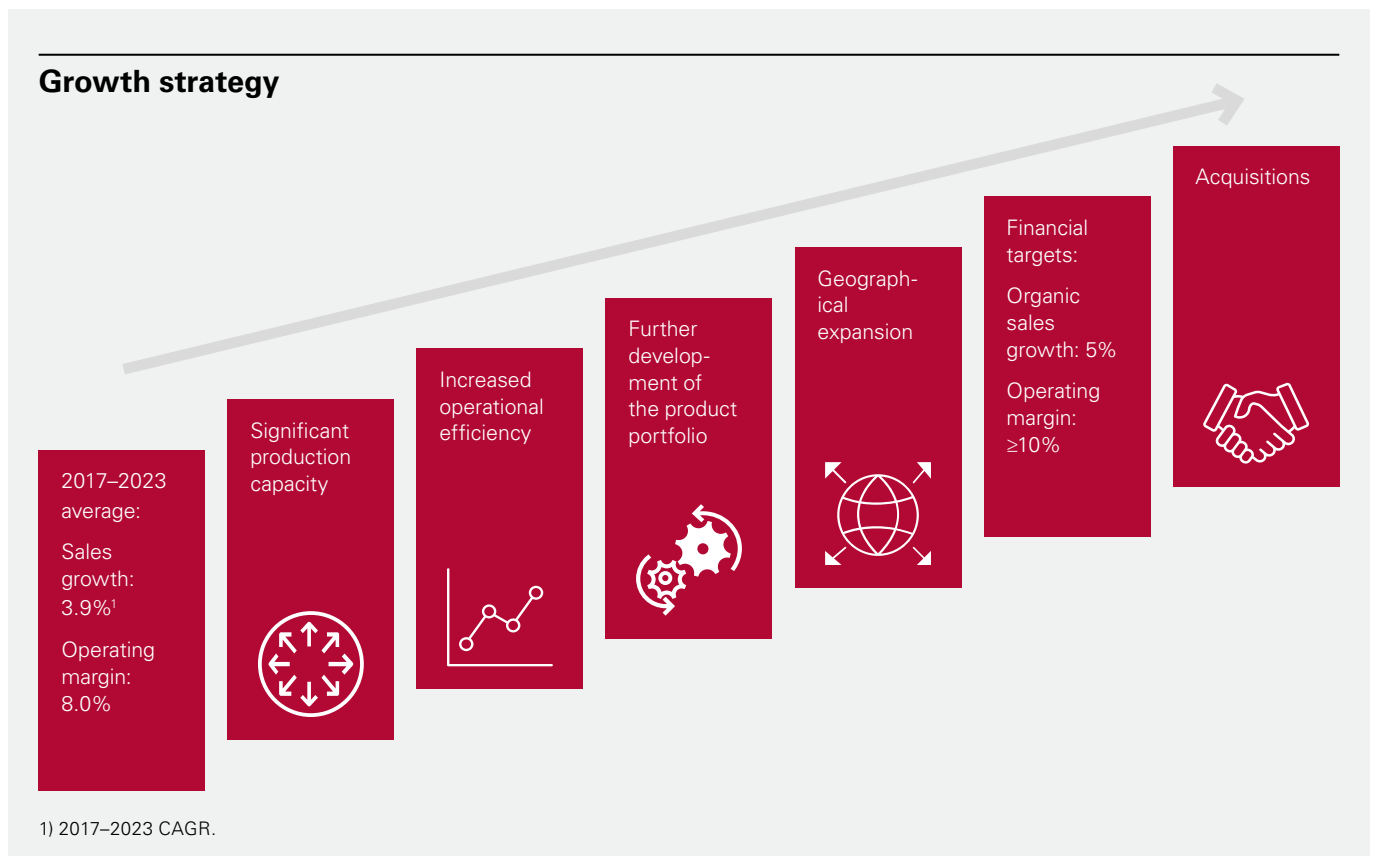
**Operational efficiency**

We now have well-invested production facilities. We are continuing to improve efficiency through technological improvements, clear leadership and improved quality.

Unused production capacity is currently more than 30%. This allows us to increase production and grow without further new investments.

**Acquisitions**

Our expansion strategy also includes acquisitions. We are working continuously to evaluate possible future acquisitions to further strengthen the Group.



**VALUE CHAIN**

# We have a central role in the value chain

**We combine a high level of technical expertise in the production of high-quality products with a local sales organization.**

The main inputs used in the extrusion of PC plastic sheets are various types of plastic granules, which are produced through a multi-stage value chain and are a fraction of crude oil production. Our inputs also include additives, colours, protective film, pallets and packaging materials. Manufacturing is carried out using an extrusion process, which is described below.

The main buyers of extruded plastic sheets are converters, vacuum formers, OEMs and distributors. The majority of Arla Plast's sales are to companies that apply post-processing to 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 guards. Distributors are direct customers that often buy large quantities and resell them.

## Value chain

Arla Plast's value chain consists mainly of suppliers of plastic granules and other inputs, customers and end users.

### Raw materials

All materials are produced from crude oil, which is transformed into granules in several steps.

Granule prices have a low correlation with the price of crude oil.



### Granule producers

Plastic granules are produced through a polymerization process.

The market is dominated by a few large global companies.



### Extrusion

Plastic granules are used to extrude plastic sheets.



### Customers

Converters, distributors, vacuum formers, OEMs.

Fluctuations in raw material prices are directly reflected in prices to customers.



### Applications

Wall coverings, ice hockey rinks, machine guards, optical products, packaging, shop interiors, noise protection, suitcases, pool covers.



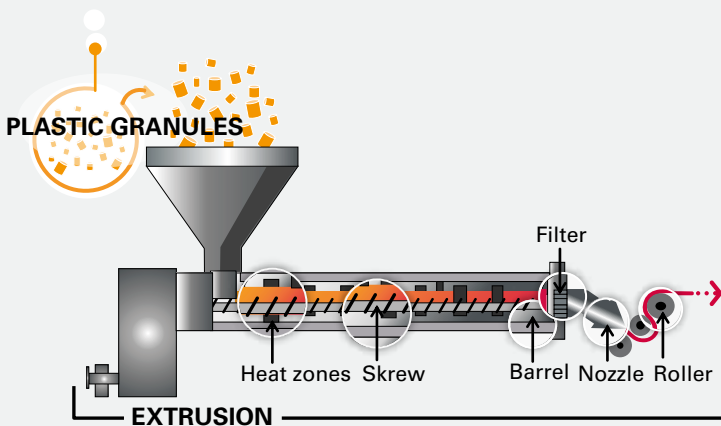
## VALUE CHAIN, CONT.

Through investment and years of experience, Arla Plast has optimized the process of efficiently producing plastic sheets that meet customer specifications and requirements. The production process starts with the purchase of various plastic granules, mainly PC, ABS or PETG. These are supplemented with recycled materials, colour additives, UV protection and other additives to achieve the desired properties. The extrusion process is adjusted in various ways, including the dosage, temperature and speed. The company's technicians and experienced operators, along with dependable systematic quality controls, contribute to the consistently high quality of Arla Plast's products.

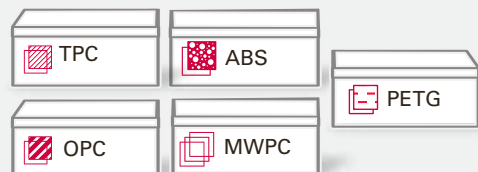


Quality control of the manufacturing process

### The extrusion process



Plastic granules are fed in at the beginning of the extrusion process and, through friction and heat, are transformed into plastic melt. The melt is injected through a cylinder into a wide nozzle and formed into a sheet. After cooling, a protective film is applied to the sheets, which are cut to customer-specific dimensions.



## MARKET

# Driven by sustainable materials and safety

**Arla Plast's primary market is Europe, but we also manufacture and sell extruded plastic sheets to many customers outside Europe. In total, we sell to more than 45 countries.**

## PC

Arla Plast currently has a strong position in the European PC plastic sheet market, which includes our TPC, OPC and MWPC product categories. We are one of the major companies by sales volumes and are well positioned in terms of customised products, quality and customer service.

## ABS, PETG and PMMA

Arla Plast occupies a strong regional position in plastic sheets for ABS in Northern Europe and less prominent positions in PETG and PMMA in Europe. PMMA is mainly distributed from Alphaplex in Germany to Central and Northern Europe.

## General trends and drivers

### Sustainability

An increased focus on long product lifetimes is having a long-term positive impact on the market. PC is a lightweight material, which means reduced fuel and energy consumption when PC replaces heavier, traditional materials in vehicles. This is increasingly important, as weight is one of the most important factors in new, more efficient vehicles. Furthermore, PC has good insulating properties and good recyclability, with a theoretical recycling rate of 100%.

### Safety

With increased tensions in many parts of the world and more frequent and severe natural phenomena, there is a

Edge regrind material ready for grinding and reuse



growing demand for durability and resistance in everything from buildings to personal safety. PC plastic sheets are increasingly replacing traditional materials due to them being virtually unbreakable when subjected to impacts and projectiles. PC's properties mean that it is well suited to protect people in situations such as floods, storms or riots. The increased focus on safety is leading to global demand for protective products made from PC, for example in buildings, vehicles and safety equipment.

## Specific drivers

### Industrial machine guards

Automation and robotization in industry are resulting in a growing demand for industrial impact-resistant machine guards made from PC. PC is well suited to machine protection due to its high durability combined with almost perfect visibility and excellent fire properties.

### Sound walls and noise barriers

There is a growing awareness of the health effects that prolonged exposure to high noise levels can cause. EU regulations that aim to reduce the effects of noise pollution is expected to continue to contribute to growing demand for PC or PMMA noise barriers. These two products are well suited due to their high level of light transmission, lasting durability and installation possibilities.

## Competition

The competitive landscape for PC sheet manufacturers in Europe consists mainly of medium-sized international producers. There is a large player that is also active in raw material production and the production of plastic granules.

Companies on the market have developed different strengths in terms of product range, geographical focus and internationalization. It is estimated that the seven largest players, including Arla Plast, account for almost 90% of sales on the European PC sheet market. The market for plastic sheets in other product areas is fragmented. The European market for extruded plastic sheets has been consolidating for some years now, with some companies making acquisitions. Despite consolidation in recent years, there are still a number of small and medium-sized competitors.

Arla Plast's competitiveness lies in our four cornerstones, the ability to provide high-quality plastic sheets with flexible production, customer-specific solutions and a high level of service.

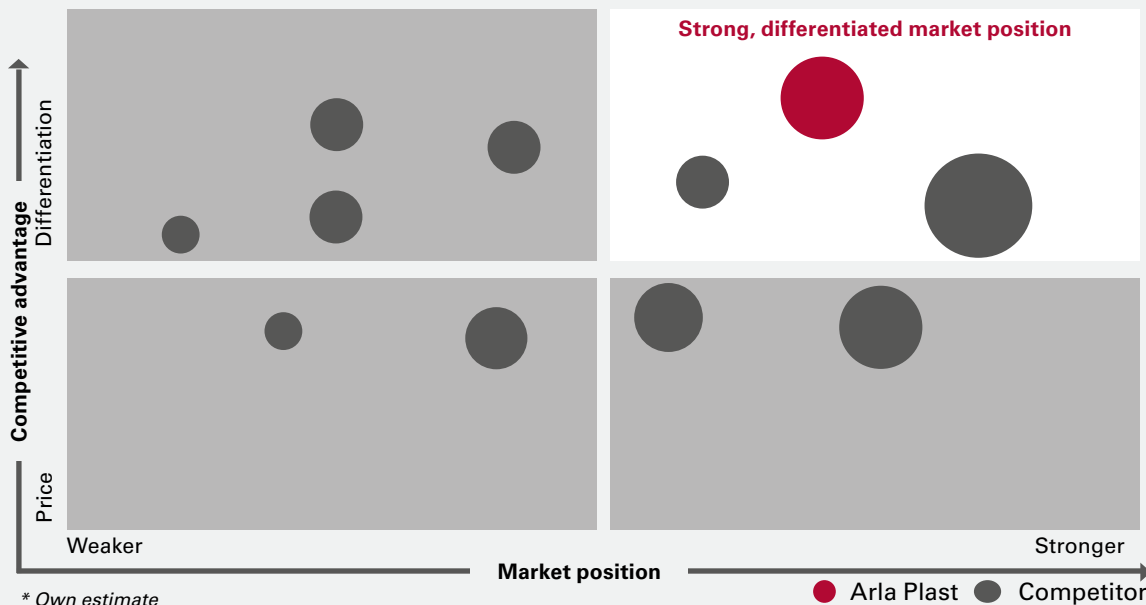
## MARKET, CONT.

### Description of the raw materials' properties

|             | Scratch resistance | UV resistance | Fire resistance | Form ability | Impact resistance | Comments  |
|-------------|--------------------|---------------|-----------------|--------------|-------------------|---|
| <b>PC</b>   |                    |               |                 |              |                   | Transparent plastic with the highest impact resistance of all transparent materials. Good resistance to high temperatures and good fire-resistant properties. Good UV resistance and compatible with additives to improve properties. |
| <b>ABS</b>  |                    |               |                 |              |                   | Impact-resistant plastic with good forming properties. Only in opaque colours (not transparent) with different textures. The properties can be improved by mixing with PC.  |
| <b>PETG</b> |                    |               |                 |              |                   | Transparent plastic with good impact resistance and fire resistance. An easy to form plastic with limited temperature resistance. Available in all colours and can be enhanced with UV additives.                                     |
| <b>PMMA</b> |                    |               |                 |              |                   | Highly transparent plastic, even in thicker sheets. Also offers high UV resistance. Less suitable where fire ratings are required or at high temperatures.  |

### Illustration of the competitive landscape for extruded PC in Europe\*

Competitors are marked out based on their location, and the size of the circle provides a rough idea of their size



**CUSTOMER RELATIONSHIPS AND SALES**

# Strong corporate culture focused on the customer

**Arla Plast has a diversified customer base and long-standing customer relationships. Our strong corporate culture puts the customer in centre.**

Arla Plast's cornerstones are quality, flexibility, service and speed, which form the basis of our corporate culture. We always keep in close contact with customers to develop the right products and deliver according to their requirements. We also have extensive technical expertise in polymer chemistry and extrusion technology.

**Sales and distribution**

Sales are made through regional sales offices across Europe. Sales representatives have overall responsibility for managing existing customers and initiating contact with new clients. Orders are placed through customer service functions within the Group. The plastic sheets are distributed through a network of forwarders

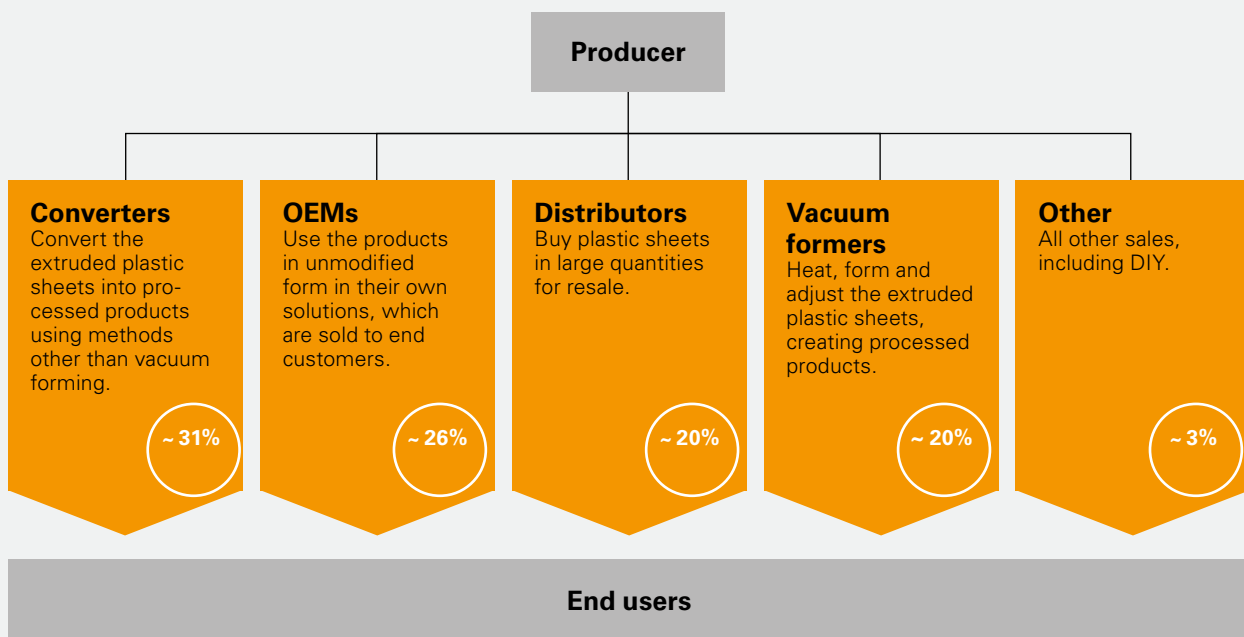
to ensure efficient deliveries within set timeframes. The illustration below shows the company's different customer categories and their share of sales.

**Pricing strategy**

The selling price of the plastic sheets is adjusted according to current market prices. The main influencing factor is the price of the raw materials.

The graph below shows the changes in raw material prices for PC, for the period 2017–2023, and concerns Arla Plast's biggest cost. Prices tend to change in cycles and are affected by a number of factors that are further described in the section on operational risks on page 51. The graph uses the price as of January 2017 as a starting point, but this should not be seen as a normal level; from a historical perspective, prices during most of 2018 might be classed as high, and in 2022 as very high. Future changes are therefore very difficult to predict.

**Customer categories and share of sales**



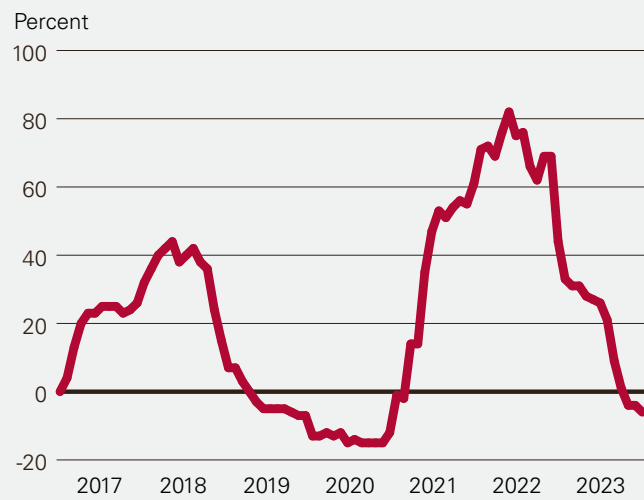
Source: Company information based on indicative sales figures and customer data, and customer classification (2023).



## CUSTOMER RELATIONSHIPS AND SALES, CONT.

Multiclear® made of polycarbonate

### Change in raw material prices for PC, 2017–2023



**SEGMENT**

# Our operating segments Sweden, Czech Republic and Germany

The Group's activities are monitored through our three operating segments: Sweden, the Czech Republic and Germany. For key performance indicators, see pages 49–50.

## Sweden

The Sweden segment comprises sales made by the operating unit in Sweden. Production mainly takes place in Borensberg and includes the product groups TPC, ABS and OPC. Some OPC production takes place in the Czech Republic. Although sales of the segment's products are made by all of Arla Plast's sales representatives, there is an emphasis on sales to markets in Northern and Central Europe. Arla Plast's sales outside Europe are mainly derived from the Sweden segment.

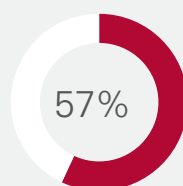


### Borensberg production facility, Sweden

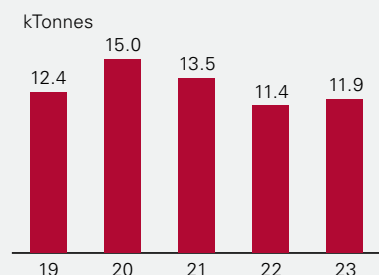
**Total capacity:**  
Approximately 19,500 tonnes

**Main products produced:**  
TPC, OPC and ABS

### Share of net sales



### Volume produced

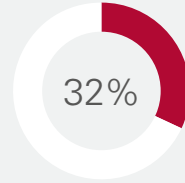


**SEGMENT, CONT.**

# Czech Republic

The Czech Republic segment comprises sales made by the operating unit in the Czech Republic. Production in the Czech Republic takes place in Kadaň or Pelhřimov and includes the product groups MWPC, PETG and OPC. Although sales of the segment's products are made by all of Arla Plast's sales representatives, there is an emphasis on sales to markets in Benelux and Central Europe. MWPC is a bulky product whose competitiveness is stronger in markets close to the production unit in Kadaň.

## Share of net sales

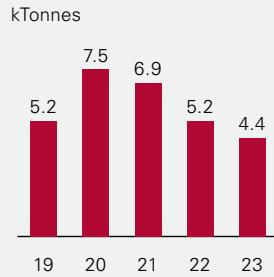


### Kadaň production facility, Czech Republic

**Total capacity:**  
Approximately 8,100 tonnes

**Main products produced:**  
MWPC, PETG

### Volume produced

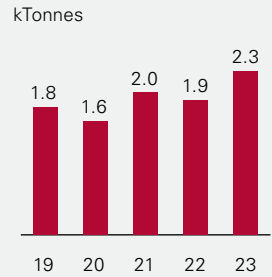


### Pelhřimov production facility, Czech Republic

**Total capacity:**  
Approximately 3,400 tonnes

**Main products produced:**  
OPC

### Volume produced

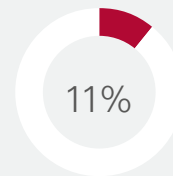


# Germany

The Germany segment comprises sales from the operating unit in Hüllhorst in Germany and operates across all product areas. The Hüllhorst unit has a storage and distribution unit with some customization of sheets to unique requirements.

## Sales, warehousing and post-processing in Hüllhorst, Germany

## Share of net sales



**CUSTOMER CASE STUDY**

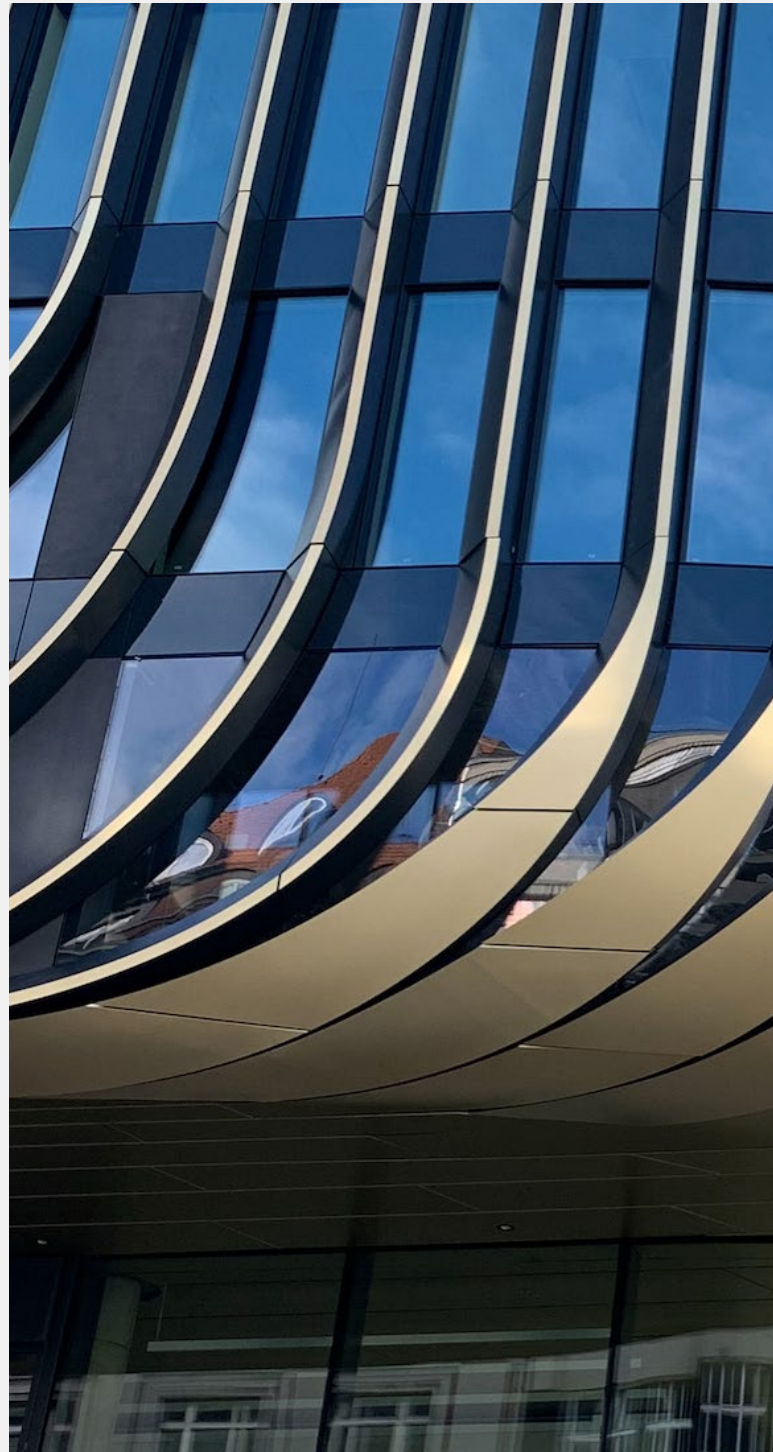
# Arla Plast modernizes Prague

In recent years, one of the oldest train and metro stations in Prague, Masaryčka, has undergone extensive renovation. The building has been restored and added to with a new hotel and two new office buildings with an award-winning design. Arla Plast, through its main supplier of facade materials, Sipral, has had the honour of providing some of our TPC sheets for the project.

The sheets were manufactured in Borensberg in accordance with the customer's specific wishes, in order to create customized cladding panels in unusual lengths. Providing a high level of service and adapting production is a natural part of our daily work. TPC as a material is well suited to this purpose, as it is almost completely transparent with high optical grade and very good fire resistance properties. As TPC was chosen, the cladding panels could be shaped into this outstanding design. The products we supplied were also UV resistant and meet high quality and durability standards.

The main reason for choosing Arla Plast as a supplier was its speed and flexibility, although our good long-term relationship with the customer was, of course, the reason why we were asked. We were able to respond quickly to the customer's request and adapt production to special dimensions with a lead time of only ten days from order to delivery. We are very pleased with the collaboration and happy to have contributed to the modernization of a central part of a classic European capital.

<https://www.masarycka.com>



PC Clear UV 6 mm applied as  
cladding in the centre of Prague



**SHARE**

# Share and shareholder information

**Arla Plast's shares have been listed on Nasdaq Stockholm since 25 May 2021 in the small cap segment.**

During the year, the company gained 670 new owners, and the number of owners as of the end of December was 2,150.

Since the beginning of the year, the share price has increased from SEK 35.70 per share to SEK 36.90 per share as of the last trading day of 2023.

This corresponds to a 3% return, and Arla Plast had a market value of SEK 774 million at the end of December 2023.

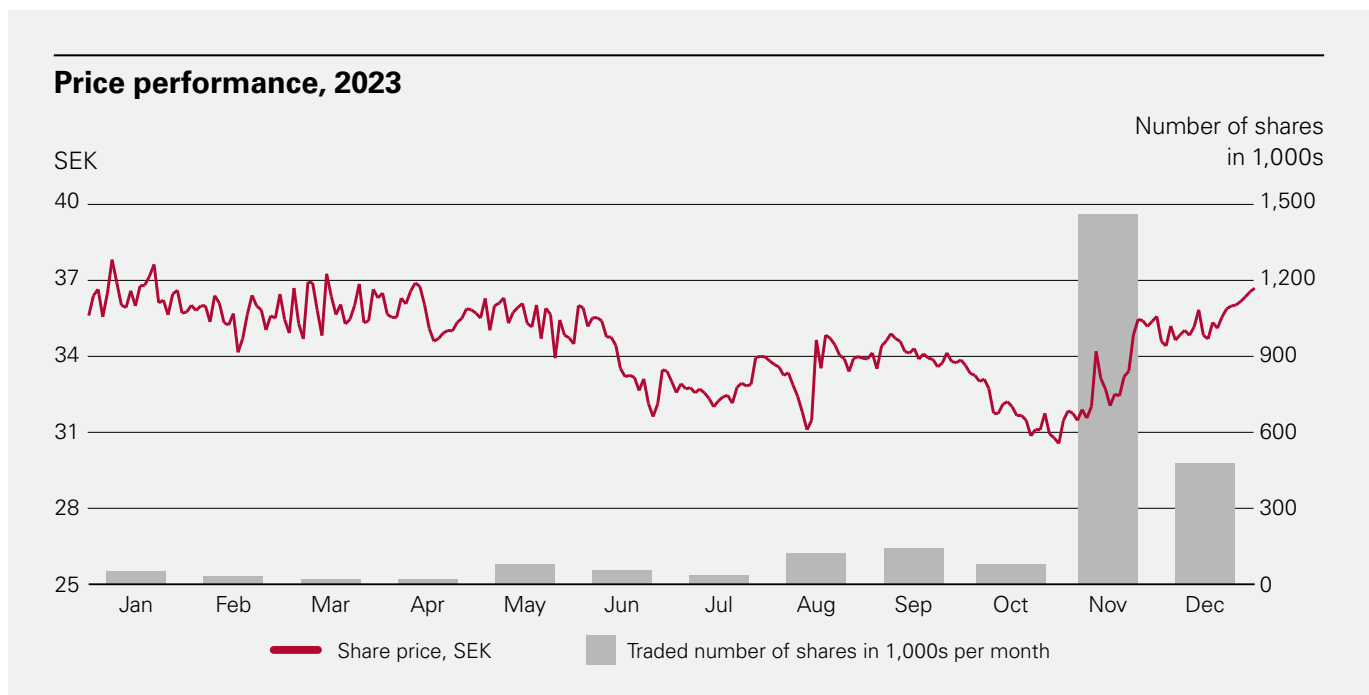
**Warrants**

The Extraordinary General Meeting of Shareholders in 2020 resolved to introduce an incentive plan, whereby 980,000 2020/2023 series warrants were issued to ten key personnel within the Group. The warrants were fully exercised during the year and 980,000 new shares were issued, increasing equity by SEK 29.2 million (SEK 29.80 per share). The number of votes and shares in the company thus amounts to 20,980,000. There are no additional option programmes issued.

**Dividend**

The dividend to shareholders should be approximately 30–50% of profit for the year. Decisions on dividends should reflect the company's financial position, cash flow and investment needs. For the 2023 financial year, the Board of Directors proposes a dividend of SEK 1.25, corresponding to 39% of net profit. For the 2022 financial year, the dividend was SEK 1.00 per share, corresponding to 58% of net profit.

|                                    |                 |
|------------------------------------|-----------------|
| <b>Return on the share in 2023</b> | <b>6.2%*</b>    |
| <b>Proposed dividend for 2023</b>  | <b>SEK 1.25</b> |
| * Including dividends paid.        |                 |



**SHARE**, CONT.**Data per share\***

|  | 2023   | 2022   |
|--|--------|--------|
| Earnings per share, SEK                              | 3.29   | 1.72   |
| Cash flow from operating activities per share, SEK   | 8.14   | 4.34   |
| Equity per share, SEK                                | 27.96  | 25.00  |
| Number of shares at the end of the period, thousands | 20,980 | 20,000 |

\*Before dilution.

**The ten largest shareholders as of 31 December 2023**

|                            | Number of shares  | Share capital and votes, % |
|----------------------------|-------------------|----------------------------|
| 1. Svolder AB              | 3,040,267         | 14.5                       |
| 2. Mats Synnersten AB      | 2,997,500         | 14.3                       |
| 3. K Synnersten Holding AB | 2,688,500         | 12.8                       |
| 4. Jan Synnersten AB       | 2,219,500         | 10.6                       |
| 5. Ranzom AB               | 2,219,500         | 10.6                       |
| 6. Swedia Invest AB        | 2,041,000         | 9.7                        |
| 7. Nordea Funds Sverige    | 1,727,563         | 8.2                        |
| 8. RoosGruppen AB          | 940,00            | 4.5                        |
| 9. Spiltan Fonder AB       | 535,00            | 2.6                        |
| 10. Engström Gerald        | 339,77            | 1.6                        |
| Other                      | 2,232,093         | 10.6                       |
| <b>Total</b>               | <b>20,980,000</b> | <b>100.0</b>               |

Source: Euroclear.

**Shareholders by size as of 31 December 2023**

|               | Number of shareholders | Shareholding, % |
|---------------|------------------------|-----------------|
| 1–500         | 1,812                  | 0.9             |
| 501–1,000     | 153                    | 0.6             |
| 1,001–5,000   | 134                    | 1.4             |
| 5,001–10,000  | 19                     | 0.7             |
| 10,001–15,000 | 3                      | 0.1             |
| 15,001–20,000 | 1                      | 0.1             |
| 20,001–       | 28                     | 96.1            |
| <b>Total</b>  | <b>2,150</b>           | <b>100.0</b>    |

Source: Euroclear.



# **Sustainability report**



## SUSTAINABILITY REPORT

# Our sustainability performance

**Arla Plast's sustainability work is focused on three key ESG areas: environmental footprint, social responsibility and business ethics and code of conduct.**

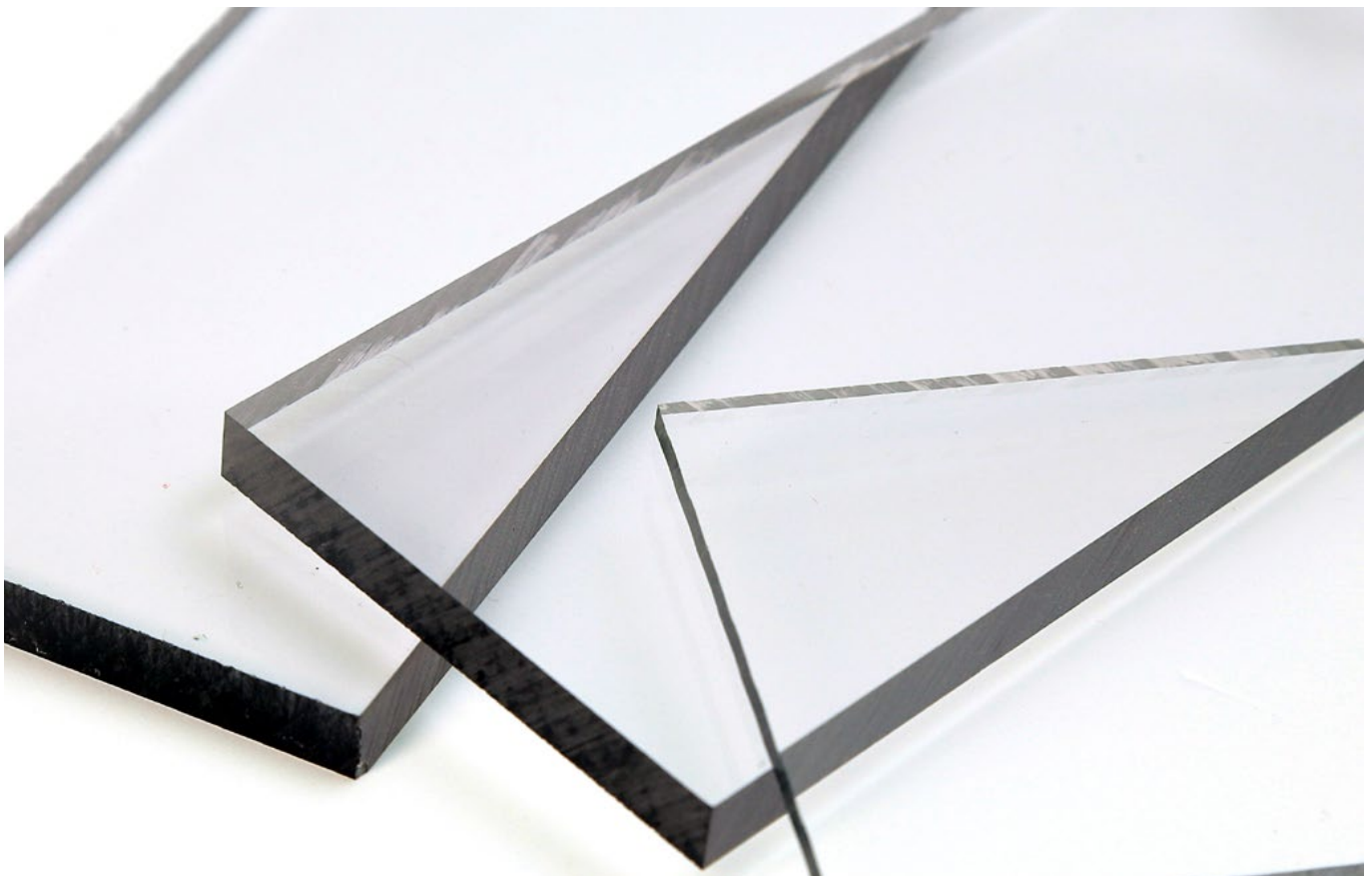
To ensure sustainable development, it is essential to integrate these sustainability aspects into all company activities and decisions. Our work is guided by our vision and strategy, the 2030 Agenda and our commitment to the UN Global Compact. The sustainability information in this report relates to the 2023 financial year and includes all wholly owned businesses at the start of 2023.

## Sustainability – a tradition

Arla Plast's commitment to sustainable development goes back decades. As early as the 1970s, we started recycling our own materials, and today we recycle almost all of the regrind material generated in our business and some of the regrind by most of our customers. Arla Plast introduced certified management systems for the environment (ISO 14001), quality (ISO 9001) and occupational health and safety (ISO 45001) at its production facilities early on. Energy management systems (ISO 50001) are also in place at two out of three facilities.

Our ambition is to run Arla Plast in a sustainable and responsible way. This should be reflected in our corporate culture and in the way we treat our stakeholders, whether they are customers, employees, suppliers, the local community or shareholders.

GRIPHEN® in PETG



**SUSTAINABILITY REPORT, CONT.**

# Environmental footprint

**Reducing our environmental footprint is our biggest sustainability challenge. We are endeavouring to reduce our climate impact throughout the value chain and from a product life cycle perspective. The production of the plastic granules, our main input in the manufacture of extruded plastic sheets, is the single largest contributor to our carbon footprint.**

We are continuing to cooperate with external partners, especially raw materials suppliers on developing non-fossil or partially fossil-free materials and to work actively on recycling and take-back.

Arla Plast's goal and strategy for the reduction of its environmental footprint is based on the focus areas efficient use of materials, sustainable customer offering and sustainable production.



## Efficient use of materials

The production of the raw material, which is our input for the production of extruded plastic sheets, accounts for the vast majority of the carbon footprint of our operations. It is therefore of the utmost importance that the material is used as efficiently as possible.

**Key issues in the efficient utilization of materials:**

- Increasing take-back of materials from customers
- Increasing the reuse of regrind in production
- Reducing regrind generation

Our production of extruded plastic sheets uses plastic granules, mainly made of PC, ABS or PETG. These main raw materials are circular materials that can be recycled endlessly without losing their original properties of lightness, formability and impact resistance. The manufacturing process generates regrind. Most of the regrind is recycled into virgin sheets by mixing it with virgin raw material or completely replacing the use of virgin raw material. The percentage of regrind that can be reused in the plastic sheets depends largely on the purpose for which the sheets are to be used.

Our main suppliers are in the EU and the raw material is shipped by sea to one of the major ports in Europe. From there it is transported by truck to our facilities.

*Performance in 2023*

During the year, we made significant progress with improving the efficiency of our material utilization. We reduced our regrind generation by 7%. We also increased our take-back of materials from customers, even though we reduced our overall reuse by 11%. The overall decrease is due to the fact that during the year we produced a high proportion of products for applications where reuse is not possible. We have increased reuse in the products and applications where this is possible, but cannot present any data at this stage.



## Sustainable customer offering

Arla Plast's ambition is for customers to appreciate the company's offering as one of the most sustainable in the industry.

**Key issues in sustainable customer offerings:**

- Increasing the share of products with a lower CO<sub>2</sub> footprint
- Increasing the use of recycled materials
- Increasing the share of investments that enable circularity
- Sustainable modes of transport

Arla Plast is constantly striving to improve the value chain to increase the sustainability of the customer offering and to be a partner that helps our customers achieve their sustainability goals.

For example, we are developing product life cycle analyses so that our customers can easily predict the climate impact of our products. We also carry out ISCC certifications as part of the process enabling us to offer products based on circular raw materials. We offer customers the take-back of materials to increase reuse and circularity.

## SUSTAINABILITY REPORT, CONT.

Our products are sold around the world and mainly transported to customers by truck or container. To reduce the impact of transport, we are working on consolidated transport and offering sustainable modes of transport.

### Performance in 2023

During the year, we worked on a comprehensive life cycle analysis for products produced in Sweden. This is in its final phase and a third-party review is in progress. Similar analyses have been initiated, or will be initiated, at our Czech sites.

Bio circular ISCC certification has been completed for PC in Sweden and one facility in the Czech Republic. Our work on bio circular and circular ISCC certification is ongoing.

Over the past year, Arla Plast has experienced greater interest in its sustainable customer offering, from both existing and potential customers. Suppliers have also shown greater commitment to our sustainability initiatives.



## Sustainable production

Arla Plast strives to continuously develop its production facilities to put it at the forefront of sustainable production. Through our extensive industry experience, we have acquired unique expertise by developing our own production processes and products so that they have less of a negative impact on the environment and climate.

### Key issues in sustainable production:

- Increasing the purchase and use of renewable energy
- Reducing environmentally hazardous waste
- Reducing the use of fresh water
- Health and safety

Electricity is used throughout the production process, with extrusion and grinding in mills accounting for the bulk of energy consumption.

The Borensberg facility in Sweden uses renewable electricity, produced by hydroelectric power, that carries an environmental product declaration. The facility in Kadaň, in the Czech Republic, uses environmentally declared

electricity. Both Kadaň and Pelhřimov are certified to ISO 50001.

Arla Plast's primary waste consists of combustible waste, wood, containerboard, refuse, office paper, electronics, waste oil, emulsion, batteries and fluorescent tubes. Materials retained in the form of 'starting lumps', protective film and materials with special pigments are sold instead of being recycled in the company's own production.

Despite our ambitious aims, there is always a small percentage that consists of environmentally hazardous waste that cannot be recycled. We aim to continually reduce this percentage.

### Performance in 2023

During the year, we worked on the further streamlining of our production processes, which resulted in a 4% reduction in electricity consumption per tonne produced. The share of energy from renewable sources has increased by 32%.

| Percent       | 2023 | 2022 | 2021 |
|---------------|------|------|------|
| Renewable     | 87   | 66   | 55   |
| Other sources | 13   | 34   | 45   |

A key ambition for Arla Plast is that nobody should be injured in the workplace. One of the key metrics is the Lost Time Injury Rate (LTIR), which measures the number of work-related accidents resulting in sick leave per 200,000 hours worked.

|                              | 2023 | 2022 | 2021 |
|------------------------------|------|------|------|
| Lost Time Injury Rate (LTIR) | 12   | 24   | 29   |

## SUSTAINABILITY REPORT, CONT.

# Corporate social responsibility

## Focus on employees

**Being a workplace where people thrive and have the opportunity to grow and develop isn't just a corporate goal, it's a key part of our identity and how we want to be as an organization. We firmly believe that by investing in our employees we are not only creating a positive working environment but also laying a strong foundation for our sustainable future.**

### Arla Plast's corporate culture

Our corporate culture is characterized by the fundamental principles of quality, speed, service and flexibility. These core values shape the way we interact with our customers and each other within the organization.

### Employees

Our Personnel Policy is based on acknowledging our employees' know-how and skills, achieving equal proportion between men and women, a high level of ethics, and open and honest communication that enables the exchange of ideas. Arla Plast is based on a set of values that promotes a work environment where everyone is of equal value. This means everyone at Arla Plast should have the same rights, obligations and opportunities.

### Health and safety

Our employees should feel safe, and we promote a healthy working environment. As Arla Plast has production facilities, it is important to limit the risk of workplace accidents and occupational injuries. All production facilities have certified management systems for health and safety, and all new employees are trained in safe working practices. Our long-term aim is to have no accidents or injuries that lead to absence.

### Training and skills development

An important part of being an attractive employer is offering opportunities for development and career options. Through a planned and systematic introduction process, all new employees are given the opportunity to familiarize themselves with the organization and start working.

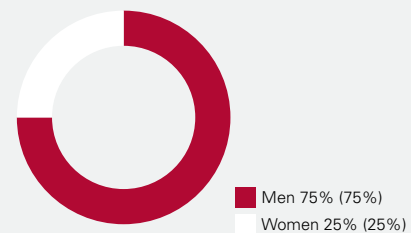
The need for training or other activities to enhance skills is identified during employee performance appraisals. There are a number of examples of employees who have switched between different tasks or undergone further training during their employment, thus taking on new tasks and greater responsibility.

### Working conditions

Arla Plast aims to ensure that its employees are healthy, committed and motivated. We believe health and safety provides the basis for this. So health and safety measures at Arla Plast are an integral part of everyday work and are conducted on a long-term basis. This means we work systematically with health and safety, conduct regular risk assessments and monitoring, set clear goals and develop action plans based on these. The work includes both physical and psychosocial health and safety, including issues related to ergonomics, protection and safety, sick leave, the promotion of fitness, and alcohol and drugs.

We regularly conduct employee surveys to find out how the organization and the working environment are perceived by employees. The results are published and followed up by both company management and union representatives.

### Proportion of men and women



### Arla Plast – an active corporate citizen

Arla Plast aims to contribute to positive social development and to be an important and committed player in the local community. It does this through an open dialogue and various targeted initiatives such as sponsorship, cooperation and offering summer jobs.

Arla Plast sponsored local associations and activities for the elderly and for children in 2023. Arla Plast has also supported the important work of Médecins Sans Frontières for several years.

## SUSTAINABILITY REPORT, CONT.

**Lotta Hultman, Education developer and coordinator**

**Lotta, you started in production at Arla Plast in 2007 and now, 17 years later, you're still here. How did your journey at Arla Plast begin?**

As a newcomer to Borensberg, I thought that Arla Plast, the town's biggest factory and employer, would have a job for me. I got one in production and immediately saw that it was an exciting, fast-paced company where I could learn new things and develop. Then I moved on to orders, where the work is stimulating, things move quickly and there is a lot of contact with our sales representatives and customers across Europe. In this role, our four cornerstones of quality, service, flexibility and speed are truly present in the day-to-day work.

*What is your current role?*

I work in HR as a education developer and coordinator. My work includes the introduction of all new employees and developing a training plan for production. This perfectly combines all my previous training and experience as I get to structure the training, make sure it is communicated properly and interact with almost every employee in the company.

*What does Arla Plast signify for you?*

I'm proud to work here, especially when I show new employees around the company. That's when you really get a sense of what Arla Plast is all about – the warm and friendly atmosphere. Every employee welcomes new employees with a smile. We enjoy meeting new colleagues and start joking with them right away. It doesn't take long for them to be included in our familiar atmosphere.

**Pavel Horák, Product Technician**

**Pavel, you have a degree in environmental science and worked and carried out research for several years at PhD level at Charles University in Prague. How did your journey at Arla Plast begin?**

I had been working on recycling and managing plastics for several years. In 2020, I started working as a product technician at Arla Plast in the Czech Republic. I was responsible for quality control and running development projects on site in our two factories. It was an exciting job, with international contacts and a lot of work in English.

*For the last year you've been working and living in Sweden though?*

Yes, I'm an outdoor person and I like sailing and swimming, so Sweden seemed very attractive. And I wanted to be part of a bigger team. So in spring 2023, I moved to Borensberg. My job is to improve Arla Plast's offering and quality by developing our processes and products.

*How do you view the sustainability aspect of our products?*

The plastics we produce are optimized for their areas of application and are robust. We never make any disposable products, and what we make remains in place for many years. In many cases, no other products can match their durability and weight. The general problem with plastics is that half of what is produced is disposable and is not properly recycled. We work hard to recycle plastic, both in our own operations and where our customers are concerned.

*What does Arla Plast signify for you?*

The ability to adapt to customer specifications and offer many colours, products or small volumes. This gives us an advantage over the really big companies in the industry. We have a more dynamic process where the focus is always on flexibility and quality.

## SUSTAINABILITY REPORT, CONT.

# Business ethics

**Arla Plast's ambition is to develop in a sustainable and responsible way. One way to ensure good business ethics and corporate responsibility is to create awareness and understanding in employees and other stakeholders. This is supported by a Code of Conduct, policies and training programmes.**

Arla Plast has a guide for all its employees called The Arla Plast Way.

The Arla Plast Way describes and guides employees regarding how to act in different situations and is based on the Sustainability Policy and Code of Conduct.

The guide contains

- Arla Plast: a good place to work
- Honesty and integrity
- Respect for customers
- Respect for each other
- Respect for company property
- We care about the world around us
- Inside information issues

### Human rights and corruption

Guidelines on human rights and corruption can be found in The Arla Plast Way. All employees and company representatives have been trained on The Arla Plast Way and the appropriate laws in the countries in which we operate. A whistleblowing function is in place to detect if someone violates these. No incidents were reported in 2023.

### Suppliers

All plastic granule purchases are made from approved suppliers that have passed our supplier selection process. We work upstream, which means that we only accept suppliers that have committed to complying with international human rights, labour law and anti-corruption rules.

In addition to our own personnell, we work with carefully selected subcontractors at our production facilities in areas such as construction, safety, cleaning, IT, maintenance and logistics. All subcontractors are informed of our Health and Safety Policy, our procedures and, of course, our Code of Conduct.

Our supplier monitoring includes checking suppliers' compliance with our Code of Conduct. No cases of suppliers breaching our Code of Conduct were noted during the year.



## SUSTAINABILITY REPORT, CONT.

# Governance of sustainability

**Overall responsibility for the company's sustainability work lies with the Board of Directors, while the CEO has operational responsibility.**

Sustainability efforts are managed and monitored through a management system with action plans and measurable targets. This also includes joint policies and guidelines. Target fulfilment and action plans are monitored and reported regularly to Group Management, which in turn regularly reports developments and results to the company's Board of Directors. The Group's Board of Directors continuously evaluates the sustainability work through reporting at Board meetings.

## Systematic approach

Sustainability efforts form an integral part of Arla Plast's operational management. Progress has been made with many of the company's sustainability priorities. In recent years, this work has been further intensified. We have raised the level of ambition in order to develop a sustainable product portfolio, increase supplier responsibility, raise the level of responsible business practices, develop a sustainable workforce and directly address our climate impact in various ways.

## Guideline documents

The company has adopted a number of policies and guideline documents. All policies have been approved by the Board of Directors, and those that are primarily relevant to Arla Plast's sustainability work are presented below.

The Sustainability Policy and Code of Conduct, including The Arla Plast Way, set out Arla Plast's overall conduct with regard to customers, employees, suppliers, business ethics, anti-corruption and wider society.

The Operating Policy governs how the company aims to achieve a good and safe working environment and

how it aims to minimize negative impacts on the external environment.

The Insider Policy is intended to reduce the risks of insider trading and other unauthorized practices and to facilitate the Group's compliance with the applicable rules on handling inside information.

The Purchasing Policy guides the company's efforts to establish and develop long-term business relationships with suppliers and other partners.

The Related-Party Policy is intended to reduce the risk of errors and irregularities arising from related-party relationships and transactions.

The management system ensures a long-term, focused and systematic approach to continual improvement.

## Commitments and initiatives

Arla Plast supports the UN Global Compact initiative and is committed to fulfilling the principles on human rights, labour law, the environment and anti-corruption.

These principles also form the basis of our Code of Conduct. In addition, Arla Plast is committed to contributing to Agenda 2030 and the Sustainable Development Goals (SDGs), and has identified the SDGs that are most relevant to the company and where Arla Plast has the greatest impact and can contribute the most.

## EU taxonomy and CSRD

Arla Plast has not yet been affected by the CSRD or the taxonomy. We will endeavour to operate in accordance with the applicable regulations and be prepared to report in accordance with them when this obligation is broadened and the business becomes subject to it.

## Sustainability risks

Changing or new sustainability risks are identified and assessed on an ongoing basis, activities are planned to counteract them.

**SUSTAINABILITY REPORT, CONT.**

# 2030 Agenda UN SDGs

Arla Plast contributes to the 2030 Agenda and the UN Sustainable Development Goals (SDGs). All the SDGs that have been identified as most relevant to Arla Plast's business and those to which Arla Plast can contribute the most have been integrated into Arla Plast's systematic improvement efforts and are monitored. Arla Plast has assessed that the company can make a positive contribution above all to the following Sustainable Development Goals (SDGs) for countries across the world.



| Sustainable Development Goals        | Sustainable Development Goals, targets   | Arla Plast's key areas  |
|--------------------------------------|--|---|
| <b>3. Good health and well-being</b> | 3.5 Preventing and treating substance abuse<br>3.8 Making healthcare accessible to all<br>3.9 Reducing the number of deaths and illnesses from hazardous chemicals and pollution | <ul style="list-style-type: none"> <li>Arla Plast works to ensure good working conditions. We work preventively on risk assessments and offer activities that promote staff health and well-being.</li> <li>Arla Plast has procedures to prevent and treat drug abuse.</li> <li>Arla Plast has contributed to the organization Médecins Sans Frontières for several years.</li> <li>Arla Plast strives to minimize employee exposure to chemicals and uses alternatives that are as safe and environmentally friendly as possible.</li> </ul> |
| <b>4. Quality education</b>          | 4.4 Increasing the number of people with skills for financial security   | <ul style="list-style-type: none"> <li>Arla Plast works to retain and attract skilled labour. We work closely with schools and universities to secure future expertise.</li> <li>Arla Plast works to develop skills that both improve the individual performance of employees and benefit the company.</li> </ul>   |
| <b>5. Gender equality</b>            | 5.1 Ending discrimination against women and girls<br>5.5 Ensuring women's full participation in leadership and decision-making   | <ul style="list-style-type: none"> <li>Arla Plast promotes equal opportunities, diversity and gender equality.</li> <li>Regular salary surveys are conducted in Sweden, and throughout the Group, Arla Plast monitors how employees perceive gender equality through employee surveys.</li> <li>Arla Plast monitors and works actively to promote a gender balance in management and the Board of Directors.</li> </ul>   |
| <b>6. Clean water and sanitation</b> | 6.3 Improving water quality and wastewater treatment and increasing recycling<br>6.4 Increasing water-use efficiency and ensuring water supply                                   | <ul style="list-style-type: none"> <li>Arla Plast works to reduce emissions to both air and water.</li> <li>The production facilities have action plans to manage water-related impacts, including improvements to increase efficiency.</li> <li>We are actively working to reduce water use.</li> </ul>  |



## SUSTAINABILITY REPORT, CONT.

| Sustainable Development Goals                     | Sustainable Development Goals, targets   | Arla Plast's key areas  |
|---|--|---|
| <b>7. Affordable and clean energy</b>             | 7.2 Increasing the share of renewable energy in the world  | <ul style="list-style-type: none"> <li>The production facility in Sweden uses environmentally declared renewable hydroelectric power. In the Czech Republic, environmentally declared electricity is used in one of the facilities. The production facilities in the Czech Republic are certified to ISO 5001.</li> <li>Arla Plast actively works to streamline production processes and reduce electricity consumption.</li> </ul>   |
|   | 7.3 Doubling the rate of improvement in energy efficiency  |   |
| <b>8. Decent work and economic growth</b>         | 8.2 Achieving higher levels of economic productivity through diversification, technological upgrading and innovation | <ul style="list-style-type: none"> <li>Arla Plast continuously invests in the technical upgrading of processes to increase productivity in both the production environment and in support functions.</li> <li>Arla Plast has a systematic improvement programme for the environment, working environment and quality.</li> <li>Arla Plast works to ensure equal pay in a non-discriminatory environment, along with a working environment with high safety standards.</li> <li>Arla Plast works on risk prevention, to avoid workplace accidents and to address deficiencies in the working environment.</li> <li>We work with schools to promote young people's learning and offer a chance to experience a business environment.</li> </ul> |
|   | 8.4 Improving resource efficiency in consumption and production  |   |
|   | 8.5 Achieving full employment and decent work with equal pay for all   |   |
|   | 8.6 Reducing the proportion of youth not in employment, education or training  |   |
|   | 8.8 Protecting labour rights and promoting safe and secure working environments for all                              |   |
| <b>9. Industry, innovation and infrastructure</b> | 9.4 Upgrading all industries and infrastructure for increased sustainability   | <ul style="list-style-type: none"> <li>Arla Plast actively works to streamline production processes and reduce electricity consumption.</li> </ul>  |
| <b>10. Reduced inequalities</b>                   | 10.3 Ensuring equal opportunities and ending discrimination  | <ul style="list-style-type: none"> <li>Arla Plast monitors how employees perceive gender equality through an employee survey.</li> <li>Arla Plast has a clear policy on business ethics, supplemented by a guide for all employees known as The Arla Plast Way.</li> </ul>  |
| <b>11. Sustainable cities and communities</b>     | 11. Making cities and human settlements inclusive, safe, resilient and sustainable                                   | <ul style="list-style-type: none"> <li>Arla Plast works to capitalize on the sustainability properties of materials, including their low weight, impact resistance and circularity, that contribute to energy-efficient and sustainable applications such as in buildings and guards along transport routes.</li> </ul>   |
| <b>12. Responsible consumption and production</b> | 12.4 Environmentally sound management of chemicals and waste   | <ul style="list-style-type: none"> <li>Arla Plast monitors and works actively to reduce the generation of regrind from production. Materials are recycled to a high degree, and work is in progress on the utilization of regrind from other stages of the value chain.</li> <li>Arla Plast sorts and recycles all waste where possible and works to minimize harmful emissions.</li> </ul>   |
|   | 12.5 Substantially reducing waste generation   |   |
|   | 12.6 Encouraging companies to adopt sustainable practices and sustainability reporting                               |   |
| <b>13. Climate action</b>                         | 13. Climate action   | <ul style="list-style-type: none"> <li>The single largest contribution to Arla Plast's carbon footprint is the raw material used. The plastics produced by Arla Plast have a theoretical recycling rate of 100%, and work on increasing circularity is in progress. The share of recycled materials is being closely monitored and increased. Work is in progress on the utilization of material from other stages of the value chain.</li> </ul>   |
| <b>16. Peace, justice and strong institutions</b> | 16.5 Substantially reducing corruption and bribery   | <ul style="list-style-type: none"> <li>Arla Plast has zero tolerance for bribery and other types of corruption in its operations and has a guidance document for all employees known as The Arla Plast Way.</li> </ul>  |
| <b>17. Partnerships for the goals</b>             | 17.6 Cooperating and sharing knowledge about science, technology and innovation                                      | <ul style="list-style-type: none"> <li>Arla Plast supports the UN Global Compact and works with industry organizations and networks to promote sustainable development.</li> <li>The company works to promote and improve the sustainability performance of materials through value chain partnerships.</li> </ul>  |
|   | 17.16 Enhancing the Global Partnership for Sustainable Development   |   |

## SUSTAINABILITY REPORT, CONT.

# Five-year summary

For Arla Plast, sustainability is an integral part of our core business and strategy. It helps to increase long-term competitiveness and value for our stakeholders. Improvements are undertaken continually and gradually over

time. The 2023 sustainability information covers all wholly owned operations at the start of 2023. Alphaplex GmbH is not a producing unit and is therefore not included in key performance indicators related to tonnes produced.

## Environmental footprint

| Area                                  | Key performance indicators   | 2023   | 2022   | 2021   | 2020   | 2019   |
|---------------------------------------|--|--------|--------|--------|--------|--------|
| Compliance                            | Number of violations of environmental legislation (fines, sanctions)   | 0      | 0      | 1      | 1      | 3      |
| Energy                                | Energy consumption (MWh)   | 16,951 | 17,793 | 21,256 | 22,417 | 20,175 |
|                                       | Energy use/tonne produced (MWh/tonne)  | 0.92   | 0.96   | 0.95   | 0.92   | 1.01   |
|                                       | Energy use/sales (MWh/SEK m)   | 16.70  | 19.27  | 22.92  | 25.34  | 25.39  |
| Greenhouse gas emissions <sup>1</sup> | CO <sub>2</sub> e emissions (tonnes)   | 69,653 | 65,164 | 84,043 | 92,969 | n/a    |
|                                       | Emissions, CO <sub>2</sub> e/tonne produced (CO <sub>2</sub> e/tonne)  | 3.54   | 3.50   | 3.76   | 3.83   | n/a    |
|                                       | CO <sub>2</sub> e emissions/sales (CO <sub>2</sub> e/SEK m)  | 68.62  | 70.57  | 90.61  | 105.09 | n/a    |
| Water <sup>2</sup>                    | Water consumption (1,000s m <sup>3</sup> )   | 5,197  | 3,829  | 1,234  | 2,244  | 3,699  |
|                                       | Water consumption/tonne produced (m <sup>3</sup> /tonne)   | 0.28   | 0.21   | 0.09   | 0.15   | 0.29   |
|                                       | Water consumption/sales (m <sup>3</sup> /SEK m)  | 5.12   | 4.15   | 1.99   | 3.65   | 7.13   |
| Waste <sup>3</sup>                    | Quantity of waste (tonnes) – combustible waste, industrial waste for landfill, industrial waste for sorting. | 729    | 540    | 586    | 868    | 361    |
|                                       | Volume of waste/produced (tonnes/tonnes)   | 0.03   | 0.03   | 0.03   | 0.04   | 0.03   |
|                                       | Volume of waste/sales (tonnes/SEK million)   | 0.72   | 0.58   | 0.60   | 0.93   | 0.73   |
| Raw materials <sup>4</sup>            | Recycled plastics (% recycled of total use)  | 7.6    | 9.6    | 6.3    | 5.0    | n/a    |
| Management systems                    | ISO 14001-certified sites, %   | 67     | 100    | 100    | 100    | 100    |

1) The key performance indicator started to be measured in 2020.

2) The key performance indicator refers only to operations in the Sweden segment up to and including 2021.

3) The years 2020–2022 refer to the Sweden and Czech Republic segments, while the years 2018–2019 refer to the Sweden segment only.

4) Comparable data for the years 2018–2019 cannot be presented due to differences in the monitoring methodology.

## SUSTAINABILITY REPORT, CONT.

**Social sustainability**

| Area               | Key performance indicators   | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------------|--|------|------|------|------|------|
| Employees          | Number of employees (average)  | 256  | 248  | 265  | 258  | 256  |
| Compliance         | Number of violations of health and safety legislation (fines, sanctions) | 0    | 0    | 0    | 0    | 0    |
| Health and safety  | Lost Time Injury Frequency Rate (LTIFR)                                  | 12   | 24   | 29   | 24   | 18   |
| Diversity          | Proportion of women in Group Management, %                               | 50   | 20   | 25   | 25   | 20   |
|                    | Proportion of women in local management teams, %                         | 24   | 18   | 17   | 17   | 29   |
| Management systems | ISO 45001-certified sites, %   | 67   | 100  | 100  | 100  | 100  |

**Business ethics**

| Area            | Key performance indicators                   | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------|--|------|------|------|------|------|
| Code of Conduct | Reporting of serious irregularities (number) | 0    | 0    | 0    | 0    | 0    |

**Reporting on greenhouse gases (GHG) emissions**

To track our progress towards the climate targets set, our reporting follows the guidelines of the Greenhouse Gas Protocol (GHG). The GHG Protocol is the widely recognized leading method for managing greenhouse gas emissions in industry, providing comprehensive and internationally comparable figures.

**Scope 1**

Direct impact from own operations, burning of fossil fuels in own production.

**Scope 2**

Indirect environmental impact generated by use of electricity, district heating and cooling.

**Scope 3**

Indirect environmental impacts in our value chain, purchasing of goods and services, such as raw materials.

The protocol requires us to report emissions from three different areas or scopes; see page 36.

The results under scope 1 show emissions related to the use of diesel forklifts trucks in our operations. The calculation is based on the actual volume of diesel multiplied by a diesel emissions equivalent.

Across the Group, more than 88% of forklifts are now powered by electricity. The results under scope 2 show emissions related to electricity use. The Sweden segment uses EPD-labelled hydroelectric power and the Czech Republic segment has also been able to obtain some of its energy from renewable sources.

Under scope 3, we account for and report emissions in the value chain: production of raw materials used, waste and transport to customers. To calculate the production of raw materials used, each new main raw material used is multiplied by an emissions equivalent for the respective raw material minus the raw material sold. The impact related to waste is calculated on the amount of waste multiplied by an emissions equivalent for each fraction.

## SUSTAINABILITY REPORT, CONT.

For the Sweden segment, transport to customers has been based on the actual outcome of emissions reports provided by transporters according to the EN16258 standard. For the Czech Republic segment, the CO<sub>2</sub>e outcome has been calculated based on volume sold and distance travelled.

The GHG protocol enables the comparability of emissions from operations, creating the conditions for relevant benchmarking and detailing which areas have the most impact and should be prioritized in efforts to reduce our carbon footprint.

### Arla Plast calculation of greenhouse gas emissions, 2023

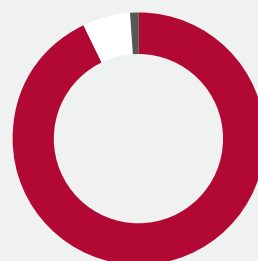
Total emissions 3.54 tonnes CO<sub>2</sub>e/tonne of product



■ Scope 3 – 98% (of which raw material 96%)  
 ■ Scope 2 – 2%  
 ■ Scope 1 – 0%

### Arla Plast calculation of greenhouse gas emissions, 2022

Total emissions 3.50 tonnes CO<sub>2</sub>e/tonne of product



■ Scope 3 – 93% (of which raw material 92%)  
 ■ Scope 2 – 6%  
 ■ Scope 1 – 1%

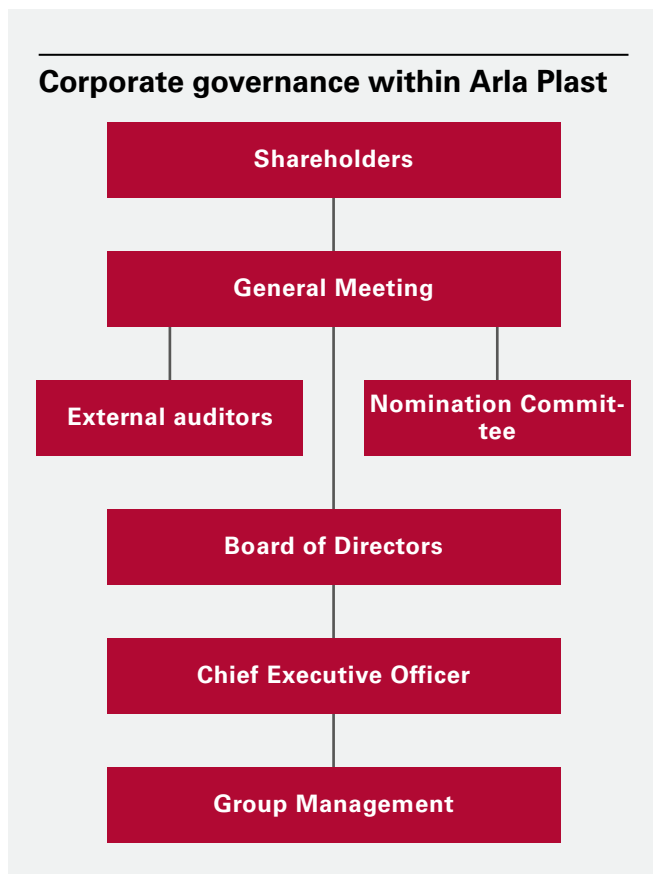
# Corporate Governance report



# Corporate governance report

**Arla Plast AB (publ) is a Swedish public limited company. Arla Plast has complied with the Swedish Corporate Governance Code ('the Code') since its listing in 2021 and hereby submits its Corporate Governance report for the 2023 financial year in accordance with the provisions of the Swedish Annual Accounts Act and the Code. The Corporate Governance report has been reviewed by the company's auditors.**

The Code is available in full on the website of the Swedish Corporate Governance Board ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)). The Code is based on the 'comply or explain' principle, which means companies applying the Code may deviate from individual rules but must provide an explanation for the deviation. Arla Plast did not make any deviations in 2023. In addition to the Code, Arla Plast's corporate governance is based on legislation, Nasdaq Stockholm's regulations and internal corporate governance guidelines.



## The share and shareholder information

Arla Plast shares have been traded on Nasdaq Stockholm since 25 May 2021. The share capital amounts to SEK 2.5 million, divided into 20,980,000 shares, each carrying an equal number of votes and a share in the company's assets and profits. The number of shareholders at 31 December 2023 was 2,150. Svolder AB, Mats Synnersten AB, K Synnersten Holding AB, Jan Synnersten AB, Ramzon AB and Swedia Invest AB all owned shares corresponding to 9% or more of the total number of shares. The 10 largest shareholders together held 89.4% of the total number of shares. There is no limit on the number of votes each shareholder can represent and cast at a general meeting. For further information on ownership structure, share capital and share price performance, please refer to Arla Plast's website, [www.arlaplastgroup.com](http://www.arlaplastgroup.com). Information on the shareholdings of the Board of Directors and Group Management can be found on pages 44–46.

## General meetings

General meetings are the company's highest decision-making body. General meetings are where shareholders exercise their voting rights on key issues, such as the adoption of the balance sheets and income statements, appropriation of the company's profits, discharge from liability of Board members and the CEO, the election of Board members and auditors, and the remuneration of the Board and auditors. The Annual General Meeting (AGM) is held annually within six months of the end of the financial year. In addition to the AGM, an Extraordinary General Meeting may be convened. Notice of the AGM or Extraordinary General Meeting at which amendments to the Articles of Association will be considered must be issued no earlier than six weeks and no later than four weeks before the meeting.

Notice of any other Extraordinary General Meeting must be issued no earlier than six weeks and no later than three weeks before. The Articles of Association of Arla Plast contain no restrictions on the number of votes each shareholder may cast at a general meeting. In 2023, Arla Plast held its Annual General Meeting on 10 May. All outgoing and newly elected Board members and the CEO attended.

### *Annual General Meeting*

The AGM resolved to re-elect the Board members Ola Salmén, Leif Nilsson, Jan Synnersten, Ulf Hedlundh and Annelie Arnbäck, and to elect Maria Catoni and Thomas

## CORPORATE GOVERNANCE REPORT, CONT.

Widstrand for the period until the end of the AGM in 2024. The decision was made to elect Jan Synnersten as Chairman of the Board. It was decided to pay fees of SEK 220,000 to each of the Board members elected by the AGM who are not employees of the company, and SEK 400,000 to the Chairman. The meeting also decided that the remuneration of the members of the Audit Committee would be SEK 40,000 and SEK 70,000 for the Chairman of the Audit Committee. The members of the Remuneration Committee will receive SEK 25,000 and its Chairman SEK 40,000. The AGM also decided to elect the auditing firm Deloitte Aktiebolag as auditor for the period until the end of the next AGM and that Pernilla Rehnberg would be the auditor in-charge.

The AGM also authorized the Board to decide on a new issue of shares. The total number of shares that may be issued under the authorization may not exceed 2,000,000 shares. The guidelines for the remuneration of senior executives were adopted on 27 April 2021 and the general meeting of 10 May 2023 respectively.

### Nomination Committee

The Nomination Committee represents Arla Plast's shareholders and has the task of proposing to the AGM the Chairman of the Board, the members of the Board, the auditor and auditor's fees, the Chairman of the AGM, and the fees for Board and committee work. In addition, the Nomination Committee submits proposals for the Nomination Committee's instructions if required.

#### *Nomination Committee for the 2024 Annual General Meeting*

The Nomination Committee for the 2024 AGM consists of representatives of the company's three largest shareholders as of 30 September 2023. Lars Kvarnsund represents Svolder AB and is also Chairman of the Nomination Committee. Other members of the Nomination Committee are Jan Synnersten, representing Jan Synnersten AB, and Fredrik Persson, representing Swedia Invest AB.

Since its establishment in autumn 2023, the Nomination Committee has met six times. At the Nomination Committee meeting on 21 December, the Chairman of the Board presented the evaluation of the Board that he had commissioned with the Board members in November 2023. By means of the Nomination Committee, Arla Plast applies rule 4.1 of the Code as a diversity policy when preparing proposals for Board members. The objective of the policy is for the composition of the Board of Directors to be appropriate to the company's activities, stage of development and other circumstances, and should reflect diversity and breadth in terms of the skills, experience and background of the members elected by the general meeting. An equal gender balance should be sought. For the 2024 AGM,

the Nomination Committee has assessed whether the composition of the current Board meets the requirements of the Code's Diversity Policy and has found that the gender balance has not been met. However, the proposal submitted improves the gender balance on the Board, but this remains a priority issue in future Nomination Committee work.

### External auditors

The company's auditor, elected at the AGM, audits Arla Plast's annual report and consolidated financial statements, the management by the Board of Directors and the CEO and the Board of Directors' proposal for the appropriation of profit for the year, and issues an audit report. The AGM elects the auditor for one year at a time.

Deloitte AB was elected as Arla Plast's auditing firm at the 2023 AGM, with Pernilla Rehnberg as auditor in-charge. Pernilla Rehnberg reported the notes from the 2023 audit at the February and March 2024 Board meetings. The audit of the Group's companies is coordinated by Deloitte and audited by Deloitte's network.

Deloitte is required to assess its independence before agreeing to provide independent advice to Arla Plast in addition to its audit engagement. Arla Plast's CFO is entitled to approve individual assignments up to SEK 100,000 up to a combined maximum of SEK 400,000 annually. Non-audit services exceeding these limits must be pre-approved by the Arla Plast Audit Committee. Deloitte had no non-audit assignments in 2023.

### Internal audit

Arla Plast has developed management and internal control systems. The Board follows up on management's assessment of internal control. In light of this, the Board has decided not to establish a specific internal audit function.

### Board of Directors

The Board of Directors is the highest decision-making body after the general meeting and is the highest executive body. According to the Swedish Companies Act, the Board of Directors is responsible for the organization of Arla Plast and the management of the company's affairs. The Board continually assesses Arla Plast's financial position and ensures that the company's financial circumstances are able to be monitored in a satisfactory way. The Board decides on issues related to the Group's strategic direction and organization and makes decisions on significant acquisitions, investments and divestments. The Board regularly evaluates the performance of the CEO and Group Management. Before each AGM, following a proposal from the Remuneration Committee, the Board must propose guidelines for the remuneration of the CEO and other senior executives.

## CORPORATE GOVERNANCE REPORT, CONT.

The Board has established written rules of procedure for its work, which are reviewed, updated and redefined annually at the inaugural Board meeting. These rules of procedure govern matters such as board practices, functions and the distribution of work between the Board members and the CEO. At the inaugural Board meeting, the Board also establishes instructions for financial reporting and instructions for the CEO and the committees. The Board has established an Audit Committee in accordance with the Swedish Companies Act and a Remuneration Committee in accordance with the Code. The Board appoints the CEO.

The AGM of 10 May 2023 elected seven members: two women and five men. The employee organizations IF Metall and Unionen have each appointed one employee representative. Together with these, the Board currently consists of nine members. Information about the members of the Board of Directors can be found on pages 44–45. Information about the members' independence in relation to company management and dependence in relation to major shareholders is also presented here. The CEO attends the meetings of the Board to present reports. Other Arla Plast employees attend Board meetings to present reports on specific issues. The company's CFO acts as secretary to the Board.

### *Responsibilities and work*

The Board meets regularly according to a programme set out in its rules of procedure, which includes certain fixed decision points. In addition to these Board meetings, further Board meetings may be convened to deal with matters that cannot be referred to an ordinary Board meeting. In addition to the Board meetings, the Chairman and the CEO maintain ongoing dialogue regarding the management of the company. In 2023, ten minuted Board meetings were held, one of which was by correspondence. Before each Board meeting, members receive an agenda and relevant documentation. At each meeting, the Board reviews current business conditions, as well as the Group's performance, financial position and outlook. Other issues addressed include the supply and price development of inputs, and production capacity.

In November, the Chairman commissioned an evaluation of the Board and, in December, an evaluation of the CEO.

The auditor in-charge participated in one meeting without management present.

### **Board committees**

#### *Audit Committee*

Since the 2023 Annual General Meeting, the members of the Audit Committee have been Ola Salmén (Chair), Maria Catoni and Leif Nilsson. Without prejudice to the other responsibilities and duties of the Board, the Audit Committee must, among other things, monitor the com-

pany's financial reporting, monitor the effectiveness of the company's internal controls and risk management, keep informed of the audit of the annual report and consolidated financial statements, review and monitor the impartiality and independence of the auditor, with particular attention to whether the auditor provides the company with services other than audit services, and assist in the preparation of the procurement of auditor services and in connection with the general meeting's decision on the election of the auditor. The committee met seven times during the year. All members were present at all meetings, and all meetings but one were attended by the company's auditors.

#### *Remuneration Committee*

Since the 2023 Annual General Meeting, the members of the Remuneration Committee have been Thomas Widstrand (Chairman) and Jan Synnersten. The main task of the Remuneration Committee is to prepare the Board's decisions on matters relating to remuneration principles, remuneration and other terms of employment for company management. The committee is also tasked with monitoring and evaluating the company's variable remuneration programme for company management, as well as monitoring and evaluating the application of the guidelines for the remuneration of senior executives established by the AGM and the company's current remuneration levels and structures. The Remuneration Committee also determines remuneration and other terms of employment for senior executives reporting directly to the CEO. The committee met twice during the year. Both members were present at these meetings.

#### *Remuneration of the Board*

The remuneration and other compensation granted to the members of the Board, including the Chairman, is determined by the general meeting. The AGM of 10 May 2023 resolved that the remuneration for the period until the end of the next AGM should be SEK 400,000 for the Chairman of the Board and SEK 220,000 each for the other members of the Board elected by a general meeting who are not employees of the company, SEK 40,000 for the Chairman of the Remuneration Committee and SEK 25,000 each for the other members of the Remuneration Committee, and SEK 70,000 for the Chairman of the Audit Committee and SEK 40,000 each for the other members of the Audit Committee. According to the company's guidelines for the remuneration of senior executives, if a Board member performs work on behalf of the company in addition to Board work, a consultancy fee or other remuneration for such work may be paid. The table on page 43 shows the fees paid to the elected Board members for 2023. The company's Board members are not entitled to any benefits after they have left the Board.



## CORPORATE GOVERNANCE REPORT, CONT.

### CEO and Group Management

The company's CEO is subordinate to the Board of Directors and oversees the day-to-day management of the company in accordance with the Swedish Companies Act and the Board's guidelines and instructions. The division of work between the Board and the CEO is set out in the rules of procedure of the Board and the instructions for the CEO. Measures that are of an unusual nature or of major importance, in view of the scale and nature of the company's activities, fall outside the scope of day-to-day management. The CEO must also take the measures necessary to ensure that the company's accounts are kept in accordance with the law and that funds are managed prudently. The CEO monitors compliance with Arla Plast's targets, policies and strategic plans as set by the Board and is responsible for keeping the Board informed of Arla Plast's performance between Board meetings.

The CEO leads the work of Group Management, which is responsible for overall business development. In addition to the CEO, Group Management consists of the CFO, the head of the Swedish operations, the head of the German operations and the head of the Czech operations and the commercial director. Group Management meets once a month to follow up on operations and discuss Group-wide issues, as well as to prepare proposals for the business plan and budget.

For further information on Group Management, see the 'Board of Directors' and 'Management' sections on pages 44–46.

#### *Guidelines for the remuneration of senior executives*

The 2021 AGM adopted guidelines for the remuneration of senior executives. The guidelines apply to the remuneration of the CEO, other members of Group Management and, where applicable, the remuneration of Board members in addition to board fees. The guidelines do not cover remuneration determined by the general meeting of the company.

Remuneration must be market-based and competitive and may consist of a fixed salary, short-term variable remuneration, other benefits and a pension. Total remuneration may also include long-term variable remuneration. Long-term variable remuneration is determined by the general meeting of the company and is therefore not covered by the guidelines.

#### *Fixed salary*

The fixed salaries should consist of fixed annual cash salaries. The fixed salaries must be market-related and determined based on responsibility, competence and performance. The fixed salaries are reviewed every year.

#### *Short-term variable remuneration*

In addition to a fixed salary, short-term variable remuneration may be offered. Short-term variable remuneration should be linked to predetermined, measurable criteria, which may be financial or non-financial. These may also be individually tailored quantitative or qualitative targets. The criteria must be designed in such a way that they promote the company's business strategy, long-term interests and sustainability. Any short-term variable remuneration may not exceed 40% of the fixed annual salary of the CEO in any one financial year. For other members of Arla Plast's company management, short-term variable remuneration in any one financial year may not exceed 30% of their fixed annual salary.

#### *Pension*

Pension benefits, including health insurance, should be defined-benefit or defined-contribution plans and may not exceed 30% of fixed annual salary.

#### *Other benefits*

Other benefits may include health insurance, car allowance, housing allowance and health and fitness allowance. Such benefits, where they exist, should be in line with market conditions and only account for a limited part of total remuneration. Premiums and other costs relating to such benefits may not in total exceed 20% of fixed annual salary.

#### *Notice period and severance pay*

The notice period for the CEO from the company may not exceed 12 months. In the event of resignation by the CEO, the period of notice may not exceed six months, without entitlement to severance pay. The notice period for other senior executives is six months if employment is terminated by the company and four months if employment is terminated by the employee.

Total fixed salary during the period of notice and severance pay, including compensation for any non-competition clause, may not exceed an amount equal to two years' fixed salary.

#### *Deviation from guidelines*

The Board may decide to temporarily deviate from the guidelines wholly or in part if there are special reasons for doing so in a specific case and a deviation is necessary to respond to Arla Plast's long-term interests, including its sustainability, or to ensure Arla Plast's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration issues, including decisions on deviations from the guidelines.

## CORPORATE GOVERNANCE REPORT, CONT.

### *Current terms of employment for the CEO and other senior executives*

The fixed monthly salary for the CEO amounts to SEK 220 thousand. Subject to the achievement of certain targets set in advance by the Board, the CEO may also receive an annual bonus. The bonus for 2024 may amount to a maximum of SEK 1,056 thousand. The period of notice between the CEO and the company is six months in the case of resignation by the CEO and 12 months in the event of termination of employment by the company.

For the other senior executives, a period of notice of four months is required in the event of the senior executive resigning and a notice period of six months is required in the event of termination of their employment by the company.

Other senior executives have the opportunity to receive an annual bonus, subject to the achievement of specific targets.

### *Agreement on remuneration after termination of assignment*

No senior executives have a post-employment benefit agreement (with the exception of normal termination pay for the CEO and senior executives). The company has no amounts set aside or accrued for pensions or similar benefits following Board members or senior executives leaving their posts or assignments.

### *Incentive plan*

In August 2020, a warrant programme was introduced in Arla Plast AB whereby 980,000 2020/2023 series warrants were issued. All the warrants for the subscription of new shares were exercised during the year.

## **Internal control and risk management**

### *General*

The Board's responsibility for internal control is governed by the Swedish Companies Act, the Swedish Annual Accounts Act – which requires that information about the main features of the company's internal control system be included in the Corporate Governance report – and the Code. Internal control is a process designed to provide reasonable assurance regarding the achievement of the company's objectives with respect to effective and efficient operations, reliable reporting and compliance with the applicable laws and regulations. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of external financial reporting and ensure that external financial reporting is prepared in accordance with the law, applicable accounting standards and other requirements applicable to listed companies.

The Board of Directors has overall responsibility for the company's internal control. This is formally ensured by written rules of procedure which define the responsibilities of the Board and how responsibilities are divided

between Board members, Board committees and the CEO. For more information on the division of the tasks of the Board and the Audit Committee, see the Corporate Governance – Board of Directors and Corporate Governance – Audit Committee sections above.

The company has chosen to structure its work on risk management and internal control within a framework that includes the control environment, risk management, control activities, information and communication, and monitoring and follow-up.

### *Control environment*

The company's control environment is based on the division of work between the Board, the Board committees and the CEO, as well as the values that the Board and company management communicate and work from. In order to maintain and develop an effective control environment, to comply with the applicable laws and regulations and to ensure that the Group's preferred way of doing business is adhered to throughout the Group, the Board, as the ultimate responsible body, has established a number of basic guideline documents and policies relating to risk management and internal control.

The Arla Plast Way Code of Conduct contains what all employees need to know about these guideline documents. Reviewing and understanding is a mandatory part of new recruitment, and training in the content is provided to all employees on an ongoing basis. In addition, targeted training is provided on guideline documents based on role and requirement.

### **Risk management**

Arla Plast has implemented a process-oriented approach to risk management, which means that we conduct an annual risk analysis and risk assessment. According to this procedure, risks are identified and classified in the following four areas:

- Strategic risks
- Operational risks
- Regulatory compliance risks
- Financial risks

The purpose of the risk analysis is to identify the most significant risks that could prevent Arla Plast from achieving its business objectives. Risks are evaluated based on the likelihood of their occurrence within a three-year period and the extent to which the risks could affect Arla Plast's objectives if they were to occur. Another purpose of the risk analysis is to assess the effectiveness of countermeasures. Risks are evaluated and scored, on a scale of one to five, based on the likelihood of their occurrence and potential impact. For the most significant risks, with a total risk score of 12 or higher, there is a specific action

## CORPORATE GOVERNANCE REPORT, CONT.

plan to reduce or eliminate the risk exposure. Risks with a risk score of eight or higher are monitored during the year and included in next year's risk assessment.

The CEO is responsible for presenting the overall risk analysis to the Board on an annual basis.

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

### Control activities

In order to ensure good internal control, Arla Plast has defined a number of control activities. These control activities serve as a starting point for the minimum level of control that must be established and functioning in Arla Plast's overall key Group processes. Identified key processes involving control activities include inventory, manufacturing, purchase to pay, order to pay, accounting, consolidation, reporting and budgeting. Qualitatively assessed processes covered are general IT controls and information security.

For each process, there should be a list, or 'control matrix', of identified risks and the control activities that need to be established to mitigate the risks, as well as a description of how the effectiveness of the control activities is monitored through self-assessments.

In 2023, Arla Plast continued its efforts to improve, streamline and further increase the maturity of the internal control system within the Group. The company works proactively on its internal control environment and also carries out audits to check its actual effectiveness. During the year, Arla Plast started working on a new method for

the self-assessment of internal controls, a tool that will be implemented within the organization in 2024.

### Information and communication

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

The company's Board has adopted an Information Policy, which describes Arla Plast's handling and communication of inside information and other external information requirements. The Board has delegated the responsibility for handling inside information-related issues to the CFO.

The investor relations (IR) function is managed and supervised by the CEO and the CFO. The main responsibility of the IR function is to support the CEO and senior executives in relation to the capital markets. The IR department also works with the CEO and CFO to prepare the company's financial reports, capital market presentations and other regular reporting.

### Monitoring and follow-up

The results of Group Management's risk assessment, the related action plan and control activities are reported to the Audit Committee. The risk report also summarizes the results of self-assessments of the effectiveness of internal controls and describes any discrepancies that need to be addressed. The Audit Committee reports to the Board.

The Board receives monthly reports on the Group's revenue, profit and financial position. The Group's interim reports, other financial reports and annual report are always reviewed by the Board before they are published. In addition, the Group's policies are subject to annual approval by the Board of Directors.

### Fees in 2023, SEK

| Name               | Year elected | Independence in relation to the company/ shareholders | Attendance of Board meetings | Attendance of Audit Committee meetings | Attendance of Remuneration Committee meetings | Board fees | Audit Committee fees | Remuneration Committee fees | Total fees     |
|--------------------|--------------|---|------------------------------|--|---|------------|----------------------|-----------------------------|----------------|
| Jan Synnersten     | 2021         | Yes/No  | 10/10                        | 4/4                                    | 2/2   | 335,200    | 14,400               | 16,000                      | <b>365,600</b> |
| Annelie Arnbäck    | 2009         | Yes/No  | 10/10                        | –                                      | –   | 220,000    | –                    | –                           | <b>220,000</b> |
| Maria Catoni       | 2023         | Yes/Yes   | 6/6                          | 3/3                                    | –   | 140,800    | 25,600               | –                           | <b>166,400</b> |
| Ulf Hedlundh       | 2021         | Yes/Yes   | 10/10                        | –                                      | –   | 220,000    | –                    | –                           | <b>220,000</b> |
| Sten Jakobsson     | 2018         | Yes/Yes   | 4/4                          | –                                      | –   | 79,200     | –                    | 14,400                      | <b>93,600</b>  |
| Leif Nilsson       | 2014         | Yes/Yes   | 10/10                        | 7/7                                    | –   | 220,000    | 40,000               | –                           | <b>260,000</b> |
| Ola Salmén         | 2018         | Yes/Yes   | 10/10                        | 7/7                                    | –   | 220,000    | 70,000               | –                           | <b>290,000</b> |
| Kenneth Synnersten | 2004         | Yes/No  | 4/4                          | –                                      | –   | 144,000    | –                    | 9,000                       | <b>153,000</b> |
| Thomas Widstrand   | 2023         | Yes/Yes   | 6/6                          | –                                      | 2/2   | 140,800    | –                    | 25,600                      | <b>166,400</b> |

Kenneth Synnersten and Sten Jakobsson declined re-election prior to the 2023 AGM, and Thomas Widstrand and Maria Catoni were elected as new members, as reflected in the table.

# Board of Directors



**Jan Synnersten**  
Chairman of the Board  
since 2023

**Born**  
1972

**Education**

Post-secondary engineering programme.

**Other experience**

Branch board of Svenska Handelsbanken AB.

**Other current offices**

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

**Shareholding**

2,219,500 shares through companies.

**Independence**

Independent in relation to company management. Not independent in relation to major shareholders.



**Annelie Arnback**  
Board Member  
since 2009

**Born**  
1981

**Education**

MPhil, Uppsala University and LLB, Lund University.

**Other experience**

Product Manager at Arla Plast, 2008–2012.

**Other current offices**

Board member of Aros Congress Center Holding AB.

**Shareholding**

2,219,500 shares through companies.

**Independence**

Independent in relation to company management. Not independent in relation to major shareholders.



**Maria Catoni**  
Board Member  
since 2023

**Born**  
1977

**Education**

MBA from the University of Borås.

**Other experience**

Chief Financial Officer, ESBE Group AB, 2022–. Previous posts include CAO at Bufab AB and Troax AB and Authorized Public Accountant at PwC, 2000–2015. Head of PwC's Anders-torp and Värnamo offices, 2011–2015.

**Shareholding**

150 shares.

**Independence**

Independent in relation to company management and major shareholders.



**Ulf Hedlundh**  
Board Member  
since 2021

**Born**  
1960

**Education**

MSc in Economics and Business, Stockholm School of Economics.

**Other experience**

Various senior positions in analysis and management, Alfred Berg Group (1984–1993). CEO of investment company Svolder AB (publ) (1993–2023). Board member of GARO Aktiefbolag (2020–2023).

**Other current offices**

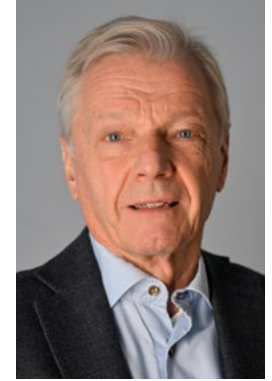
–

**Shareholding**

23,000 shares.

**Independence**

Independent in relation to company management. Not independent in relation to major shareholders.



**Leif Nilsson**  
Board Member  
since 2014

**Born**  
1952

**Education**

MSc in Polymer Chemistry from Lund University, Faculty of Engineering, LTH.

**Other experience**

CEO of Arla Plast, 2004–2012 and Trioplast Landskrona AB, 1999–2004. Chairman and industry representative for the Swedish Plastics Industry Association (SPIF), 2015–2020. Board member of Svensk Plaståtervinning i Motala AB, 2015–2020.

**Other current offices**

Chairman and CEO of RentUS AB, RIN-pack AB and Cycli-cor AB. Board member of Bioextrax AB (publ) and S Q i Sverige AB.

**Shareholding**

650 shares.

**Independence**

Independent in relation to company management and major shareholders.

**Board of Directors, cont.**

**Ola Salmén**  
Board Member  
since 2018

**Born**  
1954

**Education**

MSc in Economics and Business from Stockholm University.

**Other experience**

Deputy CEO and CFO of Sandvik AB, 2009–2012. Previously CFO of V&S Vin & Sprit AB, among others.

**Other current offices**

Board member of Hasseludden Konsult AB.

**Shareholding**

1,900 shares.

**Independence**

Independent in relation to company management and major shareholders.



**Thomas Widstrand**  
Board Member  
since 2023

**Born**  
1957

**Education**

MBA from the University of Gothenburg School of Business, Economics and Law.

**Other experience**

CEO, Troax AB, 2008–. Previously CEO of Borås Wäfveri AB and Cardo Pump AB.

**Other current offices**

Board member of Troax Group AB and Balco AB.

**Shareholding**

–

**Independence**

Independent in relation to company management and major shareholders.



**Annika Erlandsson**  
Employee representative  
since 2022  
Appointed by Unionen

**Born**  
1965

**Other experience**

Transport Planner at Arla Plast.

**Shareholding**

650 shares.



**Klas Renlund**  
Employee representative  
since 2022  
Appointed by IF Metall

**Born**  
1981

**Other experience**

Machine operator for three machines and former technician for opaque products at Arla Plast.

**Shareholding**

–

# Management



**Christian Krichau**  
President and Group  
CEO since 2021

**Born**  
1976

**Education**  
Executive MBA from Stockholm University.

**Other experience**  
Purchasing Manager at Arla Plast, 2015–2019, among other positions. Purchasing Manager at Gbo Fastening Systems AB and Biltema Sweden AB.

**Shareholding**  
2,000 shares.



**Monica Ljung**  
CFO since 2005

**Born**  
1966

**Education**  
MSc in Economics and Business from Örebro University.

**Other experience**  
CFO at Danagårds Grafiska AB, Financial Controller and Head of Accounting at HDF-Bolagen AB, CFO of Zanda AB and in charge of the financial management of a newly established distribution company within Atlas Copco.

**Shareholding**  
2,000 shares.



**Mimmi Alladin**  
Commercial Director  
since 2023

**Born**  
1977

**Education**  
Master of Science in Chemical Engineering and Bachelor of Science in Business Administration.

**Other experience**  
Business Line Manager Service, Atlas Copco Industriteknik AB, 2020–2023, Business Unit Manager Food & Pharma, AFRY AB, 2019–2020, Nordic Head of Business Development, Siemens AB, 2015–2019.

**Shareholding**  
–



**Sören Fischer**  
Operations Director  
Germany since 2022

**Born**  
1975

**Education**  
Business school.

**Other experience**  
Business Director and CEO at Alphalex GmbH, 2022. Owner of KSF Kunststoffe e.K. 2009–2022.

**Shareholding**  
–



**Tomas Jon**  
Operations Director  
Czech Republic  
since 2008

**Born**  
1972

**Education**  
MSc in Economics and Industry Management from Brno University of Technology.

**Other experience**  
Plant Manager at FTE Automotive, Czech Republic, and Vice President of Schott Electronic Packaging.

**Shareholding**  
100,000 shares.



**Anna Russberg**  
Operations Director  
Sweden since 2023

**Born**  
1982

**Education**  
BSc in Psychology from Uppsala University.

**Other experience**  
Information and Transformation Manager at Arla Plast, 2020–2022. Previously worked in Operations Excellence at Jotun A/S and Jotun Saudi Arabia.

**Shareholding**  
–



# Financial report

## FINANCIAL REPORT

# Directors' report

The Board of Directors and the CEO of Arla Plast AB, company registration number 556131–2611, with its registered office in Borensberg, Motala municipality, Sweden, hereby present the annual report and consolidated financial statements for the 2023 financial year. The company's reporting currency is Swedish kronor (SEK), and all amounts are expressed in SEK million unless otherwise stated. Arla Plast AB has two subsidiaries: Arla Plast s.r.o, with production in the Czech Republic, and Alphaplex GmbH with a sales office and distribution centre in Germany.

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 many uses in a range of industries.

Arla Plast operates internationally, with sales to over 45 countries, focusing primarily on the European market. Sales are handled by local sales representatives and centrally based key account managers. The Group has three production facilities, located in Borensberg, Sweden, and in Kadaň and Pelhřimov in the

Czech Republic, along with a distribution unit in Hüllhorst, Germany.

- The sales volume was 19,232 tonnes (18,657), an increase of 3%.
- Net sales amounted to SEK 1,015.1 million (957.8), an increase of 6%. In organic terms, the decrease was 3%.
- Operating profit was SEK 91.6 million (47.0), an increase of 95%.
- The operating margin increased to 9.0% (4.9).
- Profit for the period was SEK 66.9 million (34.4), an increase of 94%.
- Basic earnings per share amounted to SEK 3.29 (1.72) and SEK 3.19 (1.64) after dilution.
- Net debt was SEK -81.3 million (76.7) at the end of the period, corresponding to -0.6x (0.9) EBITDA.
- The Board of Directors proposes a dividend of SEK 1.25 per share (1.00) corresponding to 39% (58) of the profit for the year.

## Group in key figures\*

|  | 2023    | 2022   | Δ, % |
|--|---------|--------|------|
| Sales volume, tonnes                             | 19,232  | 18,657 | 3    |
| Net sales, SEK million                           | 1,015.1 | 957.8  | 6    |
| EBITDA, SEK million                              | 139.5   | 89.1   | 57   |
| Adjusted EBITDA, SEK million                     | 139.5   | 90.3   | 54   |
| Operating profit, SEK million                    | 91.6    | 47.0   | 95   |
| Adjusted operating profit, SEK million           | 91.6    | 48.2   | 90   |
| Operating margin, %                              | 9.0     | 4.9    | 84   |
| Adjusted operating margin, %                     | 9.0     | 5.0    | 80   |
| Profit for the year, SEK million                 | 66.9    | 34.4   | 94   |
| Earnings per share, basic, SEK                   | 3.29    | 1.72   | 91   |
| Earnings per share, diluted, SEK                 | 3.19    | 1.64   | 95   |
| Net debt/EBITDA, multiple                        | -0.6    | 0.9    | n/a  |
| Net debt, SEK million                            | -81.3   | 76.7   | n/a  |
| Cash flow from operating activities, SEK million | 165.5   | 86.7   | 91   |
| Equity/assets ratio, %                           | 72.4    | 67.9   | 7    |

\*For definitions and alternative performance measures, see pages 82–85.



## FINANCIAL REPORT, CONT.

### Net sales and operating profit

Arla Plast's sales volume for the full year 2023 increased by 3% to 19,232 tonnes (18,657) compared with the previous year. Net sales amounted to SEK 1,015.1 million (957.8), an increase of 6%. In organic terms, the decrease was 3%. The gross margin rose to 21.6% (15.5). The gross margin was positively affected mainly by a change in the product mix, with a larger share of special products and improved use of materials.

Operating profit for 2023 was SEK 91.6 million (47.0), an increase of 95%. The operating margin was 9.0% (4.9). The operating profit was positively affected by an improved gross profit. Electricity subsidies received of SEK 5.5 million are included in the Sweden segment. Approximately SEK 2.5 million of provision charges were charged against operating profit for the disposal of a machine taken out of service in the Czech Republic segment.

### Profit for the year and earnings per share

For 2023, profit before tax amounted to SEK 86.0 million (44.4). Net financial income and expenses totalled SEK -5.6 million (-2.6), including interest expenses of SEK -2.6 million (-2.2). Tax for 2023 was SEK -19.1 million (-10.0), which corresponds to an effective tax rate of 22.2% (22.4). Profit for the period was SEK 66.9 million (34.4) for the full year, and basic earnings per share were SEK 3.29 (1.72) and diluted earnings per share were SEK 3.19 (1.64).

### Cash flow

For the full year, cash flow from operating activities was SEK 165.5 million (86.7). The improved cash flow was due to a positive effect from the change in working capital and improved operating profit.

Cash flow from investing activities in 2023 amounted to SEK -6.4 million (-63.5) and mainly related to maintenance investments in the three production facilities.

Cash flow from financing activities amounted to SEK -24.0 million (3.8) for the full year and includes dividends of SEK -20.0 million, repayment of loans of SEK -9.4 million, reduced utilization of overdraft facilities of SEK -14.9 million and proceeds from share option programmes of SEK 29.2 million.

### Investments

Arla Plast continuously invests in production equipment and in its production units. The Group's investments in property, plant and equipment totalled SEK 6.4 million (17.4) in 2023. Total depreciation/amortization for 2023 amounted to SEK -47.9 million (-42.0).

### Financial position

Arla Plast's total assets amounted to SEK 785.2 million as of 31 December 2023 (736.0).

The Group's net cash was SEK 81.3 million as of 31 December 2023 (-76.7), which corresponds to 0.6x EBITDA (-0.9). Net debt has become net cash due to proceeds from share option programmes and improved cash flow.

The Group's equity/assets ratio, i.e. equity at the end of the period as a percentage of total assets, was 72.4% (67.9).

### 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. For the full period, net sales were SEK 608.7 million (610.1) and operating profit was SEK 55.6 million (36.2). Cash and cash equivalents as of 31 December 2023 amounted to SEK 116.3 million compared with SEK 40.8 million as of 31 December 2022.

### Segment

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

#### Sweden

| Key performance indicators    | 2023   | 2022   | Δ,% |
|-------------------------------|--------|--------|-----|
| Sales volume, tonnes          | 12,175 | 12,003 | 1   |
| Net sales, SEK million        | 608.7  | 610.1  | -   |
| Operating profit, SEK million | 55.6   | 36.3   | 53  |
| Operating margin, %           | 9.1    | 5.9    | 54  |

Sales volumes for the full year 2023 increased by 1%. Net sales were in line with the previous year, corresponding to SEK 608.7 million (610.1). Operating profit increased to SEK 55.6 million (36.3), due mainly to higher gross profit. The SEK 5.5 million reimbursement of previous electricity costs had a positive impact on the operating profit. The operating margin increased to 9.1% (5.9).

## FINANCIAL REPORT, CONT.

### Czech Republic

| Key performance indicators    | 2023  | 2022  | Δ,% |
|-------------------------------|-------|-------|-----|
| Sales volume, tonnes          | 6,473 | 6,879 | -6  |
| Net sales, SEK million        | 350.2 | 339.6 | 3   |
| Operating profit, SEK million | 35.2  | 10.7  | 229 |
| Operating margin, %           | 10.1  | 3.2   | 216 |

Sales volumes for 2023 decreased by 6%. Net sales rose by 3% to SEK 350.2 million (339.6) and, taking into account exchange rate fluctuations, the organic decrease was 7%. Net sales were negatively affected by the lower sales volumes and falling raw material prices, but were able to be offset by special projects for industrial applications. Operating profit amounted to SEK 35.2 million (10.7) and the operating margin increased to 10.1% (3.2). Approximately SEK 2.5 million of provision charges were charged against operating profit for the disposal of a machine taken out of service. The gross margin improved mainly as a result of the favourable product mix.

### Germany

| Key performance indicators    | 2023  | Aug-Dec 2022 | Δ,% |
|-------------------------------|-------|--------------|-----|
| Sales volume, tonnes          | 2,132 | 920*         | –   |
| Net sales, SEK million        | 117.7 | 47.4         | –   |
| Operating profit, SEK million | 4.1   | 2.7          | –   |
| Operating margin, %           | 3.5   | 5.7          | –   |

\* Consolidation started on 1 August 2022.

For the full year 2023, the sales volume amounted to 2,132 tonnes (920). Net sales totalled SEK 117.7 million (47.4) and operating profit totalled SEK 4.1 million (2.7). The operating margin was 3.5% (5.7).

### Seasonal variations

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

### Share ownership

As of 31 December 2023, Svolder AB owned 15%, Mats Synnersten AB 14%, K Synnersten Holding AB 13%, Jan Synnersten AB 11%, Ranzom AB 11%, Swedia Invest AB

10%, Nordea Investment Funds 8% and Roosgruppen AB 5%. Arla Plast AB has a total of 2,150 shareholders. During the financial year, 980,000 shares, corresponding to 4.9% of the share capital, were subscribed for via a warrant programme.

### Financial targets

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

### Sales growth

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

### Operating margin

The operating margin should be at least 10% over a business cycle.

### Net debt

The ratio of net debt to EBITDA should not exceed 2.5x.

### Dividend policy

The dividend to shareholders should be approximately 30–50% of profit for the year. Decisions on dividends should reflect the company's financial position, cash flow and investment needs.

### Significant events during the financial period

Market volumes rebounded in the second half of 2023 after a long period of declining volumes.

Raw material prices decreased during the year, from high levels at the beginning of 2023, and the availability of raw materials was relatively good during the year.

### Significant events after the end of the financial period

After many years working for the Group, Monica Ljung, CFO of Arla Plast, has decided, at her own request, to resign from her position to take on new challenges outside the Group. Monica will continue to work during her notice period until mid-May 2024. The recruitment of a new CFO has begun.

Arla Plast AB has signed a letter of intent with the shareholders of Nudec S.A. regarding the acquisition of 100% of its shares. If the acquisition takes place, it will strengthen the Arla Plast Group's geographical position in Europe and further broaden its product portfolio. Like Arla Plast, Nudec is a supplier and producer of extruded sheets of technical plastic materials, based just outside of Barcelona, Spain. Nudec occupies a strong position in southern Europe. Founded in 1980, the company has a

## FINANCIAL REPORT, CONT.

successful history of profitability and growth, although its 2022 results were comparatively weak. Nudac's net sales in 2022 amounted to approximately EUR 57 million, corresponding to just over SEK 600 million. The parties aim to finalize the transaction in the first half of 2024.

No further significant events have occurred since the end of the reporting period.

### Significant risks and uncertainties

Exposure to risk is, to a greater or lesser extent, inherent to the business. Arla Plast's risk management consists of identifying, measuring and trying to prevent these risks from becoming reality, while continually implementing improvements to reduce potential risks. The Group's risks have been divided into four overall risk areas: Operational Risk, Strategic Risk, Financial Risk and Compliance Risk. For each individual risk, the probability and impact on Arla Plast's operations are assessed, with a subsequent action plan. Reporting, monitoring and controls are carried out through formally established procedures and processes.

The supply and price of key raw materials is one of the most material operational risks. The primary and most important raw material component in production is PC, ABS and PETG granules, and Arla Plast has chosen to coordinate all purchases of granules centrally to benefit from economies of scale and obtain competitive prices and conditions from suppliers. Close internal monitoring is also carried out in order to respond and adjust customer prices. High volatility in the purchase price of key raw materials entails a certain risk of material shortages and profit risk. Arla Plast may experience disruptions for various reasons, but has good potential to move production between machines and units, thereby ensuring that orders can be fulfilled. Arla Plast's sales are aimed at a large number of customers, which means that the Group's exposure to individual customer losses is limited. To minimize the risk of customer losses, the Group has predominantly insured its accounts receivable against customer losses. Litigation risk refers to the costs that may be incurred as a result of the Group being a party to various legal disputes. The Group companies were not involved in any major, material disputes during the year.

Strategic risk mainly relates to macroeconomic factors and geopolitical conditions. Arla Plast is active on a global market and sells products to most countries around the world. For this reason, demand for Arla Plast's products is affected by general macroeconomic factors, including general economic conditions, 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 customers could have

a negative impact on demand for Arla Plast's products, and could have an adverse effect on Arla Plast's operations, financial position and earnings. The Group actively monitors these risks in order to adapt its operations where necessary. Arla Plast faces competition in the various markets from both small and relatively large companies and continuously streamlines its production, distribution and organization in order to maintain its competitiveness. Furthermore, Arla Plast endeavours to build long-term relationships with customers and create added value through our conduct.

With regard to compliance risk, Arla Plast's operations are affected by a number of laws and regulations at both national and international levels. For this reason, significant resources and costs are dedicated to ensuring compliance with the applicable rules, as well as to monitoring future regulations. Arla Plast is also developing and adapting procedures to identify tax-related risks in order to be able to appropriately manage them.

Financial risk includes 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. For a description of financial risks, please see note 3.

### Sustainability and the environment

Arla Plast aims to 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. None of the companies in the Group conduct operations that are subject to permit or notification requirements.

Arla Plast's reputation is valuable, and the company endeavours to leverage this asset, which can be affected by its actions and by external stakeholders. Arla Plast aims to be a good corporate citizen wherever the Group operates. A Code of Conduct has been formulated and implemented within the Group to ensure that all employees and representatives within Arla Plast comply with good business practice.

A good, safe working environment is a strategically important issue for the Group. Great importance is attached to preventive work, which is carried out in cooperation between management, employees, the Group's safety organization and occupational health services. Arla Plast has certifications in place for quality management, environment and occupational health and safety to the ISO 9001, ISO 14001 and ISO 45001 standards.

## FINANCIAL REPORT, CONT.

### Research and development

The aim of the Group's research and development is to find new areas of use that create added value for customers. Research and development is a high priority within the Group and also includes development of production technology, manufacturing processes and IT systems where necessary. This work is mainly carried out in or close to production and in close collaboration with customers. There is an extensive exchange of experience between segments to create synergies and new ideas for the future, with prioritization of products with a smaller environmental footprint. Arla Plast expenses development of new products and production processes on an ongoing basis as part of its operating activities.

### Personnel

For 2023, the average number of full-time employees in the Group was 256 (253), an increase of three people. During the year, women accounted for 25% (25) of employees. For further information on employees, please see note 9.

Arla Plast works to achieve a consistent corporate culture throughout the organization and promotes a professional approach through Group-wide guidelines and principles, including by implementing its Code of Conduct. Arla Plast has standardized processes and tools for employee performance appraisals, job descriptions, succession planning and skills development to ensure a solid platform for the business while leveraging the capabilities of its employees.

### Expected future developments

That market demand has started to stabilize and is now stronger than it was a year ago is a positive factor. Looking ahead, we see a continued consolidation of players and it is difficult to predict how this will affect the market. We will maintain our long-term focus while remaining adaptable to short-term challenges.

### Proposal for the appropriation of profit

The Group's retained earnings according to the consolidated balance sheet amount to SEK 483.8 million (436.9), and the corresponding amount for the parent company is SEK 245.2 million (199.9).

#### The Board of Directors proposes that the available earnings in SEK

|  |                    |
|--|--------------------|
| Retained earnings and reserves   | 208,915,526        |
| Comprehensive income for the year  | 36,325,349         |
| <b>Total</b>   | <b>245,240,875</b> |
| Be allocated such that shareholders receive a dividend of SEK 1.25 per share | 26,225,000         |
| Be carried forward   | 219,015,875        |
| <b>Total</b>   | <b>245,240,875</b> |

### Opinion of the Board of Directors on the proposed dividend

The Board of Directors is of the opinion that the proposed dividend will not prevent the company from fulfilling its obligations in the short and long term, nor from making the necessary investments. The proposed dividend can therefore be justified with regard to the provisions of Chapter 17, Section 3, paragraphs 2–3 of the Swedish Companies Act. The company's equity/assets ratio is satisfactory in view of the fact that operations continue to be conducted profitably. The company's liquidity is expected to be maintained at a similarly satisfactory level. In making the proposal, the Board has taken into account the fact that the company is facing a potential acquisition which, if completed, will be financed by its own funds and loans.

## FINANCIAL REPORT, CONT.

# Multi-year review

## Group performance in key figures\*

|  | 2023    | 2022   | 2021   | 2020   | 2019   |
|--|---------|--------|--------|--------|--------|
| Sales volume, tonnes                   | 19,232  | 18,657 | 22,646 | 23,992 | 19,120 |
| Net sales, SEK million                 | 1,015.1 | 957.8  | 927.5  | 884.7  | 794.6  |
| EBITDA, SEK million                    | 139.5   | 89.1   | 124.4  | 141.1  | 101.0  |
| Adjusted EBITDA, SEK million           | 139.5   | 90.3   | 130.5  | 148.8  | 101.4  |
| Operating profit, SEK million          | 91.6    | 47.0   | 86.2   | 105.9  | 65.1   |
| Adjusted operating profit, SEK million | 91.6    | 48.2   | 92.3   | 113.6  | 65.5   |
| Operating margin, %                    | 9.0     | 4.9    | 9.3    | 12.0   | 8.2    |
| Adjusted operating margin, %           | 9.0     | 5.0    | 10.0   | 12.8   | 8.2    |
| Profit before tax, SEK million         | 86.0    | 44.4   | 85.5   | 100.6  | 65.8   |
| Profit for the year, SEK million       | 66.9    | 34.4   | 68.1   | 80.2   | 51.8   |
| Net debt, SEK million                  | -81.3   | 76.7   | 44.5   | 37.0   | 44.1   |
| Net debt/EBITDA, multiple              | -0.58   | 0.86   | 0.36   | 0.26   | 0.44   |
| Working capital/sales, %               | 23.2    | 29.0   | 27.6   | 21.2   | 27.7   |
| Return on capital employed (ROCE), %   | 14.2    | 8.3    | 18.8   | 22.9   | 12.6   |
| Organic growth, %                      | -3      | -3     | 5      | 13     | -1     |
| Equity/assets ratio, %                 | 72.4    | 67.9   | 72.6   | 67.6   | 65.3   |
| Average number of full-time employees  | 256     | 253    | 265    | 258    | 256    |

\*For definitions and alternative performance measures, see pages 82–85.

## Parent company performance in key figures

|   | 2023  | 2022  | 2021  | 2020  | 2019  |
|---|-------|-------|-------|-------|-------|
| Net sales, SEK million                    | 608.7 | 610.1 | 618.5 | 614.1 | 519.1 |
| Operating margin, %                       | 9.1   | 5.9   | 10.4  | 14.1  | 8.2   |
| Profit after financial items, SEK million | 51.0  | 32.2  | 64.2  | 82.5  | 41.7  |
| Return on equity, %                       | 14.2  | 10.3  | 22.1  | 29.4  | 14.8  |
| Total assets, SEK million                 | 499.7 | 462.7 | 417.9 | 396.6 | 468.6 |
| Equity/assets ratio, %                    | 72.0  | 67.2  | 75.5  | 66.6  | 63.5  |
| Average number of full-time employees     | 137   | 132   | 143   | 140   | 147   |

## FINANCIAL REPORT, CONT.

# Consolidated statement of comprehensive income

| Amounts in SEK million  | Note     | 2023         | 2022         |
|---|----------|--------------|--------------|
| Net sales   | 6        | 1,015.1      | 957.8        |
| Cost of goods sold  | 8.9      | -795.8       | -809.1       |
| <b>Gross profit</b>   |          | <b>219.3</b> | <b>148.7</b> |
| Selling expenses  | 8.9      | -72.9        | -60.1        |
| Administrative expenses   | 8.9      | -65.3        | -50.5        |
| Other operating income  | 10,14    | 10.6         | 10.4         |
| Other operating expenses  | 11,14,36 | -0.1         | -1.5         |
| <b>Operating profit</b>   |          | <b>91.6</b>  | <b>47.0</b>  |
| Financial income  | 12,14    | –            | 2.7          |
| Financial expenses  | 12,14    | -5.6         | -5.3         |
| <b>Profit before tax</b>  |          | <b>86.0</b>  | <b>44.4</b>  |
| Tax expense   | 13       | -19.1        | -10.0        |
| <b>Profit for the year</b>                                      |          | <b>66.9</b>  | <b>34.4</b>  |
| <b>Other comprehensive income</b>                               |          |              |              |
| Items that may be reclassified to profit or loss for the year:  |          |              |              |
| Exchange differences from the translation of foreign operations |          | -7.6         | 25.8         |
| <b>Other comprehensive income for the year</b>                  |          | <b>-7.6</b>  | <b>25.8</b>  |
| <b>Total comprehensive income for the year</b>                  |          | <b>59.3</b>  | <b>60.2</b>  |
| Amounts in SEK  |          |              |              |
| Earnings per share, basic                                       | 15       | 3.29         | 1.72         |
| Earnings per share, diluted                                     | 15       | 3.19         | 1.64         |

Profit for the year and total comprehensive income for the year are attributable in their entirety to parent company shareholders.

## FINANCIAL REPORT, CONT.

# Consolidated statement of financial position

| Amounts in SEK million              | Note  | 31 Dec 2023  | 31 Dec 2022  |
|-------------------------------------|-------|--------------|--------------|
| <b>ASSETS</b>                       |       |              |              |
| <b>Non-current assets</b>           |       |              |              |
| Intangible non-current assets       | 17    | 30.9         | 32.8         |
| Property, plant and equipment       | 18    | 238.0        | 272.9        |
| Right-of-use assets                 | 19    | 26.0         | 32.0         |
| <b>Total non-current assets</b>     |       | <b>294.9</b> | <b>337.7</b> |
| <b>Current assets</b>               |       |              |              |
| Inventories                         | 22    | 173.2        | 216.1        |
| Accounts receivable                 | 20,21 | 126.2        | 118.4        |
| Other current receivables           | 20,23 | 11.8         | 11.4         |
| Prepaid expenses and accrued income | 24    | 2.8          | 3.0          |
| Derivative assets                   | 20    | 0.2          | 1.5          |
| Cash and cash equivalents           | 20,25 | 176.1        | 47.9         |
| <b>Total current assets</b>         |       | <b>490.3</b> | <b>398.3</b> |
| <b>TOTAL ASSETS</b>                 |       | <b>785.2</b> | <b>736.0</b> |

## FINANCIAL REPORT, CONT.

# Consolidated statement of financial position, cont.

| Amounts in SEK million  | Note   | 31 Dec 2023  | 31 Dec 2022  |
|---|--------|--------------|--------------|
| <b>EQUITY</b>   |        |              |              |
| Share capital   | 26     | 2.5          | 2.4          |
| Other capital contributions                                     |        | 30.7         | 1.7          |
| Translation reserve   |        | 51.4         | 59.0         |
| Retained earnings (including profit for the year)               |        | 483.8        | 436.9        |
| <b>Total equity attributable to parent company shareholders</b> |        | <b>568.4</b> | <b>500.0</b> |
| <b>LIABILITIES</b>  |        |              |              |
| <b>Non-current liabilities</b>                                  |        |              |              |
| Liabilities to credit institutions                              | 20, 27 | 5.8          | –            |
| Non-current portion of lease liabilities                        | 19     | 18.6         | 24.4         |
| Deferred tax liabilities  | 28     | 41.7         | 44.4         |
| <b>Total non-current liabilities</b>                            |        | <b>66.1</b>  | <b>68.8</b>  |
| <b>Current liabilities</b>                                      |        |              |              |
| Liabilities to credit institutions                              | 20, 27 | 62.7         | 92.5         |
| Current portion of lease liabilities                            | 19     | 7.6          | 7.7          |
| Accounts payable  | 20     | 16.6         | 20.2         |
| Current tax liabilities   |        | 5.3          | 1.9          |
| Other liabilities   | 20, 29 | 22.7         | 23.6         |
| Accrued expenses and deferred income                            | 30     | 35.8         | 21.3         |
| <b>Total current liabilities</b>                                |        | <b>150.7</b> | <b>167.2</b> |
| <b>Total liabilities</b>  |        | <b>216.8</b> | <b>236.0</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |        | <b>785.2</b> | <b>736.0</b> |



## FINANCIAL REPORT, CONT.

# Consolidated statement of changes in equity

| Amounts in SEK million  | Attributable to parent company shareholders |                             |                     |  | Total equity |
|---|---|-----------------------------|---------------------|--|--------------|
|   | Share capital                               | Other capital contributions | Translation reserve | Retained earnings, including profit for the year |              |
| <b>Opening balance, 1 January 2022</b>                            | <b>2.4</b>                                  | <b>1.7</b>                  | <b>33.2</b>         | <b>432.5</b>                                     | <b>469.8</b> |
| Profit for the year   | –   | –                           | –                   | 34.4   | 34.4         |
| Other comprehensive income for the year                           | –   | –                           | 25.8                | –  | 25.8         |
| <b>Total comprehensive income for the year</b>                    | <b>2.4</b>                                  | <b>1.7</b>                  | <b>59.0</b>         | <b>466.9</b>                                     | <b>530.0</b> |
| <b>Transactions with shareholders in their capacity as owners</b> |   |                             |                     |  |              |
| Dividend  | –   | –                           | –                   | -30.0  | -30.0        |
| <b>Closing balance, 31 December 2022</b>                          | <b>2.4</b>                                  | <b>1.7</b>                  | <b>59.0</b>         | <b>436.9</b>                                     | <b>500.0</b> |
| <b>Opening balance, 1 January 2023</b>                            | <b>2.4</b>                                  | <b>1.7</b>                  | <b>59.0</b>         | <b>436.9</b>                                     | <b>500.0</b> |
| Profit for the year   | –   | –                           | –                   | 66.9   | 66.9         |
| Other comprehensive income for the year                           | –   | –                           | -7.6                | –  | -7.6         |
| <b>Total comprehensive income for the year</b>                    | <b>2.4</b>                                  | <b>1.7</b>                  | <b>51.4</b>         | <b>503.8</b>                                     | <b>559.3</b> |
| <b>Transactions with shareholders in their capacity as owners</b> |   |                             |                     |  |              |
| Dividend  | –   | –                           | –                   | -20.0  | -20.0        |
| New share issues resulting from warrants                          | 0.1   | 29.1                        | -                   | -  | 29.2         |
| <b>Closing balance, 31 December 2023</b>                          | <b>2.5</b>                                  | <b>30.7</b>                 | <b>51.4</b>         | <b>483.8</b>                                     | <b>568.4</b> |

## FINANCIAL REPORT, CONT.

# Consolidated statement of cash flows

| Amounts in SEK million   | Note | 2023         | 2022         |
|--|------|--------------|--------------|
| <b>Cash flow from operating activities</b>                                   |      |              |              |
| Operating profit   |      | 91.6         | 47.0         |
| Adjustment for non-cash items  | 34   | 47.2         | 45.6         |
| Interest received  |      | 3.3          | 3.5          |
| Interest paid  |      | -5.2         | -2.6         |
| Income tax paid  |      | -10.9        | -21.7        |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>126.0</b> | <b>71.8</b>  |
| <b>Cash flow from changes in working capital</b>                             |      |              |              |
| Increase (-)/decrease (+) in inventories                                     |      | 41.3         | 0.2          |
| Increase (-)/decrease (+) in operating receivables                           |      | -13.3        | 29.6         |
| Increase (+)/decrease (-) in operating liabilities                           |      | 11.5         | -14.9        |
| <b>Total change in working capital</b>                                       |      | <b>39.5</b>  | <b>14.9</b>  |
| <b>Cash flow from operating activities</b>                                   |      | <b>165.5</b> | <b>86.7</b>  |
| <b>Cash flow from investing activities</b>                                   |      |              |              |
| Investments in property, plant and equipment                                 | 18   | -6.4         | -17.4        |
| Acquisitions   |      | –            | -46.1        |
| <b>Cash flow from investing activities</b>                                   |      | <b>-6.4</b>  | <b>-63.5</b> |
| <b>Cash flow from financing activities</b>                                   |      |              |              |
| Dividend   |      | -20.0        | -30.0        |
| Reduced use of overdraft facility  | 33   | -14.9        | -9.9         |
| Borrowing from credit institutions   | 33   | 107.7        | 65.7         |
| Repayments related to lease liabilities                                      | 33   | -8.9         | -6.6         |
| Repayment of liabilities to credit institutions                              | 33   | -117.1       | -15.4        |
| New share issues   |      | 29.2         | –            |
| <b>Cash flow from financing activities</b>                                   |      | <b>-24.0</b> | <b>3.8</b>   |
| <b>Decrease/increase in cash and cash equivalents</b>                        |      | <b>135.1</b> | <b>27.0</b>  |
| Cash and cash equivalents at start of year                                   |      | 47.9         | 18.6         |
| Exchange differences in cash and cash equivalents                            |      | -6.9         | 2.3          |
| <b>Cash and cash equivalents at year-end</b>                                 | 25   | <b>176.1</b> | <b>47.9</b>  |

## FINANCIAL REPORT, CONT.

# Group notes

## Note 1 General information

Arla Plast AB, company registration number 556131-2611, is a limited liability company registered in Sweden with its registered office in Borensberg. The address of the head office is Box 33, 591 06 Borensberg, Sweden. The parent company and its subsidiaries (which jointly form the Group) manufacture and sell extruded sheets of plastic materials.

The Board of Directors approved these consolidated financial statements for publication on 26 March 2024.

Unless otherwise stated, all amounts are presented in millions of SEK (SEK million).

## Note 2 Summary of significant accounting policies

This note contains a list of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies were applied consistently for all years presented, unless otherwise stated. The consolidated financial statements include the parent company Arla Plast AB and its subsidiaries Arla Plast s.r.o. and Alphaplex GmbH.

are expected to be recovered or settled less than 12 months after the balance sheet date.

### Basis for preparation of the financial statements

The consolidated financial statements of the Arla Plast AB Group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared using the historical cost method, with the exception of financial instruments, which are measured at fair value (derivative instruments).

### Consolidated financial statements

The consolidated financial statements include the parent company Arla Plast AB and its wholly owned subsidiaries Arla Plast s.r.o. and Alphaplex GmbH. The subsidiaries are included in the consolidated financial statements from the date on which control was transferred to the Group. Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated.

The preparation of statements in compliance with IFRS requires the use of certain critical accounting estimates. Furthermore, management is required to make certain assumptions and judgements in the application of the Group's accounting policies. These estimates and assumptions are generally based on historical experience and other factors, including expectations of future events. The actual outcome may differ from the estimates that were made. Estimates and judgements may affect the statement of comprehensive income and the statement of financial position, as well as additional information provided in the financial statements. Accordingly, changes in estimates and judgements may result in changes to the financial statements.

### Segment reporting

Arla Plast's operations are reported by segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The CEO is the chief operating decision-maker of the Arla Plast Group and evaluates the Group's financial position and earnings and makes strategic decisions. The CEO assesses the business based on the three operating segments, Sweden, the Czech Republic and Germany, and mainly uses net sales and adjusted operating profit to assess the performance of the segments.

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements have been prepared in accordance with the acquisition method of accounting.

### Business combinations

The acquisition method is used to account for the acquisition of subsidiaries and businesses. The excess consisting of the difference between the cost and the fair value of identifiable net assets acquired is recognised as goodwill.

Gross accounting is consistently applied to recognition of assets and liabilities, except where both a receivable and a payable exist in relation to the same counterparty and they are legally allowed to be set off and the intention is to do so. Gross accounting is also applied to income and expenses unless otherwise stated.

### Translation of foreign currency

#### *Functional currency and presentation currency*

The various entities within the Group use the local currency as their functional currency. The consolidated financial statements use the Swedish krona (SEK), which is the parent company's functional currency and the Group's presentation currency.

Non-current assets, non-current liabilities and provisions are expected to be recovered or settled more than 12 months after the balance sheet date. Current assets and current liabilities

#### *Transactions and balance sheet items*

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized

## FINANCIAL REPORT, CONT.

in Other operating income and expenses in the statement of comprehensive income. Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognized in the statement of comprehensive income as financial income or expense.

### *Translation of foreign Group companies*

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 are translated from the functional currency of the subsidiary into the Group's presentation currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses are translated into SEK at the average exchange rate. Translation differences arising from translation of the accounts of foreign operations are recognized in other comprehensive income.

### **Revenue recognition**

The Group's revenue is mainly from the sale of extruded plastic sheets. Services related to goods sold represent a limited part of the revenue. The services that Arla Plast offers its customers are linked to a product that the customer has ordered and are therefore not services that the customer can purchase separately. The additional services are not considered to be distinct, but together with the goods constitute a performance commitment.

The time from order to delivery is usually short.

The transaction price in the respective contract with the customer is usually a fixed amount, but sometimes products are sold with volume discounts based on cumulative sales over a 12-month period. Sales commissions may accrue on paid accounts receivable. Each order is considered to be a customer contract, and the additional expenditure to obtain a customer contract is expensed as incurred since the contracts are short-term. A liability, included in the item Other liabilities, is recognized for expected volume discounts in relation to sales up to the balance sheet date. Accounts receivable are recognized when the goods have been delivered and invoiced.

Other 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. Financial income includes interest income and foreign exchange gains related to financial assets and liabilities. See also sections on recognition of financial assets and currencies.

### **Leasing**

Arla Plast has chosen to apply the relaxation rules allowed by the IFRS, which means that the consolidated statement of financial position does not include short-term leases and leases for which the underlying asset is of low value (EUR 5 thousand according to Arla Plast's application of the rules). Lease payments from these excluded contracts are recog-

nized as an operating expense on a straight-line basis over the lease term in accordance with previous guidance.

The Group has chosen not to separate lease and non-lease components.

Lease liabilities are initially recognized at the present value of future unpaid lease payments from the inception of the lease, discounted at either the implicit interest rate of the lease or, if this cannot be determined, the Group's marginal lending rate. In general, the Group uses the marginal lending rate as the discount rate.

### **Intangible non-current assets**

The Group continually evaluates whether internally generated intangible assets, such as capitalized development expenditure and internally updated expenditure on computer systems that have been substantially modified, can be capitalized. At present, the Group considers that no internally generated intangible assets meet the criteria for capitalization and therefore does not capitalize any such assets.

Intangible assets in trademarks and customer relationships have been acquired as part of business combinations. They are recognized at fair value at the point of acquisition and subsequently amortized on a straight-line basis over their estimated useful life of 10 years.

### **Property, plant and equipment**

Property, plant and equipment are recognized at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of assets is applied on a straight-line basis as follows in order to allocate cost down to the residual value over the estimated useful life:

|   |             |
|---|-------------|
| Buildings                               | 25–40 years |
| Land improvements                       | 20 years    |
| Machinery and other technical equipment | 10–15 years |
| Equipment                               | 3–10 years  |

### **Impairment of non-financial assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). What constitutes a relevant cash-generating unit depends on the nature of the asset to be tested for impairment and, in Arla Plast's operations, may be an individual machine, a production section, or a factory. For previously impaired assets, an assessment is made at each balance sheet date to determine whether a reversal should be made.

### **Financial instruments**

#### *Financial assets – Classification and measurement*

All of the Group's financial assets are measured at amortized cost, except for derivative instruments, if any, which are measured at fair value through profit or loss.

#### *Financial liabilities – Classification and measurement*

Financial liabilities are classified at amortized cost with the exception of derivative instruments, which are measured at

## FINANCIAL REPORT, CONT.

fair value through profit or loss. Financial liabilities measured at fair value through profit or loss consist of forward exchange contracts and currency options, and the Group does not apply hedge accounting.

### *Offsetting of financial instruments*

Financial assets and liabilities are offset and recognized at a net amount in the financial position only when there is a legal right to offset the recognized amounts and an intention to settle them at a net amount, or to realize the asset and settle the liability simultaneously. The legal right must not be dependent on future events and must be legally binding on the company and the counterparty, both in the normal course of business and in the event of default, insolvency or bankruptcy.

### *Impairment of financial assets*

The Group assesses the future expected credit losses associated with assets recognized at amortized cost. The Group recognizes a credit reserve for expected credit losses at each reporting date. The measurement of expected credit losses aims to reflect an objective, probability-weighted outcome that takes into account multiple scenarios based on reasonable and verifiable forecasts. For accounts receivable, the Group applies the simplified approach for loss allowances, meaning that the reserve will correspond to the expected loss for the entire lifetime of the account receivable.

To measure expected credit losses, accounts receivable have been grouped based on credit risk characteristics, which for the Group means the insured portion and the uninsured portion, as well as the number of days past due. The Group allocates all uninsured accounts receivable that are 60 days or more past due to the credit loss reserve. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active steps to obtain payment have been completed.

Expected credit losses are recognized in the consolidated statement of comprehensive income under other operating expenses.

### **Inventories**

The cost for finished goods produced in-house consists of direct material costs, direct salaries and associated indirect production costs (based on normal production capacity). The cost of inventories is allocated on based on weighted average cost.

### **Remuneration of employees**

#### *Pension obligations*

The Group has both defined-contribution and defined benefit pension plans.

The pension obligations for Swedish office-based employees, which are secured through insurance with Alecta, are reported as a defined-contribution plan. According to a statement from the Swedish Corporate Reporting Board, UFR 10 Accounting for the Pension Plan ITP 2, financed through insurance in Alecta, this is a defined-benefit multi-employer plan. For the 2023 financial year, the Group did not have access to information in order to be able to report its proportional share of the obligations of the plan, plan assets and costs and, therefore, it has not been possible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan is therefore reported as a defined-contribution plan.

The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance liabilities calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19 Employee Benefits. Normally, the collective consolidation level is permitted to vary between 125% and 175%. If Alecta's collective consolidation level is less than 125% or exceeds 175%, measures must be taken aimed at returning the consolidation level to the normal range. If the consolidation level is low, one measure may be raising the agreed price for new subscriptions and expanding existing benefits. If the consolidation level is high, one measure may be implementing premium reductions. At the end of the 2023 financial year, Alecta's surplus in the form of the collective consolidation ratio was 157% (172).

## Note 3 Financial risk management

### **Financial risk factors**

The Group is exposed through its activities to a variety of financial risks, mainly related to accounts receivable, accounts payable and liabilities to credit institutions: market risk (mainly comprising interest rate risk and currency risk), credit risk, liquidity risk and refinancing risk. The Group seeks to minimize potential adverse effects on its financial performance. The objective of the Group's financial activities is to:

- ensure that the Group can meet its payment obligations
- manage financial risks
- ensure access to the necessary funding
- optimize the Group's net financial position

The Group's risk management is handled centrally in accordance with policies established by the Board of Directors. Financial risks are identified, evaluated and hedged in close cooperation with the Group's operating units. Responsibility for managing the Group's financial transactions and risks is centralized in the parent company.

### **Market risk**

#### *Currency risk*

The Group operates in Sweden and internationally and is exposed to currency risk arising from various currency exposures, mainly with respect to the EUR. Currency risk arises

## FINANCIAL REPORT, CONT.

when future business transactions or recognized assets and liabilities are expressed in a different currency to the company's functional currency, known as transaction exposure. Furthermore, the Group is exposed to currency risk, in the form of translation risk, when translating the income, expenses, assets and liabilities of the foreign subsidiaries into the Group's presentation currency, which is Swedish kronor (SEK).

Currency risk arises at Arla Plast mainly from cross-border trade, where pricing and invoicing are denominated in EUR. The sensitivity of earnings to changes in exchange rates therefore arises in EUR. Significant balance sheet items denominated in EUR can be found in accounts receivable and accounts payable. Accounts receivable denominated in EUR amount to SEK 91.6 million (92.8) and accounts payable in EUR amount to SEK 12.3 million (10.4). In addition, the Group borrows in the same currency as the trading currency (EUR) and may enter into forward exchange contracts and currency options to financially hedge future foreign currency flows. The Group's borrowings in foreign currencies amount to EUR 6.2 million (7.9). The Group has loans denominated in EUR that have a currency impact when translated into the functional currency of the respective company. For more information on currency derivatives, please see note 20.

### **Sensitivity analysis – transaction exposure**

The Group is mainly exposed to changes in the EUR exchange rate. The sensitivity of earnings to changes in exchange rates mainly arises from transactions in EUR within the Group. If the Swedish krona had been weakened/strengthened by 10% against the EUR, with all other variables held constant, the restated profit for the year and equity for the 2023 financial year would have been SEK 6.4 million (6.6) higher/lower, mainly as a result of gains/losses on the translation of accounts receivable, accounts payable and loans in EUR.

### **Sensitivity analysis – translation exposure**

If the Swedish krona had weakened/strengthened by 5% against the Czech koruna, with all other variables held constant, profit for the year and equity as of 31 December 2023 would have been SEK 12.1 million (12.3) higher/lower due to translation of the Czech subsidiary's income statement and balance sheet.

If the Swedish krona had weakened/strengthened by 5% against the euro, with all other variables held constant, profit for the year and equity as of 31 December 2023 would have been SEK 1.2 million (1.1) higher/lower due to translation of the German subsidiary's income statement and balance sheet.

### **Interest rate risk**

The Group's interest rate risk arises from borrowings. Amounts owed to credit institutions consist of bank loans denominated in SEK, CZK and EUR which bear interest at variable rates and expose the Group to cash flow interest rate risk. As of 31 December 2023, the average fixed interest rate period was 7.4 months (4.7 months). For further information on the Group's borrowings, please see note 27 Borrowings.

If interest rates on borrowings as of 31 December 2023 had been 200 basis points higher/lower, with all other variables held constant, profit for the year and equity for the financial year would have been SEK 1.3 million (1.1) lower/higher, mainly due to higher/lower interest expenses on floating rate borrowings.

### **Credit risk**

Financial assets in the form of accounts receivable represent a credit risk for the Group. Customer credit risk is managed in the context of operating activities by each Group company, and this management is based on the Group's established procedures and controls. Individual credit limits are identified for each customer based on guidelines, and opinions on limits are based on the estimated risk profile. It should also be noted that in some customer-related transactions, Arla Plast works with advance payments from counterparties, which may be due both to cash flow optimization and credit risk management. Arla Plast works actively to monitor and ensure that outstanding accounts receivable are paid.

In addition, Arla Plast insures the majority of its accounts receivable to reduce its credit risk. Of the accounts receivable that are insured, the insured portion usually amounts to 90%, excluding VAT on the invoice amount. Credit risk arises from cash and cash equivalents and deposits with banks. In cases where no independent credit assessment is available, a risk assessment is also conducted regarding the customer's creditworthiness, taking into account the customer's financial position, as well as previous experience and other factors. In order to reduce credit risk relating to cash and cash equivalents, the Group uses well-established and long-term financial counterparties with a rating of at least AA according to Standard & Poor's or similar institutions.

The credit loss reserve amounted to SEK 0.3 million as of 31 December 2023 (1.4); see note 21. Historically, actual credit losses have been low.

### **Liquidity risk**

Liquidity risk is defined as the risk that the Group incurs increased costs due to lack of liquidity. 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. This is done by preparing cash flow forecasts. 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 liquidity coverage ratios based on the consolidated statement of financial position in relation to internal and external requirements, and also prepares debt financing plans.

### **Refinancing risk**

Refinancing 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. The risk is limited by the fact that the Group has always confirmed unutilized credit facilities that are deemed to be sufficiently

## FINANCIAL REPORT, CONT.

large and by refinancing always commencing well in advance of loan maturity.

The following table analyses the Group's non-derivative financial liabilities and derivative instruments that are financial liabilities, broken down according to the time remaining at the balance sheet date until contractual maturity. The amounts shown in the table are the contractual undiscounted cash flows.

For derivative instruments, the fair values are disclosed, since the contractual cash flows are not material for assessing liquidity risk. Future cash flows in foreign currency and regarding floating interest rates have been calculated using the exchange and interest rates prevailing at the balance sheet date.

| As of 31 December 2023             | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|------------------------------------|--------------------|-----------------------------|-----------------------|-----------------------|-------------------|------------------------------|-----------------|
| <b>Financial liabilities</b>       |                    |                             |                       |                       |                   |                              |                 |
| Lease liabilities                  | 1.7                | 6.4                         | 7.2                   | 12.2                  | –                 | 27.5                         | 26.2            |
| Liabilities to credit institutions | 2.6                | 62.8                        | 3.7                   | 2.9                   | –                 | 72.0                         | 68.5            |
| Accounts payable                   | 16.6               | –                           | –                     | –                     | –                 | 16.6                         | 16.6            |
| Other liabilities                  | 15.0               | –                           | –                     | –                     | –                 | 15.0                         | 15.0            |
| <b>Total</b>                       | <b>35.9</b>        | <b>69.2</b>                 | <b>10.9</b>           | <b>15.1</b>           | <b>–</b>          | <b>131.1</b>                 | <b>126.3</b>    |

| As of 31 December 2022             | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|------------------------------------|--------------------|-----------------------------|-----------------------|-----------------------|-------------------|------------------------------|-----------------|
| <b>Financial liabilities</b>       |                    |                             |                       |                       |                   |                              |                 |
| Lease liabilities                  | 1.7                | 6.0                         | 6.8                   | 17.4                  | 0.2               | 32.1                         | 32.1            |
| Liabilities to credit institutions | 2.2                | 77.4                        | 3.6                   | 6.8                   | 5.0               | 95.0                         | 92.5            |
| Accounts payable                   | 20.2               | –                           | –                     | –                     | –                 | 20.2                         | 20.2            |
| Other liabilities                  | 17.3               | –                           | –                     | –                     | –                 | 17.3                         | 17.3            |
| <b>Total</b>                       | <b>41.4</b>        | <b>83.4</b>                 | <b>10.4</b>           | <b>24.2</b>           | <b>5.2</b>        | <b>164.6</b>                 | <b>162.1</b>    |

### Management of capital

The Group's objectives regarding capital structure are to secure the Group's ability to continue operations to generate returns for shareholders and benefits to other stakeholders, and to ensure that the capital structure is optimal to minimize the cost of capital.

The Group assesses its capital based on the performance indicator of net debt at the end of the period to EBITDA over the last 12 months. The performance measure is relevant for assessing the company's ability to make strategic investments and to meet its financial commitments. It represents the number of years that it would take to repay the debt if net debt and EBITDA remained constant, without taking into account interest-, tax- and investment-related cash flow. Net debt is calculated as interest-bearing liabilities minus interest-bearing assets.

Net debt/EBITDA at each balance sheet date was as follows:

|  | 31 Dec 2023  | 31 Dec 2022 |
|--|--------------|-------------|
| Interest-bearing liabilities (SEK million) | 94.8         | 124.7       |
| Interest-bearing assets (SEK million)      | -176.1       | -47.9       |
| <b>Net debt (SEK million)</b>              | <b>-81.3</b> | <b>76.7</b> |
| EBITDA (SEK million)                       | 139.5        | 89.1        |
| <b>Net debt/EBITDA, multiple</b>           | <b>-0.58</b> | <b>0.86</b> |

The decrease in interest-bearing liabilities and the increase in interest-bearing assets in 2023 is a result of the improved cash flow.

## FINANCIAL REPORT, CONT.

### Note 4 Critical accounting judgements and key sources of estimation uncertainty

The application of the Group's accounting policies, as described in note 2, requires management to make certain judgements based on estimates and assumptions. These estimates and assumptions are generally based on historical experience and other factors, including expectations of future events. The actual outcome may differ from the estimates that were made.

The estimates and underlying assumptions are kept under review. Changes in accounting estimates are recognized in the period in which they are revised and in any future periods affected.

#### Critical judgements in the application of the Group's accounting policies

We have not identified any critical judgements, other than those involving estimates (presented separately below), in the application of the Group's accounting policies, which have a significant effect on the amounts recognized in the financial statements.

#### Key sources of estimation uncertainty

The key assumptions about the future and other key sources of estimation uncertainty at the reporting date that pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

#### *Impairment testing of goodwill*

Goodwill is tested for impairment annually or during the year if an event occurs that could result in a need for impairment. Other intangible assets are amortised on a straight-line basis over their estimated useful life, so a change in the estimated useful life results in a change in the carrying amount.

Impairment testing for other non-current intangible assets is applied if an event occurs that could result in a need for impairment. In 2023, the impairment tests performed did not result in any need for impairment.

Key assumptions underlying the impairment test are forecasts of future cash flows, including assumptions about sales growth and operating margin. The discount rate also requires assumptions about the weighted average cost of capital. See note 17 for more information.

#### *Inventories*

Valuation of production costs is done using calculation models based on current prices and cost levels, where direct and indirect production-related costs are attributed to manufactured products. For estimation of obsolescence, assumptions and judgements are based on the sales rate and the marketability of the inventory.



## FINANCIAL REPORT, CONT.

### Note 5 Operating segments

The Group's operations are mainly monitored by country of operation, which is consistent with reporting to the CEO and the Board of Directors. The Group's business operations are divided into the three operating segments, Sweden, the Czech Republic and Germany, based on the information possessed by the CEO and used as a basis for allocating resources and evaluating performance.

Group-wide functions are found in both Sweden and the Czech Republic and are internally invoiced to ensure that earnings can be accurately monitored in each segment. Items affecting comparability are charged to Group-wide costs and have not been divided up. In the consolidated statement of comprehensive income, the items affecting comparability are included in other operating expenses. Inter-segment sales take place on market terms.

#### Sweden

The Sweden segment is the Group's largest segment. This segment accounted for approximately 57% (63) of the Group's total net sales in 2023 and includes all operations conducted and based in Borensberg. The main raw materials in the segment are polycarbonate and ABS. The product areas in which the segment operates are TPC, OPC and ABS. Approximately 37% (49) of the net sales for the OPC joint product area are generated in the Sweden segment.

#### Czech Republic

The Czech Republic segment accounted for approximately 32% (33) of the Group's total net sales in 2023. This segment includes all activities conducted and originating in the Czech Republic. Production takes place in Kadaň and Pelhřimov. The main raw materials in the segment are polycarbonate and PETG. The product areas in which the segment operates are MWPC, OPC and PETG. For the joint product area OPC, the Czech Republic segment accounts for approximately 63% (51) of net sales.

#### Germany

The Germany segment accounted for approximately 11% (4) of the Group's total net sales in 2023. This segment includes all activities conducted and originating in Hüllhorst, Germany. The segment operates in all product areas. The segment is only to a limited extent active in the group-wide OPC product area, and there were no sales in this product area for the reporting periods.

#### Revenue

Inter-segment 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 geographical market and segment, as well as significant assets and liabilities by segment, are shown below:

#### Net sales and earnings

|   | Sweden<br>Jan–Dec<br>2023 | Czech<br>Republic<br>Jan–Dec<br>2023 | Germany<br>Jan–Dec<br>2023 | Joint<br>Jan–Dec<br>2023 | Elim<br>Jan–Dec<br>2023 | Group<br>Jan–Dec<br>2023 |
|---|---------------------------|--------------------------------------|----------------------------|--------------------------|-------------------------|--------------------------|
| Sales volume, tonnes                          | 12,175                    | 6,473                                | 2,132                      | –                        | -1,548                  | 19,232                   |
| Net sales, external, SEK million              | 581.2                     | 322.0                                | 111.9                      | –                        | –                       | 1,015.1                  |
| Net sales, internal, SEK million              | 27.5                      | 28.2                                 | 5.8                        | –                        | -61.5                   | –                        |
| Total net sales, SEK million                  | 608.7                     | 350.2                                | 117.7                      | –                        | -61.5                   | 1,015.1                  |
| Adjusted operating profit, SEK million        | 55.6                      | 35.2                                 | 4.1                        | –                        | -3.3                    | 91.6                     |
| Items affecting comparability,<br>SEK million | –                         | –                                    | –                          | –                        | –                       | –                        |
| Operating profit, SEK million                 | 55.6                      | 35.2                                 | 4.1                        | –                        | -3.3                    | 91.6                     |
| Net financial items, SEK million              | -4.6                      | -0.6                                 | -0.4                       | –                        | –                       | -5.6                     |
| Profit before tax, SEK million                | 51.0                      | -34.6                                | 3.7                        | –                        | -3.3                    | 86.0                     |
| Operating margin, %                           | 9.1                       | 10,1                                 | 3.5                        | –                        | –                       | 9.0                      |
| Adjusted operating margin, %                  | 9.1                       | 10,1                                 | 3.5                        | –                        | –                       | 9.0                      |

## FINANCIAL REPORT, CONT.

### Net sales and earnings

|  | Sweden<br>Jan–Dec<br>2022 | Czech<br>Republic<br>Jan–Dec<br>2022 | Germany<br>Jan–Dec<br>2022 | Joint<br>Jan–Dec<br>2022 | Elim<br>Jan–Dec<br>2022 | Group<br>Jan–Dec<br>2022 |
|--|---------------------------|--------------------------------------|----------------------------|--------------------------|-------------------------|--------------------------|
| Sales volume, tonnes                       | 12,003                    | 6,879                                | 920                        | –                        | -1,145                  | 18,657                   |
| Net sales, external, SEK million           | 600.1                     | 311.6                                | 46.1                       | –                        | –                       | 957.8                    |
| Net sales, internal, SEK million           | 10.0                      | 28.0                                 | 1.3                        | –                        | -39.3                   | –                        |
| Total net sales, SEK million               | 610.1                     | 339.6                                | 47.4                       | –                        | -39.3                   | 957.8                    |
| Adjusted operating profit, SEK million     | 36.3                      | 10.7                                 | 2.7                        | -2.7                     | 1.2                     | 48.2                     |
| Items affecting comparability, SEK million | –                         | –                                    | –                          | 1.2                      | –                       | 1.2                      |
| Operating profit, SEK million              | 36.3                      | 10.7                                 | 2.7                        | -3.9                     | 1.2                     | 47.0                     |
| Net financial items, SEK million           | -4.1                      | 1.6                                  | -0.1                       | –                        | –                       | -2.6                     |
| Profit before tax, SEK million             | 32.2                      | 12.3                                 | 2.6                        | -3.9                     | 1.2                     | 44.4                     |
| Operating margin, %                        | 5.9                       | 3.2                                  | 5.7                        | –                        | –                       | 4.9                      |
| Adjusted operating margin, %               | 5.9                       | 3.2                                  | 5.7                        | –                        | –                       | 5.0                      |

### Net sales by geographical market and segment, SEK million

|                   | Sweden<br>Jan–Dec<br>2023 | Czech<br>Republic<br>Jan–Dec<br>2023 | Germany<br>Jan–Dec<br>2023 | Net sales,<br>internal<br>Jan–Dec<br>2023 | Group<br>Jan–Dec<br>2023 |
|-------------------|---------------------------|--------------------------------------|----------------------------|---|--------------------------|
| Sweden            | 128.6                     | 25.9                                 | 6.6                        | -26.8                                     | 134.3                    |
| Germany           | 107.4                     | 25.0                                 | 90.2                       | -33.5                                     | 189.1                    |
| Czech Republic    | 40.3                      | 147.3                                | 1.1                        | -1.2                                      | 187.5                    |
| Poland            | 69.3                      | 46.7                                 | 1.0                        | –   | 117.0                    |
| Rest of Europe    | 214.3                     | 75.2                                 | 18.8                       | –   | 308.3                    |
| Rest of the world | 48.8                      | 30.1                                 | –                          | –   | 78.9                     |
| <b>Total</b>      | <b>608.7</b>              | <b>350.2</b>                         | <b>117.7</b>               | <b>-61.5</b>                              | <b>1,015.1</b>           |

### Net sales by geographical market and segment, SEK million

|                   | Sweden<br>Jan–Dec<br>2022 | Czech<br>Republic<br>Jan–Dec<br>2022 | Germany<br>Jan–Dec<br>2022 | Net sales,<br>internal<br>Jan–Dec<br>2022 | Group<br>Jan–Dec<br>2022 |
|-------------------|---------------------------|--------------------------------------|----------------------------|---|--------------------------|
| Sweden            | 116.8                     | 30.2                                 | 1.2                        | -23.5                                     | 124.7                    |
| Germany           | 109.2                     | 30.8                                 | 40.5                       | -13.0                                     | 167.5                    |
| Czech Republic    | 50.6                      | 123.5                                | 0.2                        | -2.8                                      | 171.5                    |
| Poland            | 76.7                      | 41.1                                 | 0.5                        | –   | 118.3                    |
| Rest of Europe    | 208.2                     | 90.2                                 | 5.0                        | –   | 303.4                    |
| Rest of the world | 48.6                      | 23.8                                 | –                          | –   | 72.4                     |
| <b>Total</b>      | <b>610.1</b>              | <b>339.6</b>                         | <b>47.4</b>                | <b>-39.3</b>                              | <b>957.8</b>             |

## FINANCIAL REPORT, CONT.

### Material assets and liabilities by segment, SEK million

|                               | 2023  | 2022  |
|-------------------------------|-------|-------|
| <b>Sweden</b>                 |       |       |
| Property, plant and equipment | 140.8 | 156.4 |
| Inventories                   | 75.2  | 98.2  |
| Liabilities                   | 111.0 | 109.7 |
| <b>Czech Republic</b>         |       |       |
| Property, plant and equipment | 95.9  | 117.6 |
| Inventories                   | 82.1  | 95.3  |
| Liabilities                   | 43.4  | 49.1  |
| <b>Germany</b>                |       |       |
| Property, plant and equipment | 3.4   | 3.2   |
| Inventories                   | 15.9  | 22.6  |
| Liabilities                   | 4.8   | 11.8  |

### Note 6 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% or more of sales, which means that dependence on individual customers is limited for Arla Plast.

#### External net sales by geographical market

| SEK million       | 2023           | %          | 2022         | %          |
|-------------------|----------------|------------|--------------|------------|
| Sweden            | 134.3          | 13         | 124.7        | 13         |
| Germany           | 189.1          | 19         | 167.5        | 17         |
| Czech Republic    | 187.5          | 18         | 171.5        | 18         |
| Poland            | 117.0          | 12         | 118.3        | 12         |
| Rest of Europe    | 308.3          | 30         | 303.4        | 32         |
| Rest of the world | 78.9           | 8          | 72.4         | 8          |
| <b>Total</b>      | <b>1,015.1</b> | <b>100</b> | <b>957.8</b> | <b>100</b> |

#### External net sales by product area

| SEK million  | 2023           | %          | 2022         | %          |
|--------------|----------------|------------|--------------|------------|
| TPC          | 439.4          | 43         | 422.4        | 44         |
| OPC          | 206.1          | 21         | 153.7        | 16         |
| MWPC         | 163.6          | 16         | 188.4        | 20         |
| ABS          | 113.9          | 11         | 123.2        | 13         |
| PETG         | 50.1           | 5          | 51.2         | 5          |
| PMMA         | 42.0           | 4          | 18.9         | 2          |
| <b>Total</b> | <b>1,015.1</b> | <b>100</b> | <b>957.8</b> | <b>100</b> |

## FINANCIAL REPORT, CONT.

**Note 7 Remuneration of the auditors**

|                              | 2023       | 2022       |
|------------------------------|------------|------------|
| <b>Deloitte AB</b>           |            |            |
| – Audit assignment           | 1.2        | –          |
| <b>Total</b>                 | <b>1.2</b> | <b>–</b>   |
| <b>Deloitte Audit s.r.o.</b> |            |            |
| – Audit assignment           | 0.2        | –          |
| <b>Total</b>                 | <b>0.2</b> | <b>–</b>   |
| <b>Ernst &amp; Young AB</b>  |            |            |
| – Audit assignment           | 0.5        | 1.9        |
| – Other services             | 0.6        | 0.6        |
| <b>Total</b>                 | <b>1.1</b> | <b>2.5</b> |
| <b>Group total</b>           | <b>2.5</b> | <b>2.5</b> |

**Note 8 Expenses by type of cost**

|  | 2023         | 2022         |
|--|--------------|--------------|
| Employee benefit expenses (note 9)                                   | 148.8        | 138.2        |
| Depreciation of property, plant and equipment (note 34)              | 47.9         | 42.0         |
| Other costs  | 737.3        | 739.5        |
| <b>Total cost of goods sold, selling and administrative expenses</b> | <b>934.0</b> | <b>919.7</b> |

**Note 9 Remuneration of employees, etc.**

|  | 2023         | 2022         |
|--|--------------|--------------|
| Salaries and other benefits                | 107.9        | 97.7         |
| Social security contributions              | 34.7         | 32.6         |
| Pension costs – defined-contribution plans | 6.2          | 7.9          |
| <b>Total employee benefits</b>             | <b>148.8</b> | <b>138.2</b> |

|   | 2023   |  | 2022   |  |
|---|--|--|--|--|
|   | Salaries and other benefits (of which bonuses) | Social security costs (of which pension costs) | Salaries and other benefits (of which bonuses) | Social security costs (of which pension costs) |
| Board members, CEOs and other senior executives | 11.8<br>(1.5)                                  | 5.6<br>(1.9)                                   | 9.1<br>(0.6)                                   | 6.6<br>(1.8)                                   |
| Other employees                                 | 96.1<br>(2.5)                                  | 35.3<br>(4.3)                                  | 88.6<br>(0.1)                                  | 33.9<br>(6.1)                                  |
| <b>Group total</b>                              | <b>107.9</b>                                   | <b>40.9</b>                                    | <b>97.7</b>                                    | <b>40.5</b>                                    |

|                    | 2023                        |            | 2022                        |            |
|--------------------|-----------------------------|------------|-----------------------------|------------|
|                    | Average number of employees | Men        | Average number of employees | Men        |
| Sweden             | 135                         | 103        | 130                         | 98         |
| Germany            | 17                          | 14         | 11                          | 7          |
| Belgium            | 2                           | 2          | 2                           | 2          |
| Czech Republic     | 102                         | 73         | 110                         | 81         |
| <b>Group total</b> | <b>256</b>                  | <b>192</b> | <b>253</b>                  | <b>188</b> |

## FINANCIAL REPORT, CONT.

|                                 | 2023                         |          | 2022                         |           |
|---------------------------------|------------------------------|----------|------------------------------|-----------|
|                                 | Number at balance sheet date | Men      | Number at balance sheet date | Men       |
| Board members                   | 9                            | 6        | 9                            | 7         |
| CEO and other senior executives | 6                            | 3        | 5                            | 4         |
| <b>Group total</b>              | <b>15</b>                    | <b>9</b> | <b>14</b>                    | <b>11</b> |

| Remuneration and other benefits 2023   | Base salary/<br>Board fees | Variable remuneration | Other benefits | Pension cost | Total       |
|--|----------------------------|-----------------------|----------------|--------------|-------------|
| Chairman of the Board – Jan Synnersten | 0.4                        | –                     | –              | –            | 0.4         |
| Board member – Anneli Arnbäck          | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Maria Catoni            | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Ulf Hedlundh            | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Sten Jakobsson          | 0.1                        | –                     | –              | –            | 0.1         |
| Board member – Leif Nilsson            | 0.3                        | –                     | –              | –            | 0.3         |
| Board member – Ola Salmén              | 0.3                        | –                     | –              | –            | 0.3         |
| Board member – Kenneth Synnersten      | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Thomas Widstrand        | 0.2                        | –                     | –              | –            | 0.2         |
| CEO – Christian Krichau                | 2.4                        | 0.7                   | 0.2            | 0.7          | 4.0         |
| Other senior executives (5 people)     | 6.0                        | 0.7                   | –              | 1.2          | 7.9         |
| <b>Total</b>                           | <b>10.5</b>                | <b>1.4</b>            | <b>0.2</b>     | <b>1.9</b>   | <b>14.0</b> |

The above table does not include Board members who did not receive remuneration in 2023.

| Remuneration and other benefits 2022       | Base salary/<br>Board fees | Variable remuneration | Other benefits | Pension cost | Total       |
|--|----------------------------|-----------------------|----------------|--------------|-------------|
| Chairman of the Board – Kenneth Synnersten | 0.4                        | –                     | –              | –            | 0.4         |
| Board member – Leif Nilsson                | 0.3                        | –                     | –              | –            | 0.3         |
| Board member – Jan Synnersten              | 0.3                        | –                     | –              | –            | 0.3         |
| Board member – Ulf Hedlundh                | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Sten Jakobsson              | 0.3                        | –                     | –              | –            | 0.3         |
| Board member – Anneli Arnbäck              | 0.2                        | –                     | –              | –            | 0.2         |
| Board member – Ola Salmén                  | 0.3                        | –                     | –              | –            | 0.3         |
| CEO – Christian Krichau                    | 2.1                        | 0.1                   | –              | 0.6          | 2.8         |
| Other senior executives (4 people)         | 4.4                        | 0.5                   | –              | 1.2          | 6.1         |
| <b>Total</b>                               | <b>8.5</b>                 | <b>0.6</b>            | <b>–</b>       | <b>1.8</b>   | <b>10.9</b> |

The above table does not include Board members who did not receive remuneration in 2022.

## FINANCIAL REPORT, CONT.

The expensed bonus for 2023 amounted to SEK 1.4 million (–) and will be paid in 2024. For information on how the bonus is calculated, see below. Other benefits relate to car allowances and private medical insurance benefits.

### Guidelines

The Chairman of the Board and Board members receive fees in accordance with the resolution of the general meeting of 10 May 2023. No Board fees have been paid to other Board members who receive remuneration through their employment in a Group company.

Guidelines for the remuneration of the CEO and other senior executives were adopted by the general meeting of 10 May 2023. Remuneration consists of fixed salary, short-term variable remuneration, other benefits, pension, etc. Other senior executives are those persons who, together with the CEO, make up Group Management.

The allocation between base salary and variable remuneration should be in proportion to the responsibility and authority of the executive. Variable remuneration for the CEO is capped at 40% of base salary. Variable remuneration for the other senior executives is capped at 30% of base salary. Variable remuneration is based on performance in relation to set targets.

Pension benefits and other benefits to the CEO and other senior executives are paid as part of the total remuneration package.

### Bonus

The CEO's bonus is based on the Group's profit before tax and volumes. The bonus for 2023 is SEK 0.7 million.

For the other senior executives, the bonus is based on the Group's profit before tax. The bonus for 2023 is SEK 0.7 million.

### Incentive plan

The company currently has no ongoing share-based incentive plans.

### Pension

Pension cost refers to the cost that affected profit for the year. The pension premium may not exceed 30% of the pensionable salary. The provision for pensions follows the statutory provision, as well as the provision under collective agreements.

No pension commitments have been made for Board members who are not permanently employed by a Group company.

### Pension obligations

The ITP 2 pension plan, which is secured through insurance from Alecta, is recognized as a defined-contribution plan. Premiums for the defined-benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period. The company's share of total savings premiums for the ITP 2 insurance undersigned by Alecta is 0.00589%, and its share of the total number of active insured parties covered by ITP 2 is 0.00669%. Anticipated premiums for the next reporting

period for ITP 2 insurance undersigned by Alecta amount to SEK 1.1 million.

### Notice periods

A notice period of six months applies between the company and the CEO in the event of resignation by the employee and 12 months in the event of termination of employment by the company. A notice period of four months applies between the company and other senior executives in the event of resignation by the employee and six months in the event of termination of employment by the company.

## Note 10 Other operating income

|                                    | 2023        | 2022        |
|------------------------------------|-------------|-------------|
| Wage subsidies received            | 0.6         | 0.8         |
| Grants received for sick pay costs | –           | 0.7         |
| Gain on disposal of inventories    | 0.4         | 0.6         |
| Foreign exchange gains             | 2.7         | –           |
| Contractual compensation           | –           | 2.2         |
| Other                              | 6.9         | 6.1         |
| <b>Total</b>                       | <b>10.6</b> | <b>10.4</b> |

The item 'Other' mainly consists in 2023 of SEK 5.5 million of electricity subsidies and other income not associated with ordinary operations.

## Note 11 Other operating expenses

|                       | 2023        | 2022        |
|-----------------------|-------------|-------------|
| Foreign exchange loss | -0.1        | –           |
| Acquisition cost      | –           | -1.2        |
| Other                 | –           | -0.3        |
| <b>Total</b>          | <b>-0.1</b> | <b>-1.5</b> |

The foreign exchange loss is related to operating receivables and payables.

## FINANCIAL REPORT, CONT.

**Note 12 Financial income and financial expenses**

|   | 2023        | 2022        |
|---|-------------|-------------|
| Foreign exchange gains                        | –           | 1.2         |
| Change in value of forward exchange contracts | –           | 1.5         |
| <b>Total financial income</b>                 | <b>–</b>    | <b>2.7</b>  |
| Interest payable to credit institutions       | -2.0        | -1.7        |
| Interest on lease liabilities                 | -0.6        | -0.6        |
| Foreign exchange loss                         | -3.0        | -3.0        |
| <b>Total finance costs</b>                    | <b>-5.6</b> | <b>-5.3</b> |
| <b>Financial items – net</b>                  | <b>-5.6</b> | <b>-2.6</b> |

**Note 13 Income tax**

|  | 2023         | 2022         |
|--|--------------|--------------|
| <b>Current tax</b>   |              |              |
| Current tax on profit for the year   | -21.8        | -10.9        |
| <b>Total current tax</b>   | <b>-21.8</b> | <b>-10.9</b> |
| <b>Deferred tax (note 28)</b>  |              |              |
| Deferred tax relating to the origination and reversal of temporary differences | 2.7          | 0.9          |
| <b>Total deferred tax</b>  | <b>2.7</b>   | <b>0.9</b>   |
| <b>Total income tax</b>  | <b>-19.1</b> | <b>-10.0</b> |
|  |              |              |
|  | 2023         | 2022         |
| <b>Profit before tax</b>   | 86.0         | 44.4         |
| Income tax calculated according to the tax rate in Sweden (20.6%)              | -17.7        | -9.1         |
| <b>Tax effects of:</b>   |              |              |
| Difference in foreign tax rates  | 0.2          | -0.4         |
| Non-taxable income   | 0.5          | 0.5          |
| Non-deductible expenses  | -4.3         | -0.9         |
| Tax effect, change of tax rate/reversal of tax allocation reserve              | -0.1         | -0.2         |
| Standard interest tax allocation reserve                                       | -0.3         | -0.1         |
| Temporary differences  | 2.7          | 0.9          |
| Other appropriations   | -0.1         | -0.7         |
| <b>Income tax</b>  | <b>-19.1</b> | <b>-10.0</b> |

**Note 14 Exchange differences – net**

Exchange differences have been recognized in the statement of comprehensive income as follows:

|                                    | 2023        | 2022        |
|------------------------------------|-------------|-------------|
| Other operating income (note 10)   | 2.7         | –           |
| Other operating expenses (note 11) | -0.1        | –           |
| Financial items – net (note 12)    | -3.0        | -1.8        |
| <b>Total</b>                       | <b>-0.4</b> | <b>-1.8</b> |

Exchange differences from other operating income and other operating expenses are attributable to operating receivables and payables and include both unrealized and realized exchange differences. Exchange differences arising from financial items are attributable to financial assets and liabilities and include both unrealized and realized exchange differences. The profit or loss from the valuation of outstanding forward exchange contracts is also included in financial items.

**Note 15 Earnings per share**

At the general meeting on 13 August 2020, the company issued a total of 980,000 warrants, and all the 2020/2023 series warrants for the subscription of new shares in the company had been exercised by the end of 1 September 2023. As a result of the exercising of the warrants, the number of shares and votes in the company increased by 980,000, from 20,000,000 to 20,980,000, and the share capital increased to SEK 2,517,600. Basic earnings per share are based on 20,000,000 shares until 1 September 2023, and 20,980,000 shares thereafter. Diluted earnings per share are calculated based on the total potential dilution of the shares. At the end of September 2023, the number of shares and votes was 20,980,000, with no further potential dilution.

| Basic and diluted earnings per share                            | 2023        | 2022        |
|---|-------------|-------------|
| Profit attributable to parent company shareholders, SEK million | 66.9        | 34.4        |
| Weighted number of shares, basic                                | 20,327,526  | 20,000,000  |
| Weighted number of shares, diluted                              | 20,980,000  | 20,980,000  |
| <b>Earnings per share, basic, SEK</b>                           | <b>3.29</b> | <b>1.72</b> |
| <b>Earnings per share, diluted, SEK</b>                         | <b>3.19</b> | <b>1.64</b> |

## FINANCIAL REPORT, CONT.

### Note 16 Investments in subsidiaries

| Name              | Country of registration and operation | Business               | Share of equity directly held by the parent company (%) | Share of equity directly held by the Group (%) |
|-------------------|---------------------------------------|------------------------|---|--|
| Arla Plast s.r.o. | Czech Republic                        | Manufacturing industry | 100   | 100  |
| Alphaplex GmbH    | Germany                               | Sales and distribution | 100   | 100  |

### Note 17 Intangible non-current assets

| Financial year 2023            | Licences   | Other intangible non-current assets | Goodwill    | Trademarks | Customer relations | Total       |
|--------------------------------|------------|-------------------------------------|-------------|------------|--------------------|-------------|
| <b>Opening carrying amount</b> | <b>0.1</b> | <b>0.3</b>                          | <b>16.7</b> | <b>4.7</b> | <b>11.0</b>        | <b>32.8</b> |
| Reclassifications              | –          | –                                   | –           | –          | –                  | –           |
| Acquisitions for the year      | –          | –                                   | –           | –          | –                  | –           |
| Amortization                   | -0.1       | –                                   | –           | -0.5       | -1.2               | -1.9        |
| <b>Closing carrying amount</b> | <b>–</b>   | <b>0.3</b>                          | <b>16.7</b> | <b>4.2</b> | <b>9.8</b>         | <b>30.9</b> |
| <b>As of 31 December 2023</b>  |            |                                     |             |            |                    |             |
| Cost                           | 1.0        | 0.3                                 | 16.7        | 4.9        | 11.5               | 33.7        |
| Accumulated amortization       | -1.0       | –                                   | –           | -0.7       | -1.7               | -2.8        |
| <b>Carrying amount</b>         | <b>–</b>   | <b>0.3</b>                          | <b>16.7</b> | <b>4.2</b> | <b>9.8</b>         | <b>30.9</b> |

| Financial year 2022            | Licences   | Other intangible non-current assets | Goodwill    | Trademarks | Customer relations | Total       |
|--------------------------------|------------|-------------------------------------|-------------|------------|--------------------|-------------|
| <b>Opening carrying amount</b> | <b>0.4</b> | <b>0.1</b>                          | –           | –          | –                  | <b>0.5</b>  |
| Reclassifications              | –          | 0.1                                 | –           | –          | –                  | 0.1         |
| Acquisitions for the year      | –          | –                                   | 16.7        | 4.9        | 11.5               | -33.1       |
| Amortization                   | -0.3       | –                                   | –           | -0.2       | -0.5               | -0.9        |
| <b>Closing carrying amount</b> | <b>0.1</b> | <b>0.3</b>                          | <b>16.7</b> | <b>4.7</b> | <b>11.0</b>        | <b>32.8</b> |
| <b>As of 31 December 2022</b>  |            |                                     |             |            |                    |             |
| Cost                           | 1.0        | 0.3                                 | 16.7        | 4.9        | 11.5               | 34.4        |
| Accumulated amortization       | -0.9       | –                                   | –           | -0.2       | -0.5               | -1.6        |
| <b>Carrying amount</b>         | <b>0.1</b> | <b>0.3</b>                          | <b>16.7</b> | <b>4.7</b> | <b>11.0</b>        | <b>32.8</b> |



## FINANCIAL REPORT, CONT.

### Impairment testing of goodwill

Goodwill is tested for impairment annually or during the year if an event occurs that could result in a need for impairment testing. In 2023, Arla Plast impairment tested the goodwill arising from the acquisition of Alphaplex GmbH belonging to the same cash-generating unit. The goodwill for Alphaplex GmbH amounts to SEK 16.7 million as of 31 December 2023.

The forecast period is 10 years with an average growth rate of 4.7%. As the company is expected to grow over the next 10 years, we believe that a five-year forecast does not reflect a stable long-term level of EBIT or sales growth. Assumed growth beyond the forecast period amounts to 2.0%.

The cash flows have been discounted to present value using a discount rate of 11.3% per annum after tax, corresponding to 15.1% before tax. The sensitivity analysis also tested whether reasonable adverse changes in the discount rate or growth rate assumptions would result in an impairment of goodwill. No reasonable adjustments to impairment testing assumptions or events during the year or after its end indicate a need for impairment of the cash-generating unit.

### Trademarks

Trademarks arose in connection with the acquisition of Alphaplex GmbH in 2022. The acquired business had a well-known trademark with a good reputation in the market in which it operates. Trademarks are recognised at fair value at the point of acquisition and subsequently amortised on a straight-line basis over their estimated useful life.

### Customer relations

Customer relationships arose in connection with the acquisition of Alphaplex GmbH in 2022. The business acquired had several customers with whom they had long-standing relationships. Customer relations are recognized at fair value at the point of acquisition and subsequently amortized on a straight-line basis over their estimated useful life.

## FINANCIAL REPORT, CONT.

### Note 18 Property, plant and equipment

|                                     | Buildings<br>and land | Machinery and<br>other technical<br>equipment | Equipment,<br>tools and<br>installations | Construction<br>in progress | Total        |
|-------------------------------------|-----------------------|---|--|-----------------------------|--------------|
| <b>Financial year 2023</b>          |                       |   |  |                             |              |
| <b>Opening carrying amount</b>      | <b>114.7</b>          | <b>145.5</b>                                  | <b>12.4</b>                              | <b>0.3</b>                  | <b>272.9</b> |
| Currency translation differences    | -1.2                  | -0.7  | –  | –                           | -1.9         |
| Reclassifications                   | 0.8                   | 2.2   | 0.3                                      | -3.3                        | –            |
| Acquisitions for the year           | –                     | 0.4   | 1.7                                      | 4.3                         | 6.4          |
| Disposals and eliminations          | –                     | -1.8  | –  | –                           | -1.8         |
| Impairment losses for the year      | –                     | -2.7  | –  | –                           | -2.7         |
| Depreciation for the year           | -5.7                  | -25.5   | -3.7                                     | –                           | -34.9        |
| <b>Closing carrying amount</b>      | <b>108.6</b>          | <b>117.4</b>                                  | <b>10,7</b>                              | <b>1.3</b>                  | <b>238.0</b> |
| <b>As of 31 December 2023</b>       |                       |   |  |                             |              |
| Cost                                | 198.7                 | 517.9   | 39.8                                     | 1.3                         | 757.7        |
| Accumulated depreciation/impairment | -90.1                 | -400.5  | -29.1                                    | –                           | -519.7       |
| <b>Carrying amount</b>              | <b>108.6</b>          | <b>117.4</b>                                  | <b>10,7</b>                              | <b>1.3</b>                  | <b>238.0</b> |
| <b>Financial year 2022</b>          |                       |   |  |                             |              |
| <b>Opening carrying amount</b>      | <b>113.6</b>          | <b>153.7</b>                                  | <b>11.4</b>                              | <b>2.1</b>                  | <b>280.8</b> |
| Currency translation differences    | 5.7                   | 6.5   | –  | 0.1                         | 12.3         |
| Reclassifications                   | 1.4                   | 9.7   | 1.5                                      | -12.7                       | -0.1         |
| Acquisitions for the year           | 0.4                   | 2.9   | 3.3                                      | 10.8                        | 17.4         |
| Disposals and eliminations          | –                     | -2.0  | -0.3                                     | –                           | -2.3         |
| Depreciation for the year           | -6.4                  | -25.3   | -3.5                                     | –                           | -35.2        |
| <b>Closing carrying amount</b>      | <b>114.7</b>          | <b>145.5</b>                                  | <b>12.4</b>                              | <b>0.3</b>                  | <b>272.9</b> |
| <b>As of 31 December 2022</b>       |                       |   |  |                             |              |
| Cost                                | 197.3                 | 506.7   | 40.6                                     | 0.3                         | 744.9        |
| Accumulated depreciation            | -82.6                 | -361.2  | -28.2                                    | –                           | -472.0       |
| <b>Carrying amount</b>              | <b>114.7</b>          | <b>145.5</b>                                  | <b>12.4</b>                              | <b>0.3</b>                  | <b>272.9</b> |

## FINANCIAL REPORT, CONT.

### Note 19 Right-of-use assets

The Group leases buildings, vehicles and a container compactor. These are recognized as right-of-use assets with a corresponding liability. The leases vary between 1 and 10 years, and most of the leases can be extended at the end of the lease term at a rate consistent with a market rate. The obligation to

make lease payments is disclosed in the statement of financial position in separate rows (non-current and current). The total cash flow from leases in 2023 amounted to SEK -5.7 million (-6.6). The interest cost of the lease liability in 2023 amounted to SEK 0.6 million (0.5).

| Right-of-use assets            | Buildings   | Vehicles and other technical installations | Total       |
|--------------------------------|-------------|--|-------------|
| <b>Financial year 2023</b>     |             |  |             |
| Opening balance, cost          | 27.4        | 4.6  | 32.0        |
| Acquisitions for the year      | 0.2         | 2.4  | 2.7         |
| Currency adjustment            | -0.2        | –  | -0.2        |
| Disposals and eliminations     | –           | -0.1                                       | -0.1        |
| Depreciation                   | -6.1        | -2.2                                       | -8.4        |
| <b>Closing carrying amount</b> | <b>21.3</b> | <b>4.7</b>                                 | <b>26.0</b> |
| <b>As of 31 December 2023</b>  |             |  |             |
| Cost                           | 42.2        | 9.2  | 51.4        |
| Accumulated depreciation       | -20.9       | -4.5                                       | -25.4       |
| <b>Carrying amount</b>         | <b>21.3</b> | <b>4.7</b>                                 | <b>26.0</b> |

| Right-of-use assets            | Buildings   | Vehicles and other technical installations | Total       |
|--------------------------------|-------------|--|-------------|
| <b>Financial year 2022</b>     |             |  |             |
| Opening balance, cost          | 19.1        | 2.9  | 21.9        |
| Acquisitions for the year      | 10.2        | 3.4  | 13.6        |
| Currency adjustment            | 2.5         | 0.3  | 2.8         |
| Disposals and eliminations     | –           | -0.2                                       | -0.2        |
| Depreciation                   | -4.4        | -1.8                                       | -6.2        |
| <b>Closing carrying amount</b> | <b>27.4</b> | <b>4.6</b>                                 | <b>32.0</b> |
| <b>As of 31 December 2022</b>  |             |  |             |
| Cost                           | 42.5        | 10.0                                       | 52.6        |
| Accumulated depreciation       | -15.2       | -5.4                                       | -20.6       |
| <b>Carrying amount</b>         | <b>27.4</b> | <b>4.6</b>                                 | <b>32.0</b> |

| Lease liabilities                        | 2023        | 2022        |
|--|-------------|-------------|
| Within 6 months                          | 3.2         | 3.3         |
| Between 6 and 12 months                  | 4.4         | 4.4         |
| <b>Total current lease liability</b>     | <b>7.6</b>  | <b>7.7</b>  |
| Between 1 and 2 years                    | 6.9         | 6.8         |
| Between 2 and 5 years                    | 11.7        | 17.6        |
| <b>Total non-current lease liability</b> | <b>18.6</b> | <b>24.4</b> |

Charges for leases under the relaxation rule amounted to SEK 0.7 million (1.0).

Arla Plast does not have any material contracts that deviate from practice or with exposure to potential future cash flows that are not reflected in the lease liability. There are no leases to which the Group is committed but which have not yet commenced. See also note 3 for information about total lease liabilities. Arla Plast AB has a short-term lease for forklift trucks, for which the relaxation rule is used and the lease cost has therefore not been included in the IFRS 16 calculation.

## FINANCIAL REPORT, CONT.

**Note 20 Financial instruments by category**

The Group's financial assets and liabilities comprise the following items: accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, liabilities to Group companies, accounts payable, other liabilities and derivative instruments. For those financial instruments recognized

at amortized cost, the carrying amount is considered to be a reasonable estimate of fair value. All derivatives are measured at fair value and classified as Level 2, which means that all the significant input data required for measurement are observable.

| 31 Dec 2023  | Financial assets<br>measured at fair value<br>through profit or loss | Financial assets<br>measured at amortized cost | Total        |
|--|--|--|--------------|
| <b>Assets in the statement of financial position</b> |  |  |              |
| Accounts receivable                                  | –  | 126.2  | 126.2        |
| Other current receivables                            | –  | 11.8   | 11.8         |
| Derivative assets                                    | 0.2  | –  | 0.2          |
| Cash and cash equivalents                            | –  | 176.1  | 176.1        |
| <b>Total</b>   | <b>0.2</b>   | <b>314.1</b>                                   | <b>314.3</b> |

| 31 Dec 2023   | Financial liabilities<br>measured at fair value<br>through profit or loss | Financial liabilities<br>measured at amortized cost | Total        |
|---|---|---|--------------|
| <b>Liabilities in the statement of financial position</b> |   |   |              |
| Liabilities to credit institutions                        | –   | 68.5  | 68.5         |
| Accounts payable  | –   | 16.6  | 16.6         |
| Other current liabilities                                 | –   | 22.7  | 22.7         |
| <b>Total</b>  | <b>–</b>  | <b>107.8</b>  | <b>107.8</b> |

| 31 Dec 2022  | Financial assets<br>measured at fair value<br>through profit or loss | Financial assets<br>measured at amortized cost | Total        |
|--|--|--|--------------|
| <b>Assets in the statement of financial position</b> |  |  |              |
| Accounts receivable                                  | –  | 118.4  | 118.4        |
| Other current receivables                            | –  | 3.9  | 3.9          |
| Derivative assets                                    | 1.5  | –  | 1.5          |
| Cash and cash equivalents                            | –  | 47.9   | 47.9         |
| <b>Total</b>   | <b>1.5</b>   | <b>170.2</b>                                   | <b>171.7</b> |

| 31 Dec 2022   | Financial liabilities<br>measured at fair value<br>through profit or loss | Financial liabilities<br>measured at amortized cost | Total        |
|---|---|---|--------------|
| <b>Liabilities in the statement of financial position</b> |   |   |              |
| Liabilities to credit institutions                        | –   | 92.5  | 92.5         |
| Accounts payable  | –   | 20.2  | 20.2         |
| Other current liabilities                                 | –   | 23.6  | 23.6         |
| <b>Total</b>  | <b>–</b>  | <b>136.3</b>  | <b>136.3</b> |

## FINANCIAL REPORT, CONT.

**Note 21 Accounts receivable**

|  | 31 Dec 2023  | 31 Dec 2022  |
|--|--------------|--------------|
| Accounts receivable, gross insured portion               | 109.9        | 107.3        |
| Accounts receivable, gross uninsured portion             | 16.6         | 12.5         |
| Provision for expected credit losses                     | -0.3         | -1.4         |
| <b>Accounts receivable – net</b>                         | <b>126.2</b> | <b>118.4</b> |
| EUR  | 97.7         | 93.5         |
| GBP  | 5.5          | 4.5          |
| USD  | 0.6          | 1.5          |
| NOK  | –            | 0.3          |
| SEK  | 22.4         | 18.6         |
| <b>Total</b>   | <b>126.2</b> | <b>118.4</b> |
| <b>Change in credit loss reserve</b>                     |              |              |
| Opening balance, credit loss reserve                     | 1.4          | 2.2          |
| Provision for expected credit losses                     | –            | 1.3          |
| Receivables written off during the year as irrecoverable | –            | -2.2         |
| Recovered unused amounts                                 | -1.1         | 0.1          |
| <b>Closing balance, credit loss reserve</b>              | <b>0.3</b>   | <b>1.4</b>   |

Arla Plast insures the majority of its accounts receivable, which provides protection against losses arising from non-payment by our customers. Of the accounts receivable that are insured, the insured portion usually amounts to 90%, excluding VAT on the invoice amount. The maximum exposure to credit risk

taking into account the credit insurance for accounts receivable is 13.15% (10.41) at the balance sheet date. The fair value of accounts receivable corresponds to their carrying amount, since the discounting effect is not material. No accounts receivable have been pledged as security for any debt.

| Maturity structure of accounts receivable, SEK million | Gross<br>31/12/2023 | Expected<br>credit loss | Gross<br>31/12/2022 | Expected<br>credit loss |
|--|---------------------|-------------------------|---------------------|-------------------------|
| Not due  | 116.3               | –                       | 106.9               | –                       |
| 1–30 days  | 8.9                 | –                       | 10.9                | –                       |
| 31–60  | 0.3                 | –                       | -0.2                | –                       |
| > 61 days  | 1.0                 | -0.3                    | 2.2                 | -1.4                    |
| <b>Total accounts receivable</b>                       | <b>126.5</b>        | <b>-0.3</b>             | <b>119.8</b>        | <b>-1.4</b>             |

**Note 22 Inventories**

During the 2023 financial year, material costs amounting to SEK 613.7 million (636.1) were recognized in the statement of comprehensive income. They were recognized as cost of goods sold. Of the inventory value at 31 December 2023, SEK 9.0 million has been valued at net realizable value, of which SEK 9.0 million relates to raw materials and goods for resale. The carrying amount of the Group's inventories as of 31 December 2023 amounted to SEK 173.2 million (216.1), with the following allocation:

|                                    | 31 Dec 2023  | 31 Dec 2022  |
|------------------------------------|--------------|--------------|
| Raw materials and goods for resale | 71.2         | 89.2         |
| Finished goods produced in-house   | 97.6         | 122.7        |
| Products in progress               | 4.4          | 4.2          |
| <b>Total</b>                       | <b>173.2</b> | <b>216.1</b> |

## FINANCIAL REPORT, CONT.

**Note 23 Other receivables**

|                           | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------|-------------|-------------|
| Other advances            | 1.1         | –           |
| Settlement of tax account | 3.7         | –           |
| VAT                       | 1.9         | 1.7         |
| Bonuses from suppliers    | 1.5         | 1.3         |
| Other current receivables | 0.2         | 0.9         |
| Tax assets                | 3.4         | 7.5         |
| <b>Total</b>              | <b>11.8</b> | <b>11.4</b> |

**Note 24 Prepaid expenses**

|                         | 31 Dec 2023 | 31 Dec 2022 |
|-------------------------|-------------|-------------|
| Prepaid insurance costs | 0.7         | 0.4         |
| Prepaid licence fees    | 1.3         | 1.5         |
| Other items             | 0.8         | 1.1         |
| <b>Total</b>            | <b>2.8</b>  | <b>3.0</b>  |

**Note 25 Cash and cash equivalents**

|               | 31 Dec 2023  | 31 Dec 2022 |
|---------------|--------------|-------------|
| Cash          | 3.6          | 3.1         |
| Bank deposits | 172.5        | 44.8        |
| <b>Total</b>  | <b>176.1</b> | <b>47.9</b> |

All cash and cash equivalents are available upon request. Bank deposits consist of bank funds denominated in SEK, CZK, EUR and GBP, with some exposure to currency risk. Available cash and cash equivalents including unused credit facilities amounted to SEK 317.9 million (180.7) as of 31 December 2023.

**Note 26 Share capital**

The share capital of Arla Plast AB amounts to SEK 2,517,600. At the general meeting on 13 August 2020, the company issued a total of 980,000 warrants, and all the 2020/2023 series warrants for the subscription of new shares in the company had been exercised by the end of 1 September 2023. As a result of the exercising of the warrants, the number of shares and votes in the company increased by 980,000, from 20,000,000 to 20,980,000, and the share capital increased to SEK 2,517,600.

**Note 27 Borrowings**

|                                    | 31 Dec 2023 | 31 Dec 2022 |
|------------------------------------|-------------|-------------|
| Liabilities to credit institutions | 67.7        | 87.2        |
| Overdraft facility                 | 0.8         | 5.3         |
| <b>Total borrowings</b>            | <b>68.5</b> | <b>92.5</b> |

**Borrowing**

Security has been provided for debts to credit institutions in the form of floating charges and property mortgages with a value of SEK 59.9 million. For further information, please see note 31 Pledged assets. In addition, liabilities to credit institutions are subject to certain covenants. In the parent company, the equity/assets ratio may not be less than 30%. In subsidiaries, the equity/assets ratio may not be less than 35%, the average payment period for accounts receivable may not exceed 120 days and the inventory turnover rate may not exceed 120 days.

All covenants have been met. The fair value of both current and non-current borrowings is deemed to be equal to their carrying amount, since the discounting effect is not material. There are no significant transaction costs.

Please see note 33 for information regarding changes in liabilities related to financing activities, and note 3 regarding the maturity analysis.

**Overdraft facility**

The Group has an approved overdraft facility denominated in SEK and EUR of SEK 141.8 million (144.4). Of the overdraft facility granted, SEK 0.8 million (11.6) had been utilized as of 31 December 2023. With the exception of the above-mentioned overdraft facility, the Group has no unutilized credit facilities.

## FINANCIAL REPORT, CONT.

### Note 28 Deferred tax

Deferred tax assets and liabilities are allocated as follows:

|  | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| <b>Deferred tax assets</b>   |             |             |
| – deferred tax assets expected to be utilized within 12 months               | –           | –           |
| <b>Deferred tax liabilities</b>  |             |             |
| – deferred tax liabilities expected to be realized after more than 12 months | 41.7        | 44.4        |
| – deferred tax liabilities expected to be realized within 12 months          | –           | –           |
| <b>Deferred tax liabilities (net)</b>  | <b>41.7</b> | <b>44.4</b> |

The gross change in deferred taxes is as follows:

|   | 2023        | 2022        |
|---|-------------|-------------|
| <b>Opening balance</b>                              | <b>44.4</b> | <b>40.5</b> |
| Recognized in the statement of comprehensive income | -2.7        | -0.8        |
| Acquisitions  | –           | 4.7         |
| <b>Closing balance</b>                              | <b>41.7</b> | <b>44.4</b> |

| Deferred tax liabilities                            | Untaxed reserves | Other       | Total       |
|---|------------------|-------------|-------------|
| <b>As of 1 January 2022</b>                         | <b>29.7</b>      | <b>10.8</b> | <b>40.5</b> |
| Recognized in the statement of comprehensive income | -1.2             | 0.4         | -0.8        |
| Acquisitions  | –                | 4.7         | 4.7         |
| <b>As of 31 December 2022</b>                       | <b>28.5</b>      | <b>15.9</b> | <b>44.4</b> |
| <b>As of 1 January 2023</b>                         | <b>28.5</b>      | <b>15.9</b> | <b>44.4</b> |
| Recognized in the statement of comprehensive income | 0.8              | -3.5        | -2.7        |
| Acquisitions  | –                | –           | –           |
| <b>As of 31 December 2023</b>                       | <b>29.3</b>      | <b>12.4</b> | <b>41.7</b> |

## FINANCIAL REPORT, CONT.

### Note 29 Other liabilities

|   | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
| Employee withholding taxes              | 3.6         | 3.0         |
| Statutory social security contributions | 2.6         | 2.3         |
| Customer bonuses                        | 8.9         | 11.3        |
| Advances from customers                 | 1.5         | 1.0         |
| Sales commissions                       | 1.8         | 2.2         |
| Returns                                 | 3.6         | 2.4         |
| Other items                             | 0.7         | 1.4         |
| <b>Total</b>                            | <b>22.7</b> | <b>23.6</b> |

### Note 30 Accrued expenses and deferred income

|                           | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------|-------------|-------------|
| Accrued personnel costs   | 20.0        | 14.7        |
| Accrued interest expenses | 1.1         | 0.6         |
| Other accrued expenses    | 14.7        | 6.0         |
| <b>Total</b>              | <b>35.8</b> | <b>21.3</b> |

### Note 31 Pledged assets

|                    | 31 Dec 2023 | 31 Dec 2022 |
|--------------------|-------------|-------------|
| Property mortgages | 9.0         | 9.0         |
| Floating charges   | 50.9        | 50.9        |
| <b>Total</b>       | <b>59.9</b> | <b>59.9</b> |

### Note 32 Related-party transactions

Transactions with related parties may affect a company's financial performance and position. Information must therefore be provided on those that may be deemed to be related to the Arla Plast Group. Related parties are those linked to the members of the Board of Directors, as well as Group Management, with their respective related parties. All transactions are carried out on market terms.

The following related-party transactions took place:

|   | 2023       | 2022       |
|---|------------|------------|
| <b>Purchases of goods and services</b>          |            |            |
| Companies controlled by a Board member          | –          | –          |
| Companies controlled by other senior executives | 1.9        | 0.7        |
| <b>Total</b>                                    | <b>1.9</b> | <b>0.7</b> |
| <b>Sale of goods and services</b>               |            |            |
| Companies controlled by a Board member          | 3.8        | –          |
| Companies controlled by other senior executives | –          | –          |
| <b>Total</b>                                    | <b>3.8</b> | –          |

There were no receivables or payables at year-end resulting from the sale and purchase of goods and services.

The Group has no provisions for bad debts attributable to related parties. Moreover, the Group did not recognize any costs relating to bad debts owed by related parties during the period. No assets are pledged for the receivables.

Receivables from related parties arise mainly from sales transactions and are due 30 days after the date of sale. Liabilities to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. Further information on liabilities to Group companies is provided in note 27.

Remuneration of senior executives is presented in note 9.



## FINANCIAL REPORT, CONT.

### Note 33 Changes in liabilities related to financing activities

|   | 1 Jan 2023   | Cash flow    | Acquisitions | Non-cash items            |            | 31 Dec 2023 |
|---|--------------|--------------|--------------|---------------------------|------------|-------------|
|   |              |              |              | Exchange rate differences | Other      |             |
| Lease liabilities                             | 32.1         | -8.9         | –            | -0.2                      | 3.2        | 26.2        |
| Liabilities to/loans from credit institutions | 87.2         | -9.4         | –            | –                         | -10.1      | 67.7        |
| Overdraft facility                            | 5.4          | -14.9        | –            | 0.2                       | 10.1       | 0.8         |
| <b>Total</b>                                  | <b>124.7</b> | <b>-33.2</b> | <b>–</b>     | <b>–</b>                  | <b>3.2</b> | <b>94.7</b> |

|                                    | 1 Jan 2022  | Cash flow   | Acquisitions | Non-cash items            |            | 31 Dec 2022  |
|------------------------------------|-------------|-------------|--------------|---------------------------|------------|--------------|
|                                    |             |             |              | Exchange rate differences | Other      |              |
| Lease liabilities                  | 22.0        | -6.6        | 10.7         | 2.8                       | 3.2        | 32.1         |
| Liabilities to credit institutions | 15.3        | 50.2        | 5.6          | 4.2                       | 11.8       | 87.2         |
| Overdraft facility                 | 25.8        | -9.9        | –            | 1.3                       | -11.8      | 5.4          |
| <b>Total</b>                       | <b>63.1</b> | <b>33.8</b> | <b>16.3</b>  | <b>8.3</b>                | <b>3.2</b> | <b>124.7</b> |

### Note 34 Adjustment for non-cash items

|  | 2023        | 2022        |
|--|-------------|-------------|
| Depreciation/amortization                        | 47.9        | 42.0        |
| Gains/losses from the sale of non-current assets | 1.8         | 2.7         |
| Other  | -2.5        | 0.9         |
| <b>Total</b>                                     | <b>47.2</b> | <b>45.6</b> |

## FINANCIAL REPORT, CONT.

### Note 35 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 performance measures prepared in accordance with IFRS, Arla Plast presents financial performance measures that have not been defined in accordance with IFRS, for example EBITDA and adjusted operating margin. These alternative

performance measures are considered to be important earnings and performance indicators for investors and other users of the interim report. These alternative performance measures should be considered to be 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 as a percentage of 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 million                        | Earnings before interest, taxes, depreciation and amortization.  | 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 segments.  |
| Adjusted operating margin, %               | The adjusted operating profit as a percentage of 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 that is adjusted increases the comparability of EBITDA.  |
| Interest-bearing assets, SEK million       | Cash and bank balances.  | The interest-bearing assets are used to calculate net debt.   |
| Interest-bearing liabilities, SEK million  | Current and non-current liabilities owed to credit institutions, current and non-current lease liabilities.  | The interest-bearing liabilities are used to calculate net debt.  |
| Net debt, SEK million                      | Interest-bearing liabilities less interest-bearing assets.   | 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                  | Net debt at period-end in relation to the EBITDA for the last 12 months.   | 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 net debt and EBITDA stayed constant, without taking into account interest-, tax- and investment-related cash flow. |

## FINANCIAL REPORT, CONT.

| Definitions                       | Calculation  | Purpose   |
|-----------------------------------|--|---|
| 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 divestments.         |
| Working capital, SEK million      | Operating receivables consist of total current assets, excluding cash and cash equivalents. Operating liabilities consist of total current liabilities, excluding liabilities to credit institutions, lease liabilities and tax liabilities. Working capital is equal to operating receivables less operating liabilities. | This measure is used to analyse the company's short-term tied-up capital.   |
| Working capital/sales, %          | Operating receivables less operating liabilities in relation to sales.   | This performance measure 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). Non-interest-bearing liabilities are all liabilities excluding liabilities to credit institutions and leasing liabilities.  | 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, tonnes              | Volume sold stated in tonnes.  | 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.   |
| 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/assets ratio indicates the proportion of the company's assets that are financed by equity. This performance measure makes it possible to analyse a company's long-term ability to pay. |

## FINANCIAL REPORT, CONT.

### Calculation of performance measures

|   | 2023         | 2022        |
|---|--------------|-------------|
| <b>Gross margin, %</b>  |              |             |
| Gross profit, SEK million                                       | 219.3        | 148.7       |
| Net sales, SEK million  | 1,015.1      | 957.8       |
| <b>Gross margin, %</b>  | <b>21.6</b>  | <b>15.5</b> |
| <b>Operating margin, %, Sweden</b>                              |              |             |
| Net sales, SEK million  | 609          | 610.1       |
| Operating profit, SEK million                                   | 56           | 36.3        |
| <b>Operating margin, %, Sweden</b>                              | <b>9.1</b>   | <b>5.9</b>  |
| <b>Operating margin, %, Czech Republic</b>                      |              |             |
| Net sales, SEK million  | 350          | 339.6       |
| Operating profit, SEK million                                   | 35           | 10.7        |
| <b>Operating margin, %, Czech Republic</b>                      | <b>10.1</b>  | <b>3.2</b>  |
| <b>Operating margin, %, Germany</b>                             |              |             |
| Net sales, SEK million  | 118          | 47.4        |
| Operating profit, SEK million                                   | 4            | 2.7         |
| <b>Operating margin, %, Germany</b>                             | <b>3.5</b>   | <b>5.7</b>  |
| <b>Adjusted EBITDA, SEK million</b>                             |              |             |
| Operating profit  | 91.6         | 47.1        |
| Depreciation and amortization of non-current assets             | 47.9         | 42.0        |
| Impairment of non-current assets                                | –            | –           |
| EBITDA  | 139.5        | 89.1        |
| Less items affecting comparability                              | –            | 1.2         |
| <b>Adjusted EBITDA, SEK million</b>                             | <b>139.5</b> | <b>90.3</b> |
| <b>Organic growth, %</b>  |              |             |
| Net sales, SEK million  | 1,015.1      | 957.8       |
| Net sales for the same period of the previous year, SEK million | 957.8        | 927.5       |
| Acquisitions  | -46.4        | -34.4       |
| <b>Net sales, change</b>  | <b>10.9</b>  | <b>-4.1</b> |
| Exchange rate fluctuations, SEK million                         | -36.4        | -20.7       |
| <b>Organic growth, %</b>  | <b>-2.7</b>  | <b>-3.0</b> |

## FINANCIAL REPORT, CONT.

### Calculation of ratios, cont.:

|   | 2023        | 2022        |
|---|-------------|-------------|
| <b>Working capital/sales, %</b>             |             |             |
| Operating receivables, SEK million          | 310.6       | 342.8       |
| Operating liabilities, SEK million          | -75.0       | -65.1       |
| Net working capital, SEK million            | 235.6       | 277.8       |
| Net sales, SEK million                      | 1,015.1     | 957.8       |
| <b>Working capital/sales, %</b>             | <b>23.2</b> | <b>29.0</b> |
| <b>Return on capital employed (ROCE), %</b> |             |             |
| Capital employed, SEK million               | 663.2       | 624.7       |
| Average capital employed, SEK million       | 643.9       | 578.8       |
| Adjusted operating profit, SEK million      | 91.6        | 48.2        |
| <b>Return on capital employed (ROCE), %</b> | <b>14.2</b> | <b>8.3</b>  |
| <b>Net debt/EBITDA, multiple</b>            |             |             |
| Net debt, SEK million                       | -81.3       | 76.7        |
| EBITDA                                      | 139.5       | 89.1        |
| <b>Net debt/EBITDA, multiple</b>            | <b>-0.6</b> | <b>0.9</b>  |
| <b>Equity/assets ratio, %</b>               |             |             |
| Equity, SEK million                         | 568.4       | 500.0       |
| Total capital, SEK million                  | 785.2       | 736.0       |
| <b>Equity/assets ratio, %</b>               | <b>72.4</b> | <b>67.9</b> |

## FINANCIAL REPORT, CONT.

### Note 36 Items affecting comparability

| SEK million       | 2023     | 2022       |
|-------------------|----------|------------|
| Acquisition costs | –        | 1.2        |
| <b>Total</b>      | <b>–</b> | <b>1.2</b> |

In the consolidated statement of comprehensive income, the items affecting comparability are included in other operating expenses.

### Note 37 Significant events after the end of the financial period

After many years working for the Group, Monica Ljung, CFO of Arla Plast, has decided, at her own request, to resign from her position to take on new challenges outside the Group. Monica will continue to work during her notice period until mid-May 2024. The recruitment of a new CFO has begun.

Arla Plast AB has signed a letter of intent with the shareholders of Nudec S.A. regarding the acquisition of 100% of its shares. If the acquisition takes place, it will strengthen the Arla Plast Group's geographical position in Europe and further broaden its product portfolio. Like Arla Plast, Nudec is a supplier and producer of extruded sheets of technical plastic materials, based just outside of Barcelona, Spain. Nudec occupies a strong position in southern Europe. Founded in 1980, the company has a successful history of profitability and growth, although its 2022 results were comparatively weak. Nudec's net sales in 2022 amounted to approximately EUR 57 million, corresponding to just over SEK 600 million. The parties aim to finalize the transaction in the first half of 2024.

No further significant events have occurred since the end of the reporting period.

## FINANCIAL REPORT, CONT.

# Parent company income statement

| Amounts in SEK million                   | Note | 2023         | 2022         |
|--|------|--------------|--------------|
| Net sales                                | 2    | 608.7        | 610.1        |
| Cost of goods sold                       | 3.4  | -465.4       | -502.6       |
| <b>Gross profit</b>                      |      | <b>143.3</b> | <b>107.5</b> |
| Selling expenses                         | 3.4  | -54.6        | -45.3        |
| Administrative expenses                  | 3.4  | -39.3        | -34.9        |
| Other operating income                   | 5    | 6.8          | 4.3          |
| Other operating expenses                 | 6    | -0.6         | 4.6          |
| <b>Operating profit</b>                  |      | <b>55.6</b>  | <b>36.2</b>  |
| Interest income and similar income/costs | 7    | 18.2         | 8.3          |
| Interest expenses and similar            | 7    | -22.8        | -12.3        |
| <b>Profit after financial items</b>      |      | <b>51.0</b>  | <b>32.2</b>  |
| Appropriations                           | 8    | -4.5         | 4.6          |
| Tax on profit for the year               | 9    | -10.2        | -8.0         |
| <b>Profit for the year</b>               |      | <b>36.3</b>  | <b>28.8</b>  |

## Condensed statement of comprehensive income, parent company

| Amounts in SEK million  | Jan–Dec 2023 | Jan–Dec 2022 |
|---|--------------|--------------|
| <b>Profit for the period</b>  | <b>36.3</b>  | <b>28.8</b>  |
| Items that may be subsequently transferred to profit for the period | –            | –            |
| <b>Other comprehensive income for the period</b>                    | <b>–</b>     | <b>–</b>     |
| <b>Total comprehensive income for the period</b>                    | <b>36.3</b>  | <b>28.8</b>  |

## FINANCIAL REPORT, CONT.

# Parent company balance sheet

| Amounts in SEK million                     | Note | 2023         | 2022         |
|--|------|--------------|--------------|
| <b>ASSETS</b>                              |      |              |              |
| <b>Non-current assets</b>                  |      |              |              |
| Intangible non-current assets              | 11   | 0.3          | 0.3          |
| <b>Total intangible non-current assets</b> |      | <b>0.3</b>   | <b>0.3</b>   |
| Buildings and land                         | 12   | 58.6         | 62.3         |
| Machinery and other technical equipment    | 12   | 73.2         | 83.8         |
| Equipment and tools                        | 12   | 8.2          | 10.2         |
| Construction in progress                   | 12   | 0.8          | 0.1          |
| <b>Total property, plant and equipment</b> |      | <b>140.8</b> | <b>156.4</b> |
| Investments in Group companies             | 10   | 83.2         | 90.9         |
| <b>Total non-current financial assets</b>  |      | <b>83.2</b>  | <b>90.9</b>  |
| <b>Total non-current assets</b>            |      | <b>224.3</b> | <b>247.6</b> |
| <b>Current assets</b>                      |      |              |              |
| Inventories                                | 14   | 75.2         | 98.2         |
| Accounts receivable                        | 13   | 70.9         | 66.5         |
| Receivables from Group companies           |      | 1.1          | 1.3          |
| Other receivables                          | 15   | 6.0          | 1.3          |
| Current tax assets                         |      | 3.4          | 5.1          |
| Prepaid expenses and accrued income        | 16   | 2.5          | 2.7          |
| Cash and bank balances                     | 17   | 116.3        | 40.8         |
| <b>Total current assets</b>                |      | <b>275.4</b> | <b>215.9</b> |
| <b>TOTAL ASSETS</b>                        |      | <b>499.7</b> | <b>463.5</b> |



## FINANCIAL REPORT, CONT.

# Parent company balance sheet, cont.

| Amounts in SEK million                            | Note | 2023         | 2022         |
|---|------|--------------|--------------|
| <b>EQUITY AND LIABILITIES</b>                     |      |              |              |
| <b>Equity</b>                                     |      |              |              |
| Share capital                                     | 18   | 2.5          | 2.4          |
| Statutory reserve                                 |      | 0.5          | 0.5          |
| <b>Total restricted equity</b>                    |      | <b>3.0</b>   | <b>2.9</b>   |
| Retained earnings (including profit for the year) |      | 245.2        | 199.9        |
| <b>Total non-restricted equity</b>                |      | <b>245.2</b> | <b>199.9</b> |
| <b>Total equity</b>                               |      | <b>248.2</b> | <b>202.8</b> |
| <b>Untaxed reserves</b>                           | 19   | <b>140.5</b> | <b>136.0</b> |
| <b>Provisions</b>                                 | 20   | <b>6.7</b>   | <b>14.2</b>  |
| Liabilities to credit institutions                | 21   | 58.6         | 69.1         |
| Accounts payable                                  |      | 10.0         | 10.6         |
| Other liabilities                                 | 22   | 12.4         | 12.9         |
| Accrued expenses and deferred income              | 23   | 23.3         | 17.9         |
| <b>Total liabilities</b>                          |      | <b>111.0</b> | <b>124.7</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | <b>499.7</b> | <b>463.5</b> |

## FINANCIAL REPORT, CONT.

# Parent company statement of changes in equity

| Amounts in SEK million  | Share capital | Statutory reserve | Retained earnings, profit or loss | Profit for the year | Total equity |
|---|---------------|-------------------|-----------------------------------|---------------------|--------------|
| <b>Opening balance, 1 January 2022</b>                            | <b>2.4</b>    | <b>0.5</b>        | <b>161.0</b>                      | <b>40.1</b>         | <b>204.0</b> |
| Profit carried forward from previous year                         | –             | –                 | 40.1                              | -40.1               | –            |
| Profit for the year and comprehensive income                      | –             | –                 | –                                 | 28.8                | 28.8         |
| <b>Transactions with shareholders in their capacity as owners</b> |               |                   |                                   |                     |              |
| Dividend  | –             | –                 | -30.0                             | –                   | -30.0        |
| <b>Closing balance, 31 December 2022</b>                          | <b>2.4</b>    | <b>0.5</b>        | <b>171.1</b>                      | <b>28.8</b>         | <b>202.8</b> |
| <b>Opening balance, 1 January 2023</b>                            | <b>2.4</b>    | <b>0.5</b>        | <b>171.1</b>                      | <b>28.8</b>         | <b>202.8</b> |
| Profit carried forward from previous year                         | –             | –                 | 28.8                              | -28.8               | –            |
| Profit for the year and comprehensive income                      | –             | –                 | –                                 | 36.3                | 36.3         |
| New share issues resulting from warrants                          | 0.1           | –                 | 29.0                              | –                   | 29.1         |
| <b>Transactions with shareholders in their capacity as owners</b> |               |                   |                                   |                     |              |
| Dividend  | –             | –                 | -20.0                             | –                   | -20.0        |
| <b>Closing balance, 31 December 2023</b>                          | <b>2.5</b>    | <b>0.5</b>        | <b>208.9</b>                      | <b>36.3</b>         | <b>248.2</b> |

The notes on pages 92–100 form an integral part of the parent company financial statements.

## FINANCIAL REPORT, CONT.

# Parent company statement of cash flows

| Amounts in SEK million   | Note | 2023         | 2022         |
|--|------|--------------|--------------|
| <b>Cash flow from operating activities</b>                                   |      |              |              |
| Operating profit   |      | 55.6         | 36.2         |
| Adjustments for non-cash items   | 28   | 18.2         | 21.1         |
| Interest received  |      | 1.3          | 0.1          |
| Interest paid  |      | -2.7         | -1.1         |
| Exchange differences and changes in value of derivatives                     |      | 0.2          | -1.4         |
| Income tax paid  |      | -8.6         | -17.7        |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>64.0</b>  | <b>37.2</b>  |
| Increase/decrease in inventories   |      | 23.0         | 5.5          |
| Change in current operating receivables                                      |      | -8.2         | 22.2         |
| Change in current operating liabilities                                      |      | 3.9          | 8.0          |
| <b>Total change in working capital</b>                                       |      | <b>18.7</b>  | <b>35.7</b>  |
| <b>Cash flow from operating activities</b>                                   |      | <b>82.7</b>  | <b>72.9</b>  |
| <b>Cash flow from investing activities</b>                                   |      |              |              |
| Investments in property, plant and equipment                                 | 12   | -2.6         | -4.2         |
| Acquisitions   | 10   | –            | -61.9        |
| <b>Cash flow from investing activities</b>                                   |      | <b>-2.6</b>  | <b>-66.1</b> |
| <b>Cash flow from financing activities</b>                                   |      |              |              |
| Net change in overdraft facility   | 21   | -1.2         | -5.3         |
| Repayments of loans to credit institutions                                   | 21   | -117.1       | -15.5        |
| Borrowing from credit institutions   |      | 107.7        | 64.4         |
| Dividend paid  |      | -20.0        | -30.0        |
| New share issues   |      | 29.2         | –            |
| <b>Cash flow from financing activities</b>                                   |      | <b>-1.4</b>  | <b>13.6</b>  |
| <b>Decrease/increase in cash and bank balances</b>                           |      | <b>78.7</b>  | <b>20.4</b>  |
| Cash and bank balances at start of year                                      |      | 40.8         | 18.4         |
| Exchange differences in cash and cash equivalents                            |      | -3.2         | 2.0          |
| <b>Cash and bank balances at year-end</b>                                    | 17   | <b>116.3</b> | <b>40.8</b>  |

## FINANCIAL REPORT, CONT.

# Parent company notes

## Note 1 Parent company's accounting policies

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies were applied consistently for all the years presented, unless otherwise stated. The parent company's financial statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The financial statements have been prepared under the historical cost convention.

The preparation of statements in compliance with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the parent company's accounting policies. Those areas that include a high degree of judgement and are complex, or where the assumptions and estimates are of material significance for the annual accounts, are stated in note 4 to the consolidated financial statements.

The parent company is exposed through its activities to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial performance. For more information on financial risks, please refer to note 3 of the consolidated financial statements.

The parent company applies accounting policies other than those of the Group, as described in note 2 to the consolidated financial statements, in the cases set out below:

### Presentation formats

The format prescribed in the Swedish Annual Accounts Act is used for the income statements and balance sheets. The presentation format for the statement of changes in equity is also consistent with the Group's format, but must also include the columns stated in the Annual Accounts Act. Moreover, there is a difference in terms, compared with the consolidated financial statements, mainly with regard to financial income and expenses and equity.

### Shareholder contributions and Group contributions

Group contributions received from subsidiaries are recognized as financial income. Group contributions made by parent companies to subsidiaries are recognized as an increase in participations in Group companies. Group contributions received by subsidiaries from parent companies are recognized in the subsidiary in equity. Group contributions made by subsidiaries to parent companies are recognized in equity.

### Financial instruments

IFRS 9 is not applied in the parent company. Instead, the parent company applies the paragraphs set out in RFR 2 (IFRS 9 Financial Instruments, p. 3–10).

Financial instruments are measured at cost. Financial assets acquired with the intention of holding them on a short-term basis will be recognized in subsequent periods in accordance with the lower value principle at the lowest of cost and

market value. Derivative instruments with a negative fair value are recognized at this value.

When calculating the net realizable value of receivables recognized as current assets, the rules on impairment testing and credit loss allowances set out in IFRS 9 are applied. For a receivable that is recognized at amortized cost at Group level, this means that the rules on credit loss allowances applied within the Group in accordance with IFRS 9 must also be applied within the parent company.

### Untaxed reserves

Untaxed reserves are recognized at their gross amount in the balance sheet, including the deferred tax liability related to the reserve.

### Appropriations

Changes in untaxed reserves are recognized as appropriations in the income statement.

### Leasing

All leases in which the parent company is the lessee are recognized as operating leases (rental agreements), regardless of whether the agreements are financial or operational. The lease payment is recognized as an expense on a straight-line basis over the lease period. The parent company has chosen not to apply IFRS 16 Leases, but instead, since 1 January 2019, has applied the paragraphs set out in RFR 2 (IFRS 16 Leases, p. 2-12).

## Note 2 Net sales

|                         | 2023         | 2022         |
|-------------------------|--------------|--------------|
| Extruded plastic sheets | 608.7        | 610.1        |
| <b>Total revenue</b>    | <b>608.7</b> | <b>610.1</b> |

| Net sales by geographical market | 2023         | 2022         |
|----------------------------------|--------------|--------------|
| Sweden                           | 128.6        | 116.8        |
| Germany                          | 107.5        | 109.4        |
| Czech Republic                   | 40.3         | 50.6         |
| Poland                           | 69.3         | 76.7         |
| Rest of Europe                   | 214.3        | 208.1        |
| Rest of the world                | 48.7         | 48.5         |
| <b>Total</b>                     | <b>608.7</b> | <b>610.1</b> |

## FINANCIAL REPORT, CONT.

### Note 3 Remuneration of the auditors

| Remuneration of the auditors | 2023       | 2022       |
|------------------------------|------------|------------|
| <b>Deloitte AB</b>           |            |            |
| – Audit assignment           | 1.2        | –          |
| – Other services             | –          | –          |
| <b>Total</b>                 | <b>1.2</b> | <b>–</b>   |
| <b>Ernst &amp; Young AB</b>  |            |            |
| – Audit assignment           | 0.2        | 1.5        |
| – Other services             | 0.6        | 0.4        |
| <b>Total</b>                 | <b>0.8</b> | <b>1.9</b> |
| <b>Total amount</b>          | <b>2.0</b> | <b>1.9</b> |

### Note 4 Remuneration of employees, etc.

|  | 2023        | 2022        |
|--|-------------|-------------|
| Salaries and other benefits                | 69.0        | 65.1        |
| Social security contributions              | 24.0        | 22.9        |
| Pension costs – defined-contribution plans | 5.7         | 6.1         |
| <b>Total employee benefits</b>             | <b>98.7</b> | <b>94.1</b> |

|   | 2023                        |  | 2022                        |  |
|---|-----------------------------|--|-----------------------------|--|
|   | Salaries and other benefits | Social security costs (of which pension costs) | Salaries and other benefits | Social security costs (of which pension costs) |
| Board members, CEOs and other senior executives | 7.2                         | 3.0 (0.7)                                      | 5.0                         | 2.2 (0.6)                                      |
| Other employees                                 | 61.8                        | 26.7 (5.0)                                     | 60.1                        | 26.8 (5.5)                                     |
| <b>Total, parent company</b>                    | <b>69.0</b>                 | <b>29.7</b>                                    | <b>65.1</b>                 | <b>29.0</b>                                    |

|                              | 2023       |            | 2022       |            |
|------------------------------|------------|------------|------------|------------|
|                              | Number     | Men        | Number     | Men        |
| Sweden                       | 135        | 103        | 130        | 98         |
| Belgium                      | 2          | 2          | 2          | 2          |
| <b>Total, parent company</b> | <b>137</b> | <b>105</b> | <b>132</b> | <b>100</b> |

|                              | 2023      |           | 2022      |           |
|------------------------------|-----------|-----------|-----------|-----------|
|                              | Number    | Men       | Number    | Men       |
| Board members                | 9         | 6         | 9         | 7         |
| Senior executives            | 8         | 6         | 5         | 4         |
| <b>Total, parent company</b> | <b>17</b> | <b>12</b> | <b>14</b> | <b>11</b> |

For information regarding the remuneration of senior executives, see note 9 to the consolidated financial statements.

## FINANCIAL REPORT, CONT.

**Note 5 Other operating income**

|   | 2023       | 2022       |
|---|------------|------------|
| Rental income                               | 0.1        | 0.3        |
| Exchange differences                        | –          | –          |
| Grants received                             | 0.6        | 1.5        |
| Gains on the disposal of non-current assets | –          | 0.1        |
| Insurance compensation                      | 0.2        | –          |
| Other operating income                      | 5.9        | 2.4        |
| <b>Total</b>                                | <b>6.8</b> | <b>4.3</b> |

**Note 6 Other operating expenses**

|                      | 2023        | 2022       |
|----------------------|-------------|------------|
| Exchange differences | -0.1        | 4.6        |
| Other                | -0.5        | –          |
| <b>Total</b>         | <b>-0.6</b> | <b>4.6</b> |

**Note 7 Interest income and similar income statement items and interest expenses and similar income statement items**

|   | 2023         | 2022         |
|---|--------------|--------------|
| External interest income  | 1.3          | 0            |
| Exchange differences  | 16.9         | 8.3          |
| <b>Total interest income and similar income statement items</b>   | <b>18.2</b>  | <b>8.3</b>   |
| Interest expenses, bank loans                                     | -2.8         | –            |
| Interest expenses, external                                       | –            | -1.0         |
| Exchange differences  | -20.0        | -11.3        |
| <b>Total interest expenses and similar income statement items</b> | <b>-22.8</b> | <b>-12.3</b> |
| <b>Total financial items – net</b>                                | <b>-4.6</b>  | <b>-4.0</b>  |

**Note 8 Appropriations**

|   | 2023        | 2022       |
|---|-------------|------------|
| Reversal of tax allocation reserve                              | 10.0        | 16.1       |
| Provision for tax allocation reserve                            | -16.0       | -12.5      |
| Difference between book and scheduled depreciation/amortization | 1.5         | 1.0        |
| <b>Total</b>  | <b>-4.5</b> | <b>4.6</b> |

**Note 9 Tax on profit for the year**

| Taxes recognized in the statement of comprehensive income | 2023         | 2022        |
|---|--------------|-------------|
| <b>Current tax</b>  |              |             |
| Current tax on profit for the year                        | -10.2        | -8.0        |
| <b>Total current tax</b>                                  | <b>-10.2</b> | <b>-8.0</b> |
| <b>Total recognized tax</b>                               | <b>-10.2</b> | <b>-8.0</b> |

|   | 2023         | 2022        |
|---|--------------|-------------|
| <b>Profit before tax</b>  | 51.0         | 32.2        |
| Income tax calculated according to the tax rate in Sweden (20.6%) | -10.5        | -6.6        |
| <b>Tax effects of:</b>  |              |             |
| Tax effect of non-deductible expenses                             | -0.2         | -0.1        |
| Tax effect, change of tax rate/reversal of tax allocation reserve | 0.8          | -1.2        |
| Standard interest tax allocation reserve                          | -0.3         | -0.1        |
| <b>Total recognized tax</b>                                       | <b>-10.2</b> | <b>-8.0</b> |

## FINANCIAL REPORT, CONT.

### Note 10 Investments in subsidiaries

| Name                  | Company reg. no. | Registered office and country of registration and operation | Investments % | Carrying amount 31/12/2023 | Carrying amount 31/12/2022 |
|-----------------------|------------------|---|---------------|----------------------------|----------------------------|
| <b>Directly owned</b> |                  |   |               |                            |                            |
| Arla Plast s.r.o.     | 260,84,996       | Kadan, Czech Republic                                       | 100           | 29.0                       | 29.0                       |
| Alphaplex GmbH        | HRB 14990        | Hüllhorst, Germany  | 100           | 54.2                       | 61.9                       |

### Note 11 Intangible non-current assets

| Financial year 2023            | Licences   | Other intangible non-current assets | Total      |
|--------------------------------|------------|-------------------------------------|------------|
| <b>Opening carrying amount</b> | <b>0.1</b> | <b>0.3</b>                          | <b>0.4</b> |
| Reclassifications              | –          | –                                   | –          |
| Amortization                   | -0.1       | –                                   | -0.1       |
| <b>Closing carrying amount</b> | <b>–</b>   | <b>0.3</b>                          | <b>0.3</b> |
| <b>As of 31 December 2023</b>  |            |                                     |            |
| Cost                           | 0.9        | 0.3                                 | 1.2        |
| Accumulated amortization       | -0.9       | –                                   | -0.9       |
| <b>Carrying amount</b>         | <b>–</b>   | <b>0.3</b>                          | <b>0.3</b> |

| Financial year 2022            | Licences   | Other intangible non-current assets | Total      |
|--------------------------------|------------|-------------------------------------|------------|
| <b>Opening carrying amount</b> | <b>0.4</b> | <b>0.1</b>                          | <b>0.5</b> |
| Reclassifications              | –          | 0.2                                 | 0.2        |
| Amortization                   | -0.3       | –                                   | -0.3       |
| <b>Closing carrying amount</b> | <b>0.1</b> | <b>0.3</b>                          | <b>0.4</b> |
| <b>As of 31 December 2022</b>  |            |                                     |            |
| Cost                           | 0.9        | 0.3                                 | 1.2        |
| Accumulated amortization       | -0.8       | –                                   | -0.8       |
| <b>Carrying amount</b>         | <b>0.1</b> | <b>0.3</b>                          | <b>0.4</b> |

## FINANCIAL REPORT, CONT.

### Note 12 Property, plant and equipment

|                                | Buildings and land | Machinery and other technical equipment | Equipment, tools and installations | Construction in progress | Total        |
|--------------------------------|--------------------|---|------------------------------------|--------------------------|--------------|
| <b>Financial year 2023</b>     |                    |   |                                    |                          |              |
| <b>Opening carrying amount</b> | <b>62.3</b>        | <b>83.8</b>                             | <b>10.2</b>                        | <b>0.1</b>               | <b>156.4</b> |
| Acquisitions for the year      | –                  | 0.1                                     | 0.8                                | 1.6                      | 2.5          |
| Disposals and eliminations     | –                  | -1.8                                    | –                                  | –                        | -1.8         |
| Reclassifications              | –                  | 0.6                                     | 0.3                                | -0.9                     | –            |
| Depreciation                   | -3.7               | -9.5                                    | -3.1                               | –                        | -16.3        |
| <b>Closing carrying amount</b> | <b>58.6</b>        | <b>73.2</b>                             | <b>8.2</b>                         | <b>0.8</b>               | <b>140.8</b> |
| <b>As of 31 December 2023</b>  |                    |   |                                    |                          |              |
| Cost                           | 122.6              | 269.7                                   | 36.4                               | 0.8                      | 429.2        |
| Accumulated depreciation       | -64.0              | -196.5                                  | -28.2                              | –                        | -288.4       |
| <b>Carrying amount</b>         | <b>58.6</b>        | <b>73.2</b>                             | <b>8.2</b>                         | <b>0.8</b>               | <b>140.8</b> |

|                                | Buildings and land | Machinery and other technical equipment | Equipment, tools and installations | Construction in progress | Total        |
|--------------------------------|--------------------|---|------------------------------------|--------------------------|--------------|
| <b>Financial year 2022</b>     |                    |   |                                    |                          |              |
| <b>Opening carrying amount</b> | <b>66.1</b>        | <b>94.6</b>                             | <b>11.3</b>                        | <b>1.3</b>               | <b>173.3</b> |
| Acquisitions for the year      | 0.4                | 1.3                                     | 0.7                                | 1.7                      | 4.1          |
| Disposals and eliminations     | –                  | -2.0                                    | -0.3                               | –                        | -2.3         |
| Reclassifications              | 0.5                | 0.6                                     | 1.6                                | -2.9                     | -0.2         |
| Depreciation                   | -4.7               | -10.7                                   | -3.1                               | –                        | -18.5        |
| <b>Closing carrying amount</b> | <b>62.3</b>        | <b>83.8</b>                             | <b>10.2</b>                        | <b>0.1</b>               | <b>156.4</b> |
| <b>As of 31 December 2022</b>  |                    |   |                                    |                          |              |
| Cost                           | 122.6              | 271.0                                   | 35.4                               | 0.1                      | 429.1        |
| Accumulated depreciation       | -60.3              | -187.2                                  | -25.2                              | –                        | -272.7       |
| <b>Carrying amount</b>         | <b>62.3</b>        | <b>83.8</b>                             | <b>10.2</b>                        | <b>0.1</b>               | <b>156.4</b> |



## FINANCIAL REPORT, CONT.

### Note 13 Accounts receivable

|                                  | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|-------------|-------------|
| Accounts receivable              | 73.2        | 65.8        |
| Provision for credit losses      | –           | –           |
| Currency adjustment              | -2.3        | 0.7         |
| <b>Accounts receivable – net</b> | <b>70.9</b> | <b>66.5</b> |

|              | 31 Dec 2023 | 31 Dec 2022 |
|--------------|-------------|-------------|
| EUR          | 46.5        | 41.8        |
| GBP          | 5.2         | 4.3         |
| USD          | –           | 1.6         |
| NOK          | –           | 0.3         |
| SEK          | 21.5        | 17.8        |
| <b>Total</b> | <b>73.2</b> | <b>65.8</b> |

| Change in credit loss reserve:                           | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| <b>Opening balance, credit loss reserve</b>              | <b>0.1</b>  | <b>0.2</b>  |
| Provision for credit losses                              | –           | –           |
| Provisions for receivables paid during the year          | -0.1        | -0.2        |
| Receivables written off during the year as irrecoverable | –           | –           |
| <b>Closing balance, credit loss reserve</b>              | <b>–</b>    | <b>–</b>    |

Arla Plast insures the majority of its accounts receivable, which provides protection against losses arising from non-payment by our customers. Of the accounts receivable that are insured, the insured portion amounts to 90%, excluding VAT on the invoice amount. The maximum exposure to credit risk for accounts receivable was 12.16% (9.51) at the balance sheet date.

The fair value of accounts receivable corresponds to their carrying amount, since the discounting effect is not material.

No accounts receivable have been pledged as security for any debt.

|                                 | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------------|-------------|-------------|
| Accounts receivable not yet due | 67.9        | 61.6        |
| 1–30 days                       | 5.1         | 4.0         |
| 31–60                           | –           | 0.1         |
| > 61 days                       | 0.2         | 0.1         |
| <b>Total</b>                    | <b>73.2</b> | <b>65.8</b> |

### Note 14 Inventories

|                                    | 31 Dec 2023 | 31 Dec 2022 |
|------------------------------------|-------------|-------------|
| Raw materials and goods for resale | 36.7        | 50.2        |
| Finished goods produced in-house   | 34.1        | 43.8        |
| Products in progress               | 4.4         | 4.2         |
| <b>Total</b>                       | <b>75.2</b> | <b>98.2</b> |

During the 2023 financial year, costs of goods amounting to SEK 367.5 million (400.8) were recognized in the income statement as costs of goods sold.

No part of the inventory has been valued at net realizable value as of 31 December 2023.

### Note 15 Other receivables

|                           | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------|-------------|-------------|
| Insurance compensation    | 0.2         | –           |
| Settlement of tax account | 3.6         | 0.1         |
| VAT                       | 1.9         | 0.9         |
| Other current receivables | 0.3         | 0.3         |
| <b>Total</b>              | <b>6.0</b>  | <b>1.3</b>  |

### Note 16 Prepaid expenses and accrued income

|                         | 31 Dec 2023 | 31 Dec 2022 |
|-------------------------|-------------|-------------|
| Prepaid insurance costs | 0.4         | 0.4         |
| Prepaid licence fees    | 1.3         | 1.5         |
| Other items             | 0.8         | 0.8         |
| <b>Total</b>            | <b>2.5</b>  | <b>2.7</b>  |

## FINANCIAL REPORT, CONT.

### Note 17 Cash and bank balances

Cash and cash equivalents in the statement of cash flows include the following:

|               | 31 Dec 2023  | 31 Dec 2022 |
|---------------|--------------|-------------|
| Cash          | –            | –           |
| Bank deposits | 116.3        | 40.8        |
| <b>Total</b>  | <b>116.3</b> | <b>40.8</b> |

### Note 18 Share capital

Please see note 26 to the consolidated financial statements for information on the parent company's share capital.

### Note 19 Untaxed reserves

|  | 31 Dec 2023  | 31 Dec 2022  |
|--|--------------|--------------|
| Tax allocation reserve 2017                      | –            | 10.0         |
| Tax allocation reserve 2018                      | 7.6          | 7.6          |
| Tax allocation reserve 2019                      | 12.0         | 12.0         |
| Tax allocation reserve 2020                      | 21.0         | 21.0         |
| Tax allocation reserve 2021                      | 17.0         | 17.0         |
| Tax allocation reserve 2022                      | 12.5         | 12.5         |
| Tax allocation reserve 2023                      | 16.0         | –            |
| Accumulated excess depreciation/<br>amortization | 54.4         | 55.9         |
| <b>Total</b>                                     | <b>140.5</b> | <b>136.0</b> |

### Note 20 Provisions

|                      | 31 Dec 2023 | 31 Dec 2022 |
|----------------------|-------------|-------------|
| Earn-out reservation | 6.7         | 14.2        |

The acquisition of Alphaplex GmbH includes a contingent consideration of a maximum of EUR 1.3 million based on three years of EBIT. The related condition is linked to the employment of two key employees, for which a provision has been made as a personnel cost and recognized in selling expenses in the consolidated statement of comprehensive income. Given the performance in 2023, the estimated outcome is lower than the 2022 estimate.

### Note 21 Borrowings

|                                    | 31 Dec 2023 | 31 Dec 2022 |
|------------------------------------|-------------|-------------|
| Current                            | –           | 1.2         |
| Liabilities to credit institutions | 58.6        | 67.9        |
| <b>Total borrowings</b>            | <b>58.6</b> | <b>69.1</b> |

#### Liabilities to credit institutions

Bank loans of EUR 1.2 million with an annual fixed interest rate of 5.39% will become due on 9 August 2024. Bank loans of EUR 4.1 million with an annual fixed interest rate of 5.41% will become due on 26 July 2024. The company has two overdraft facilities, one with a variable interest rate based on STIBOR minus 0.5% and the other with a variable interest rate based on STIBOR minus 0.25%. Amounts owed to credit institutions have been classified as current, since the parent company does not have an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period. The fair value of current borrowings corresponds to their carrying amount, since the discounting effect is not material.

If interest rates on borrowings in Swedish kronor as of 31 December 2023 had been 200 basis points higher/lower with all other variables held constant, the estimated profit after tax for the financial year would have been SEK 1.0 million (0.7) lower/higher, mainly due to higher/lower interest expenses on floating rate borrowings.

Total borrowings include bank loans and other secured borrowings of SEK 59.9 million (59.9). The parent company's borrowings carry both fixed and floating interest rates, which is why there is exposure, in respect of borrowings, to fluctuations in interest rates.

#### Overdraft facility

The parent company has overdraft facilities denominated in SEK of SEK 15.4 million (15.4) and in EUR of EUR 2.4 million (2.4). Of the overdraft facility granted in SEK, SEK 0 million (1.2) had been utilized as of 31 December 2023. Of the overdraft facility granted in EUR, EUR 0 million (0) had been utilized as of 31 December 2023.

### Note 22 Other liabilities

|   | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
| Employee withholding taxes              | 1.4         | 1.4         |
| Statutory social security contributions | 1.6         | 1.5         |
| Customer bonuses                        | 5.0         | 5.3         |
| Advances from customers                 | 1.5         | 0.8         |
| Commission costs                        | 1.4         | 1.9         |
| Costs of items returned                 | 1.5         | 2.0         |
| <b>Total</b>                            | <b>12.4</b> | <b>12.9</b> |

## FINANCIAL REPORT, CONT.

### Note 23 Accrued expenses

|                           | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------|-------------|-------------|
| Accrued personnel costs   | 17.3        | 13.4        |
| Accrued interest expenses | 1.1         | 0.6         |
| Other accrued expenses    | 4.9         | 3.9         |
| <b>Total</b>              | <b>23.3</b> | <b>17.9</b> |

### Note 24 Pledged assets

|                    | 31 Dec 2023 | 31 Dec 2022 |
|--------------------|-------------|-------------|
| Property mortgages | 9.0         | 9.0         |
| Floating charges   | 50.9        | 50.9        |
| <b>Total</b>       | <b>59.9</b> | <b>59.9</b> |

Pledged assets relate entirely to liabilities to credit institutions.

### Note 25 Leases and rent

#### Operating lease commitments

The parent company leases premises, cars, machinery and other technical equipment under non-cancellable operating leases. The lease periods vary between 1 and 3 years, and most of the leases can be extended at the end of the lease term at a rate consistent with a market rate. Lease expenses for the year, which amounted to SEK 1.9 million (1.8) and relate to leases for cars, premises and machinery, are included in the statement of comprehensive income.

The aggregate undiscounted amount at the end of the reporting period of future lease payments, excluding variable lease payments, under non-cancellable leases, allocated to the appropriate maturity dates:

|                       | 2023       | 2022       |
|-----------------------|------------|------------|
| Within 1 year         | 1.0        | 0.7        |
| Between 1 and 5 years | 0.8        | 0.7        |
| <b>Total</b>          | <b>1.8</b> | <b>1.4</b> |

### Note 26 Related-party transactions

Transactions with related parties may affect a company's financial performance and position. Information must therefore be provided on those that may be deemed to be related to the Arla Plast Group. The parent company has a controlling influence over the subsidiary. Its transactions and balances with the subsidiary are therefore shown below. Related parties are those linked to the members of the Board of Directors, as well as Group Management, with their respective related parties. All transactions are carried out on market terms.

The following related-party transactions took place:

|  | 2023        | 2022        |
|--|-------------|-------------|
| <b>Sale of goods and services</b>      |             |             |
| Companies controlled by a board member | 3.8         | –           |
| Subsidiaries                           | 27.5        | 10.0        |
| <b>Total</b>                           | <b>31.3</b> | <b>10.0</b> |

#### Purchases of goods and services

|              |             |             |
|--------------|-------------|-------------|
| Subsidiaries | 23.3        | 22.6        |
| <b>Total</b> | <b>23.3</b> | <b>22.6</b> |

#### Receivables and payables at year-end resulting from the sale and purchase of goods and services

|                                       | 2023       | 2022       |
|---------------------------------------|------------|------------|
| <b>Claims on related parties</b>      |            |            |
| Subsidiaries                          | 2.3        | 2.3        |
| <b>Liabilities to related parties</b> |            |            |
| Subsidiaries                          | -1.2       | -1.0       |
| <b>At year-end</b>                    | <b>1.1</b> | <b>1.3</b> |

The parent company does not have any expected credit losses attributable to related parties since these are considered to be immaterial, nor has the parent company recognized any costs related to credit losses on related parties during the period. No assets are pledged for the receivables.

Receivables from related parties arise mainly from sales transactions and are due 30 days after the date of sale.

Liabilities to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase.

Loans between parent and subsidiary companies have a maximum maturity of one year, with an annual interest rate based on external borrowing rates. The loans are not pledged and are paid in cash.

Remuneration to senior executives is presented in note 4.

## FINANCIAL REPORT, CONT.

**Note 27** Changes in liabilities related to financing activities

|                                    | 1 January<br>2023 | Cash inflow  | Cash outflow  | Non-cash items               |            | 31 Dec 2023 |
|------------------------------------|-------------------|--------------|---------------|------------------------------|------------|-------------|
|                                    |                   |              |               | Exchange rate<br>differences | Other      |             |
| Liabilities to credit institutions | 67.9              | 107.8        | -117.1        | –                            | –          | 58.6        |
| Overdraft facility                 | 1.2               | 209.3        | -212.3        | –                            | 1.8        | –           |
| <b>Total</b>                       | <b>69.1</b>       | <b>317.0</b> | <b>-329.4</b> | <b>–</b>                     | <b>1.8</b> | <b>58.6</b> |

|                                    | 1 January<br>2022 | Cash inflow  | Cash outflow  | Non-cash items               |          | 31 Dec 2022 |
|------------------------------------|-------------------|--------------|---------------|------------------------------|----------|-------------|
|                                    |                   |              |               | Exchange rate<br>differences | Other    |             |
| Liabilities to credit institutions | 15.3              | 64.5         | -15.5         | 3.6                          | –        | 67.9        |
| Overdraft facility                 | 6.6               | 212.5        | -217.9        | –                            | –        | 1.2         |
| <b>Total</b>                       | <b>21.9</b>       | <b>277.0</b> | <b>-233.4</b> | <b>3.6</b>                   | <b>–</b> | <b>69.1</b> |

**Note 28** Adjustment for non-cash items

|  | 2023        | 2022        |
|--|-------------|-------------|
| Depreciation/amortization                        | 16.3        | 18.7        |
| Gains/losses from the sale of non-current assets | 1.8         | –           |
| Other  | –           | 2.4         |
| <b>Total</b>                                     | <b>18.2</b> | <b>21.1</b> |

**Note 29** Proposed appropriation of profit

The following profits are at the disposal of the Annual General Meeting:

|  | 2023         | 2022         |
|--|--------------|--------------|
| Retained earnings  | 208.9        | 171.1        |
| Profit for the year  | 36.3         | 28.8         |
| <b>SEK</b>   | <b>245.2</b> | <b>199.9</b> |
| <b>The Board of Directors proposes that the profit be appropriated as follows:</b> |              |              |
| To shareholders, SEK 1.25 per share (1.00)   | 26.2         | 20.0         |
| to be carried forward  | 219.0        | 179.9        |
| <b>SEK</b>   | <b>245.2</b> | <b>199.9</b> |

The Group's statement of comprehensive income and statement of financial position will be submitted to the Annual General Meeting on 7 May 2024 for approval.

**Note 30** Significant events after the balance sheet date

After many years working for the Group, Monica Ljung, CFO of Arla Plast, has decided, at her own request, to resign from her position to take on new challenges outside the Group. Monica will continue to work during her notice period until mid-May 2024. The recruitment of a new CFO has begun.

Arla Plast AB has signed a letter of intent with the shareholders of Nudec S.A. regarding the acquisition of 100% of its shares. If it takes place, the acquisition will strengthen the Arla Plast Group's geographical position in Europe and further broaden its product portfolio. Like Arla Plast, Nudec is a supplier and producer of extruded sheets of technical plastic materials, based just outside of Barcelona, Spain. Nudec occupies a strong position in southern Europe. Founded in 1980, the company has a successful history of profitability and growth, although the 2022 results were comparatively weak. Nudec's net sales in 2022 amounted to approximately EUR 57 million, corresponding to just over SEK 600 million. The parties aim to finalize the transaction in the first half of 2024.

## FINANCIAL REPORT, CONT.

# Signatures

The Board of Directors and the CEO affirm that the consolidated financial statements have been prepared in accordance with IFRS international accounting standards as adopted by the EU and give a true and fair view of the Group's position and results. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's position and earnings.

The Directors' report for the Group and parent company provides a true and fair view of the Group and parent company's business, financial position and performance, and describes the substantial risks and uncertainties to which the parent company and the companies that are part of the Group are subject.

Borensberg, 26 March 2024

Christian Krichau  
Chief Executive Officer

Jan Synnersten  
Chairman of the Board

Annelie Arnbäck  
Board Member

Maria Catoni  
Board Member

Ulf Hedlundh  
Board Member

Leif Nilsson  
Board Member

Ola Salmén  
Board Member

Thomas Widstrand  
Board Member

Annika Erlandsson  
Employee representative

Klas Renlund  
Employee representative

Our audit report was submitted on 4 April 2024

Deloitte AB

Pernilla Rehnberg

# Auditor's report

To the general meeting of the shareholders of Arla Plast AB, company reg. number 556131-2611

## Report on the annual accounts and consolidated financial statements

### Opinions

We have audited the annual report and consolidated financial statements of Arla Plast AB for the financial year from 1 January 2023 to 31 December 2023. The company's annual report and consolidated financial statements are included on pages 47–81 and 86–101 of this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Directors' report is consistent with the other parts of the annual report and consolidated financial statements.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet of the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with Article 11 of the EU Audit Regulation (537/2014).

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes the fact that, to the best of our knowledge and belief, no prohibited services referred to in Article 5(1) of the EU Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or companies under its control within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key audit matters

The key audit matters for the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual report and consolidated financial statements for the current period. These matters were addressed when auditing and forming our opinion on the annual report and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

### Key audit matters

#### *Valuation of goodwill, brands and customer relations*

Arla Plast AB recognizes goodwill, brands and customer relations amounting to SEK 30.7 million in the consolidated balance sheet as of 31 December 2023. The assets are tested for impairment annually during the fourth quarter, or as soon as changes indicate that a need for impairment may exist. As the value of these assets is sensitive to changes in assumptions, such as the growth and discount rate, this matter is of particular importance in our audit.

For further information, please refer to the accounting policies on pages 59–61, note 4 and note 17, of the annual report. Our audit included the following audit procedures:

- Gained an understanding of management's process for producing key estimates and assumptions.
- Evaluated whether the methods used by management to calculate the value of the cash-generating units meet the requirements of IAS 36 Impairment of Assets.
- Evaluated management's impairment testing model and perpetual growth and discount rate assumptions by developing independent estimates.
- Performed sensitivity analyses on key assumptions, such as assumptions regarding sales growth and the development of EBITDA.
- Examined whether the required disclosures are made in the relevant notes to the financial statements.

#### *Information other than the annual accounts and consolidated financial statements*

This document also contains information other than the annual accounts and consolidated financial statements, which can be found on pages 1–46 and 82–85. The

Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual report and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual report and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual report and consolidated financial statements. In conducting this review we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to contain material misstatements.

If we, based on the work performed concerning this information, conclude that there is a material misstatement in this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the CEO**

The Board of Directors and the CEO are responsible for the preparation of the annual report and consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal controls as they determine are necessary to enable the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and consolidated financial statements, the Board of Directors and the CEO are

responsible for the assessment of the company's and the Group's ability to continue operating as a going concern. They disclose, where applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to take one of these actions.

The Audit Committee must, without prejudice to the Board of Directors' responsibilities and tasks in general, oversee the company's financial reporting process, among other things.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the annual report and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IAS and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of this annual report and these consolidated financial statements.

A further description of our responsibilities for the audit of the annual report [and consolidated financial statements] can be found on the website of the Swedish Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the audit report

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual report and consolidated financial statements, we have also audited the management by the Board of Directors and the CEO of Arla Plast AB (publ) for 1 January 2023–31 December 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be managed) in accordance with the proposal in the Directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for proposing the appropriation of the company's profit or loss. If a dividend is proposed, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes continuously assessing the company's and the Group's financial position and

ensuring that the company's organization is designed so that the accounting, management of funds and the company's financial affairs are otherwise prudently monitored. The CEO must manage day-to-day management according to the Board of Directors' guidelines and instructions and take the measures that are necessary to fulfil the company's statutory accounting obligations and manage funds prudently.

### Auditor's responsibilities

Our objective for the audit of the company's management, and thereby our opinion on the granting of discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO has in any material respect:

- undertaken any action or been guilty of any omission which may give rise to liability for the company, or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this matter, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may give rise to liability for the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A further description of my (our) responsibilities for the audit of the annual report [and consolidated financial statements] can be found on the website of the Swedish Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the audit report.



## Auditor's opinion on the ESEF report

### Opinion

In addition to our audit of the annual report and consolidated financial statements, we have also examined whether the Board of Directors and the CEO have prepared the annual report and consolidated financial statements in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Arla Plast AB for the financial year from 1 January 2023 – 31 December 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR recommendation RevR 18 The auditor's examination of the ESEF report. Our responsibilities under this recommendation are further described in the Auditors' responsibilities section. We are independent of Arla Plast AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal controls that the Board of Directors and the CEO determine are necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

### Auditor's responsibilities

Our responsibility is to state with reasonable assurance whether the ESEF report has in all material respects been prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report has been prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that a procedure carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when one exists. Misstatements can arise from fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of the ESEF report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and manage a quality management system including policies or procedures relating to compliance with ethical requirements, professional standards and the applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual report and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, the auditor considers those internal controls that are relevant to the preparation of the ESEF report by the Board of Directors and the CEO, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the CEO.

The examination procedures mainly consist of validating that the ESEF report has been prepared in a valid XHTML format and reconciling the ESEF report with the audited annual report and consolidated financial statements.

Furthermore, the examination also includes an assessment of whether the consolidated income statement, balance sheet, statement of changes in equity, statement of cash flows and notes in the ESEF report have been marked with iXBRL in compliance with the ESEF regulation.

Deloitte AB, was appointed auditor of Arla Plast AB by the general meeting on 10 May 2023 and has been the company's auditor since 10 May 2023.

Jönköping, 4 April 2024  
Deloitte AB

Pernilla Rehnberg  
Authorized Public Accountant

---

## Auditor's opinion on the corporate governance report

To the general meeting of the shareholders of Arla Plast AB, company reg. number 556131-2611

### Tasks and division of responsibilities

The Board of Directors is responsible for ensuring that the corporate governance report for the financial year 1 January 2023 – 31 December 2023 on pages 37–46 has been prepared in accordance with the Swedish Annual Accounts Act.

### Focus and scope of the examination

Our examination of the corporate governance report was conducted in accordance with FAR recommendation RevR 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions.

### Opinion

A corporate governance report has been prepared. The disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act are consistent with the annual report and consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

Jönköping, 4 April 2024  
Deloitte AB

Pernilla Rehnberg  
Authorized Public Accountant

---

## The auditor's opinion on the statutory sustainability report

To the general meeting of the shareholders of Arla Plast AB, company reg. number 556131-2611

### Tasks and division of responsibilities

The Board of Directors is responsible for ensuring that the statutory sustainability report for the 2023 financial year on pages 24–36 has been prepared in accordance with the Swedish Annual Accounts Act.

### Focus and scope of the examination

Our examination has been conducted in accordance with FAR recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinion.

### Opinion

A sustainability report has been prepared.

Jönköping, 4 April 2024  
Deloitte AB

Pernilla Rehnberg  
Authorized Public Accountant



Arla Plast AB  
Box 33, 591 06 Borensberg  
+46 141 20 38 00  
[www.arlaplastgroup.com](http://www.arlaplastgroup.com)