midsona

INTERIM REPORT JANUARY–SEPTEMBER 2021

Increased net sales with improved margins

July–September 2021 (third quarter)

- Net sales amounted to SEK 893 million (821).
- EBITDA amounted to SEK 80 million (72) before items affecting comparability, corresponding to a margin of 9.0 percent (8.8).
- Profit for the period was SEK 31 million (34), corresponding to earnings per share of SEK 0.45 (0.52) before dilution and SEK 0.45 (0.51) after dilution.
- Free cash flow amounted to SEK –8 million (64).
- Midsona agreed to acquire Vitality and Oy, a leading Finnish player in the consumer health products category.
- Supported by the authorisation granted by the Annual General Meeting on 5 May 2021, Midsona's Board of Directors approved a directed new share issue, whereby Midsona raised SEK 500 million before deductions for issue expenses.

January–September 2021 (nine months)

- Net sales amounted to SEK 2,761 million (2,626), but with challenges in organic growth as a result of the previous year's hoarding effects and increased household consumption.
- EBITDA amounted to SEK 252 million (276) before items affecting comparability, corresponding to a margin of 9.1 percent (10.5).
- Profit for the period was SEK 88 million (121), corresponding to earnings per share of SEK 1.33 (1.85) before dilution and SEK 1.32 (1.84) after dilution.
- Free cash flow amounted to SEK –69 million (150).

Significant event following the end of the report period.

- Midsona took possession of the acquired Vitality and Oy on 1 October.

Key figures, Group[1]	July-Sept 2021	July-Sept 2020	Jan-Sept 2021	Jan-Sept 2020	Rolling 12 months	Full year 2020
Net sales growth, %	8.8	7.3	5.1	16.4	11.4	20.4
Gross margin, before items affecting comparability, %	27.5	27.2	28.1	28.1	28.1	28.1
Gross margin, %	27.0	27.2	28.0	28.1	27.9	28.0
EBITDA-margin, before items affecting comparability, %	9.0	8.8	9.1	10.5	9.5	10.5
EBITDA margin, %	10.1	10.0	9.8	11.3	9.8	10.9
Operating margin, before items affecting comparability, %	4.7	4.5	5.0	6.5	5.5	6.6
Operating margin,%	5.4	5.7	5.2	7.3	5.5	6.9
Profit margin, %	4.0	4.9	3.9	5.8	4.2	5.5
Return on capital employed, %					5.5	6.6
Net debt, SEK million	1,237	1,352	1,237	1,352	1,237	1,584
Net debt / Adjusted EBITDA, multiple					3.6	4.2
Equity/assets ratio, %	53.6	48.2	53.6	48.2	53.6	45.1

[1] *Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 19–20 of this Interim Report and to pages 150–153 in the 2020 Annual Report.*

Note:
This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation. This Interim Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 22 October 2021 at 8:00 a.m. CEST.

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QUARTER 3

SEK 893 million

Net sales

SEK 80 million

EBITDA, before items affecting comparability

9.0 percent

EBITDA-margin, before items affecting comparability

Comment by the CEO

The third quarter of the year was marked by intensive preparations for Christmas, which is our high season for many product groups. For the Group, the trend was mixed, with good profits in many parts of the operations, although we saw poorer profits in other parts due to continued delivery disruptions and poor harvests.

Shortages of raw materials and delivery disruptions burdened sales and earnings

Net sales increased 9 percent to SEK 893 million, mainly due to the acquired System Frugt at the same time that organic growth declined somewhat. Our own brands performed significantly better than licensed brands and private labels. Because we sold relatively more of our own brands, the gross margin rose to 27.5 percent. EBITDA profit rose by 11 percent to SEK 80 million.

The decline in sales was attributable primarily to shortages of raw materials and getting certain raw materials delivered. There were several reasons for this – on the one hand, for some of our product groups, we saw poor harvests, while on the other, the global supply chain continues to struggle with transport problems, particularly from Asia. We also experienced some production issues. The greatest disruptions were noted in our Danish production unit in Tilst. System Frugt is approaching its high season and our outbound volumes of nuts and dried fruit ahead of Christmas were impacted severely. It is our ambition and hope that we will ultimately receive the great majority of the goods we need.

For large parts of Nordics and for North Europe, sales were maintained relatively well. The roll-out of Happy Bio and Davert in the European grocery trade continued at a good pace, particularly for South Europe with Happy Bio. The launch of Happy Bio in the grocery trade is exceeding expectations, with sales rising 38 percent compared with the preceding year.

In some countries, a certain negative effect was observed during the quarter as economies opened up following the summer as the pandemic subsided, where trade declined somewhat in favour of the restaurant industry. The effect was particularly noticeable in southern Europe, where the trend among French and Spanish healthfood stores in particular was very weak. Although we gained market share during the period, we experienced a significant decline in sales.

Price increases to be expected

During the quarter, we saw increased world market prices for several key raw materials. Plastics and other packaging materials became significantly more expensive. Cost increases for raw materials, input goods and transport have led us to prepare price increases. In some cases quite substantial ones. As supply chain disruptions are a global and well-known problem, we believe that our planned price increases will be accepted. At the same time, we are working hard to meet the challenges within the supply chain and are monitoring the global situation closely.

Value-generated acquisitions completed and on the agenda

The acquisition of Vitality and Oy (Vitality) in Finland, which was announced during the quarter and will be consolidated as of 1 October, significantly strengthens our position in Finland. With a product range that complements our own very well, we perceive sales and cost synergies. Vitality also has a good presence among pharmacies, making us strong now in all significant sales channels in the Finnish market. On the whole, Vitality is exactly the type of acquisition that has added most value for Midsona historically.

During the quarter, we implemented a directed new share issue to institutional investors for approximately SEK 500 million to finance continued value-generating acquisitions. I would like to take this opportunity to thank our shareholders, old and new alike, for their confidence in us. We are seeing the acquisition market around Europe thawing and currently have several interesting processes in progress – we hope to bring more news on these soon. Right now, we are mainly focused on addressing the challenging situation with regard to raw materials and transport, and I look forward to the remainder of 2021 with confidence.

Peter Åsberg
President and CEO

Financial information – Group

July–September

Net sales

Net sales amounted to SEK 893 million (821), an increase of 8.8 percent. The organic change in net sales was –3.9 percent while structural changes contributed by 13.3 percent and exchange rate changes negatively by 0.6 percent. For the Group's prioritised brands, the organic sales growth was a negative 6.1 percent. As a whole, the Group's sales trend was relatively weak in a quarter in which demand, particularly for organic products, was periodically restrained. As societies have opened up, with fewer or no pandemic restrictions, consumers, with their increased freedom, have sought increasingly to eat out, leading to them consuming less at home. The supply chain remained exposed to a number of disruptions, including longer lead times for deliveries of raw materials, packaging materials and finished goods due to the global container and transport situation. In addition, certain key raw materials were in short supply due to poor harvests. The level of service to customers remained challenging in certain geographic markets. Several of our own brands in the healthfoods and consumer health products categories showed strong growth in sales. For licensed brands, sales volumes were lower essentially due to sales assignments having been terminated. For food service, the sales trend remained favourable during the period as a consequence of pandemic restrictions gradually being lifted.

Gross profit

Gross profit amounted to SEK 241 million (223) and gross profit, before items affecting comparability, amounted to SEK 246 million (223), corresponding to a margin of 27.5 percent (27.2). The marginal trend was driven by a favourable product mix, selective price increases and a favourable exchange rate trend, although these were offset, in particular, by increased transport costs and, to some extent, increased costs for packaging materials and raw materials. There were shortages of certain packaging materials and raw materials, which affected delivery and production capacity. Taking into consideration that the acquired business System Frugt, with a gross margin in the lower range of 20-30 percent, was not included in the comparative period, the underlying positive margin development was even better.

Operating profit

EBITDA amounted to SEK 90 million (82) and EBITDA, before items affecting comparability, amounted to SEK 80 million (72), corresponding to a margin of 9.0 percent (8.8). The EBITDA margin rose, essentially as a consequence of higher business volumes combined with a favourable gross margin trend and some cost synergies from acquisitions having an impact. Amortisation and depreciation for the period amounted to SEK 38 million (35), divided between SEK 11 million (11) in amortisation of intangible fixed assets and depreciation of SEK 27 million (24) on tangible fixed assets. Depreciation increased as a consequence of operations being acquired. In addition, impairment of SEK 4 million was recognised among tangible fixed assets, due to a production facility being closed. Operating profit amounted to SEK 48 million (47) and operating profit, before items affecting comparability, amounted to SEK 42 million (37), corresponding to a margin of 4.7 percent (4.5).

Items affecting comparability

Operating profit included positive items affecting comparability by a net SEK 6 million (10), comprising a revaluated conditional purchase consideration of SEK 11 million (10), restructuring costs of SEK 1 million and impairment of tangible fixed assets by SEK 4 million. Restructuring costs and impairment of tangible fixed assets at fair value prior to sale were attributable to the closure of a production facility in Spain, see the *Production facility closure section* on page 9 for further details.

Financial items

Net financial items amounted to an expense of SEK 12 million (7). Interest expenses for external loans to credit institutions amounted to SEK 10 million (7) and interest expenses attributable to leases were SEK 1 million (1). Interest expenses to credit institutions increased as a result of higher indebtedness following the business acquisition completed in the fourth quarter of 2020. Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 0 million (1). Other financial items amounted to a negative SEK 1 million (0).

Profit for the period

Profit for the period was SEK 31 million (34), corresponding to earnings per share of SEK 0.45 (0.52) before dilution and SEK 0.45 (0.51) after dilution. Tax on the profit for the period amounted to a negative SEK 5 million (6), of which the current tax was negative SEK 11 million (6) and deferred tax was SEK 6 million (0). The effective tax rate was 13.9 percent (15.7). The low tax rate was mainly attributable to income from revaluations of purchase considerations entered as liabilities, which were associated with previous years' acquisitions and which do not correspond to taxes in any legal entity.

Cash flow

Cash flow from operating activities amounted to SEK 0 million (71), which was primarily explained by a weaker trend in working capital. The amount of capital tied up in inventories was high due to a major stockpiling of seasonal products, such as dried fruit and nuts, for delivery ahead of Christmas. In addition, reserve inventory levels for critical raw materials and finished goods continued to be increased to improve the level of customer service in some markets. Operating receivables increased compared with the previous quarter as a consequence of improved invoicing in August and September compared with May and June. Cash flow from investing activities amounted to SEK –15 million (–67), consisting of investments in tangible and intangible fixed assets of SEK 12 million (66), of which an on-going expansion investment in South Europe accounted for SEK 7 million and a decrease in financial assets by SEK 3 million (1). Free cash flow amounted to SEK –8 million (64). Cash flow from financing activities was SEK 114 million (–17), consisting of a new share issue of SEK 500 million, premiums paid in for warrant programme T2021/2024, amortisation of loans by SEK 374 million (24) and amortisation of leasing liabilities by SEK 14 million (11). The comparison period also included loans raised of SEK 60 million and the dividend paid of SEK 42 million. Cash flow for the period amounted to SEK 99 million (–13).

69 percent[1]

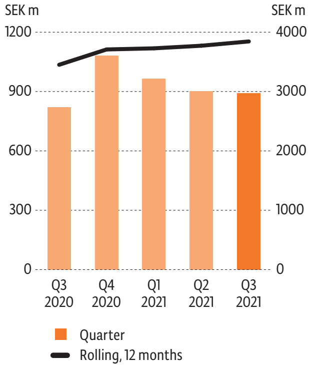
Percentage of own brands, income

–1.5 percent[1]

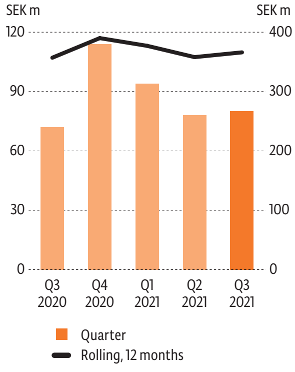
Organic growth of own brands

[1] For Q3, 2021

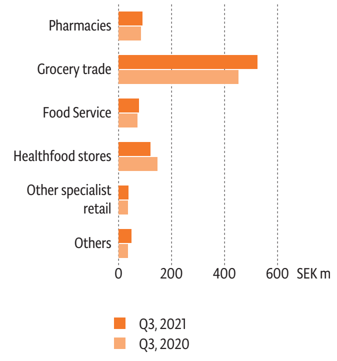
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



January–September

Net sales

Net sales amounted to SEK 2,761 million (2,626), an increase of 5.1 percent. The organic change in net sales was −4.6 percent while structural changes contributed by +12.1 percent and exchange rate changes by −2.4 percent. For the Group's prioritised brands, the organic sales growth was −4.3 percent. The previous year's strong sales in February to April attributable to both hoarding and increased household consumption as a result of the outbreak of Covid-19 were challenging to match. In addition, demand for organic products was occasionally restrained during the summer months as societies opened up with fewer or no pandemic restrictions. Consumers quite simply prioritised restaurant visits and night-life over consumption at home. The supply chain was subjected to some disruptions, especially in the second and third quarters as a result of a container shortage and delivery delays, which entailed both delayed and postponed deliveries of raw materials, packaging materials and finished products alike. There were also shortages of certain raw materials due to poorer harvests, which combined with delivery delays brought some challenges in the level of service to customers and a certain decline in sales. On the whole, however, the sales trend for most of the Group's own brands was favourable, particularly in the healthfoods and consumer health products categories. The sales volumes for licensed brands were lower as result of concluded sales assignments. As society opened up and pandemic restrictions were lifted, sales improved to food service, partially at the expense of lower sales volumes to grocery trade and healthfood stores.

Gross profit

Gross profit amounted to SEK 773 million (738) and gross profit, before items affecting comparability, amounted to SEK 777 million (738), corresponding to a margin of 28.1 percent (28.1). Gross profit increased, primarily as a consequence of acquired operations. The gross margin was subject to some pressure, with a good product and customer mix, selective price increases and a favourable exchange rate trend compensating for increased transport costs and the negative margin effect, caused by acquired operations, with a gross margin in the lower range of 20–30 percent. Furthermore, in the second quarter, gross profit was encumbered by slightly higher production and inventory-related costs in the North and South Europe divisions.

Operating profit

EBITDA amounted to SEK 271 million (297) and EBITDA, before items affecting comparability, amounted to SEK 252 million (276), corresponding to a margin of 9.1 percent (10.5). The EBITDA margin essentially decreased as a consequence of lower sales volumes at the same time that larger market investments were made in prioritised brands. Because synergies had yet to achieve full impact, the EBITDA margin for the acquired operation System Frugt was also in the lower range of 0-10 percent, which contributed to a lower margin overall for the Group. Amortisation and depreciation for the period amounted to SEK 115 million (106), divided between SEK 34 million (34) in amortisation of intangible fixed assets and depreciation of SEK 81 million (72) on tangible fixed assets. Depreciation increased as a consequence of operations being acquired. In addition, impairment of SEK 8 million was recognised on intangible fixed assets and of SEK 4 million on tangible fixed assets as a result of a product development project being discontinued and a production facility being closed. Operating profit amounted to SEK 144 million (191) and operating profit, before items affecting comparability, amounted to SEK 137 million (170), corresponding to a margin of 5.0 percent (6.5).

Items affecting comparability

Operating profit included items affecting comparability positively by a net SEK 7 million (21), comprising a revaluated conditional purchase consideration of SEK 21 million (18), impairment of an intangible asset by SEK 8 million, impairment of tangible fixed assets by SEK 4 million, restructuring costs of SEK 1 million (5), the reversed portion of a restructuring reserve from previous years of SEK 1 million, as well as acquisition-related costs of SEK 2 million attributable to the acquisition of System Frugt. The comparative period also included acquisition-related income (negative goodwill) of SEK 8 million as a result of acquisitions of operations at a low price.

Financial items

Net financial items amounted to an expense of SEK 35 million (38). Interest expenses for external loans to credit institutions amounted to SEK 26 million (21) and interest expenses attributable to leases were SEK 3 million (4). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 2 million (2). Other financial items amounted to a negative SEK 4 million (3). The comparative period also included earnings from participations in joint ventures in the amount of negative SEK 8 million, attributable to a revaluation of participations in a joint venture on obtaining a controlling influence. This revaluation resulted in a loss as the previously recognised book value of participations in joint ventures in the consolidated accounts exceeded fair value.

Profit for the period

Profit for the period was SEK 88 million (121), corresponding to earnings per share of SEK 1.33 (1.85) before dilution and SEK 1.32 (1.84) after dilution. Tax on the profit for the period amounted to a negative SEK 21 million (32), of which the current tax was negative SEK 22 million (27) and deferred tax was SEK 1 million (−5). The effective tax rate was 19.5 percent (21.0). The low tax rate was mainly attributable to income from revaluation of purchase considerations entered as liabilities associated with previous years' acquisitions not corresponding to taxes in any legal entity.

Cash flow

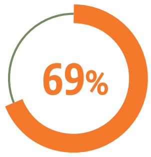
Cash flow from operating activities amounted to SEK −48 million (170), as a result of both a weaker trend in the operating activities and a lower working capital related to reduced operating liabilities, an increase in capital tied up in inventories and operating receivables. The increase in capital tied up in operating receivables was related essentially to a factoring agreement being terminated in the first quarter, which had a negative affect of SEK 67 million, while the increase in capital tied up in inventories was primarily related to stockpiling of seasonal goods for outbound deliveries ahead of Christmas. Cash flow from investing activities amounted to SEK −50 million (−115), consisting of a conditional purchase consideration paid of SEK 3 million related to previous years' business combinations, investments in tangible and intangible fixed assets of SEK 44 million (79), of which an on-going expansion investment in South Europe accounted for SEK 26 million and a decrease in financial assets for SEK 3 million (1). The comparative period also included a purchase consideration of SEK 35 million paid for previous years' business acquisitions. Free cash flow amounted to SEK −69 million (150). Cash flow from financing activities was SEK 87 million (−89), consisting of a new share issue of SEK 500 million, premiums of SEK 2 million paid in for warrant programme T2021/2024, loans raised of SEK 151 million (62), amortisation of loans by SEK 480 million (73), amortisation of leasing liabilities by SEK 44 million (35) and dividends paid of SEK 42 million (42). The comparative period also included issue expenses of SEK 1 million. Cash flow for the period amounted to SEK −11 million (−34).

Liquidity and financial position

Cash and equivalents amounted to SEK 185 million (138) and there were unused credit facilities of SEK 593 million (290) at the end of the period. Net debt amounted to SEK 1,237 million (1,352) and was SEK 1,716 million at the end of the preceding quarter. During the period, the revolving credit facility was paid off with funds from the implemented new share issue. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 3.6 (3.9) and, at the end of the preceding quarter, it was a multiple of 4.9. Equity amounted to SEK 2,858 million (2,314) and was SEK 2,321 million at the end of the preceding quarter. The changes consisted of profit for the period of SEK 31 million, translation differences on translating foreign operations of SEK 14 million, a new share issue for SEK 500 million, issue costs of SEK 6 million, premiums of SEK 2 million paid in for the warrants programme and dividends paid of SEK 4 million. The equity/assets ratio was 53.6 percent (48.2) at the end of the period.

Division Nordics

Percentage net sales in the Group[2]



Division Nordics[1]	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	620	537	1,885	1,667	2,646	2,428
Gross profit	193	172	598	537	834	774
Gross margin, %	31.1	31.9	31.7	32.2	31.5	31.9
EBITDA	69	62	198	198	289	288
EBITDA margin, %	11.1	11.6	10.5	11.9	10.9	11.9
Operating profit	57	53	159	170	234	245
Operating margin,%	9.1	9.9	8.4	10.2	8.8	10.1

[1] *Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.*

July–September

Net sales

Net sales increased by 15.5 percent, driven by acquired business volumes. The division's organic change in net sales was a decrease of 4.5 percent, of which external net sales decreased 4.8 percent. The negative sales trend was related mainly to lower sales for licensed brands, as a result of less profitable sales assignments being terminated, as well as occasionally restrained demand for organic products. Regardless of the type of brand, sales were also affected negatively to some extent by delivery disruptions resulting from, for example, shortages of raw materials and packaging materials. We also experienced certain production issues related to the division's Danish production unit in Tilst. On the whole, our own portfolio of brands developed relatively well, particularly the Friggs brand with its continued sales successes on a Nordic basis.

Gross profit

Gross profit improved, driven predominantly by acquired operations, although the margin was lower because acquired System Frugt has a lower gross margin than the division as a whole. Excluding the negative margin effect from System Frugt, the gross margin improved compared with the comparison period. The improvement was driven by a favourable mix of goods, selective price increases and a favourable exchange rate trend, which more than offset cost increases for transport and packaging materials.

Operating profit

EBITDA increased essentially as a consequence of higher business volumes and a certain impact of cost synergies with acquired operations. However, the EBITDA margin was slightly lower than in the comparison period, which is essentially explained by the comparison period having included positive operational currency translation differences, which corresponded to negative translation differences in the reported period.

January–September

Net sales

Net sales increased by 13.1 percent, driven by acquired business volumes. The division's organic change in net sales was a decrease of 4.4 percent, of which external net sales decreased 4.5 percent. It was a challenge to match last year's strong sales in February to April attributable to both hoarding and increased household consumption. However, the sales trend as a whole was relatively good considering lower sales of licensed brands as a result of concluded less profitable sales assignments. Sales of products from the own brand portfolio for comparable units were stable and in line with the comparative period's strong sales.

Gross profit

Gross profit improved, mainly driven by acquired operations, but the margin was lower because the acquired business has a lower gross margin than the division as a whole. However, gross margin improved for comparable units as a result of an improved product mix, cost savings in the supply chain and a favourable exchange rate trend compensating for certain cost increases.

Operating profit

EBITDA was in line with the preceding year, driven by improved gross profit and cost synergies realised through the integration of System Frugt, offsetting major market investments in priority brands.

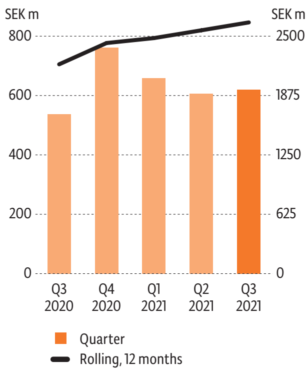
71 percent[2]

Percentage of own brands, income

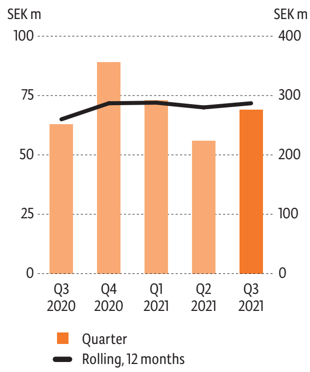
–2.5 percent[2]

Organic growth of own brands[3]

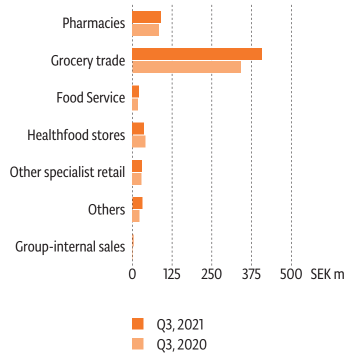
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



[2] *For Q3, 2021*
[3] *For external product sales*

Division North Europe

Percentage net sales in the Group[2]

Division North Europe[1]	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	195	197	623	668	854	899
Gross profit	36	31	117	127	164	174
Gross margin, %	18.5	15.8	18.8	19.0	19.3	19.4
EBITDA	13	8	50	58	66	74
EBITDA margin, %	6.5	4.2	8.0	8.7	7.7	8.3
Operating profit	2	-3	18	24	24	29
Operating margin,%	1.0	-1.6	2.9	3.6	2.8	3.3

[1] *Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.*

July–September

Net sales

Net sales decreased by 0.8 percent. The division's organic change in net sales was an increase of 0.4 percent, of which external net sales had a decrease of 0.7 percent. Products from our own portfolio of brands enjoyed a strong sales trend with organic growth of 4.7 percent, driven mainly by the launch in the grocery trade. The supply chain remained exposed to a number of disruptions, including longer lead times for deliveries of raw materials and packaging materials due to the global container shortage. In addition, certain key raw materials were in short supply due to poor harvests. The level of service to customers remained challenging, with some gradual improvement during the period. In comparison with the preceding quarter, shortages of certain raw materials was more pronounced in the reported quarter. There was good growth in food service sales, as a consequence of pandemic restrictions gradually being lifted, partly at the expense of slightly lower sales to the grocery trade and healthfood stores.

Gross profit

Gross profit and the margin improved through a favourable product mix, which more than offset cost increases for raw materials, packaging materials and transport. The comparison period was, however, burdened by certain temporary production-related costs.

Operating profit

EBITDA increased due to improved gross profit and good cost control.

January–September

Net sales

Net sales decreased by 6.8 percent. The division's organic change in net sales was a decrease of 3.1 percent, of which external net sales had a decrease of 4.1 percent. The previous year's strong sales in February to April attributable to both hoarding and increased household consumption were challenging to match. In addition, sales also continued to be impacted negatively to a certain extent by a low level of service to customers as a result of disruptions in the supply chain and shortages of some raw materials. As societies reopened and pandemic restrictions were lifted, sales to food service gradually improved.

Gross profit

Gross profit decreased and the margin was slightly lower due to lower sales volumes. The margin was negatively affected by limited flexibility in production costs, temporary additional costs related to measures to improve the level of service, as well as higher prices for raw materials and transport. This was, however, offset partly by a good brand mix, with a larger share of brand-profiled goods and a favourable exchange rate trend.

Operating profit

EBITDA decreased and the margin was lower as a result of lower sales volumes. Although the division has demonstrated good cost control, it has not been able to fully reduce its overheads in line with the reduced sales volumes.

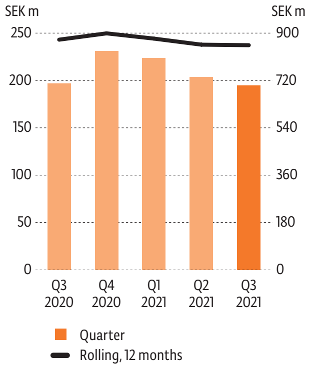
62 percent[2]

Percentage of own brands, income

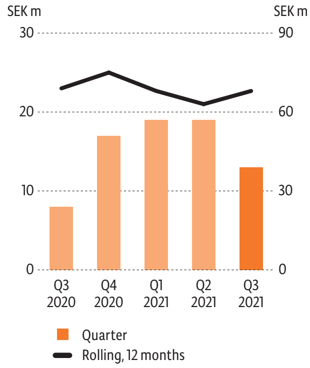
4.7 percent[2]

Organic growth of own brands[3]

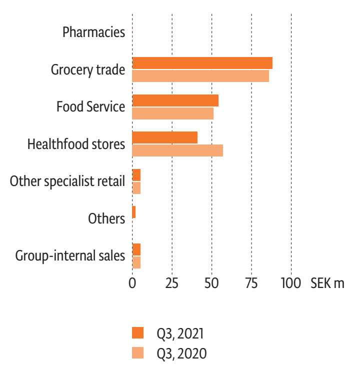
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



[2] *For Q3, 2021*
[3] *For external product sales*

Division South Europe

Percentage net sales in the Group[2]

Division South Europe[1]	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	86	93	283	310	382	409
Gross profit	16	20	63	73	84	95
Gross margin, %	18.7	21.3	22.2	23.7	22.1	23.2
EBITDA	3	8	22	39	34	51
EBITDA margin, %	3.5	8.7	7.8	12.5	9.0	12.5
Operating profit	-2	4	8	25	16	33
Operating margin,%	-1.8	3.9	3.0	8.1	4.3	8.1

[1] Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

July–September

Net sales

Net sales decreased by 6.7 percent. The division's organic change in net sales was a decrease of 5.7 percent, of which external net sales had a decrease of 6.0 percent. The Group's own portfolio of brands developed in line with the division's total sales, although with strong growth in the grocery trade. Sales to the grocery trade increased by 15.8 percent, driven by continued success with the launch of the priority brand Happy Bio. Sales volumes to healthfood stores, which is still the largest sales channel in terms of volume, remained lower compared with the preceding year, although with an increased market share in a declining market for healthfood stores. The supply chain was exposed to continued supply disruptions and, in some cases, shortages of raw materials and packaging materials, which together led to a certain decline in sales.

Gross profit

Gross profit decreased and the margin was impacted negatively by lower business volumes, an unfavourable product mix and higher inventory costs related to the on-going expansion investment in Spain, which claimed earlier warehouse space and was replaced with a new external warehouse. In addition, the margin was affected to some extent by increased costs for certain raw materials, which have yet to be fully offset by price increases implemented at the next stage.

Operating profit

EBITDA decreased and the margin was lower as a result of lower business volumes, a weak gross margin trend and increased structural costs.

January–September

Net sales

Net sales decreased by 8.6 percent. The division's organic change in net sales was a decrease of 5.0 percent, of which external net sales had a decrease of 5.7 percent. The previous year's effects from product hoarding and higher household consumption during February to April were difficult to match. Moreover, the French market has been undergoing change for some time with lower sales volumes to healthfood stores and higher volumes to the grocery trade. Sales to healthfood stores decreased significantly, which was partly compensated by higher business volumes from grocery trade driven by the brand Happy Bio.

Gross profit

Gross profit decreased and the slightly lower margin was impacted by higher inventory costs as a consequence of the on-going expansion investment in Spain for plant-based meat alternatives. The investment claimed a former warehouse, which was replaced by a new external warehouse. An occasionally more favourable product and customer mix partly compensated for higher inventory-related costs.

Operating profit

EBITDA decreased and the margin was lower as a result of lower business volumes and increased structural costs.

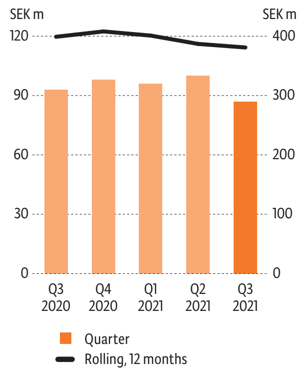
77 percent[2]

Percentage of own brands, income

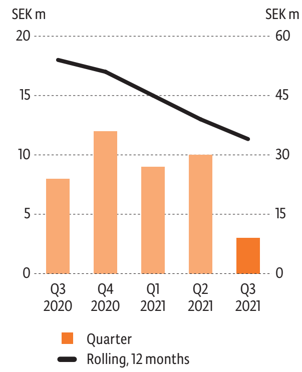
–6.0 percent[2]

Organic growth of own brands[3]

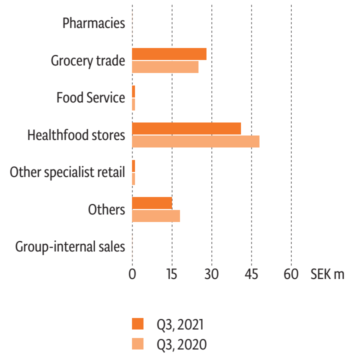
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



[2] For Q3, 2021
[3] For external product sales

Other information

Financial calendar

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

Year-end Report 2021
4 February 2022

Interim Report Jan–March 2022
28 April 2022

Interim Report Jan–June 2022
20 July 2022

Interim report, January–September 2022
25 October 2022

Seasonal variations

Sales and earnings are affected to some extent by seasonal variations. Sales in the first and second quarter are affected by Easter week, depending on which quarter it occurs in. Easter week does not favour sales for the Group's product groups. Warm summer months normally entail lower sales for most product groups as the consumers prioritise different consumption. The second quarter of the year is usually the Group's weakest in terms of sales and profit. As a result of the acquired System Frugt, sales are generally higher in the fourth quarter than in the first three quarters, which is mainly due to higher sales of dried fruits and nuts prior to the Christmas, among other things.

Parent Company

Net sales amounted to SEK 49 million (41), and related primarily to invoicing of services provided internally within the Group. The loss before tax amounted to SEK 13 million (profit 86). The loss before tax included dividends from subsidiaries of SEK 1 million (124). Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of a negative SEK 1 million (2) and exchange-rate differences of SEK 8 million (negative 19) on net investment in subsidiaries.

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 728 million (352). Borrowing from credit institutions was SEK 1,155 million (1,117) at the end of the period. On the balance sheet date, there were 19 employees (13).

Closely-related parties

CEO, Peter Åsberg, sold 35,150 Series B shares in Midsona AB to the main owner Stena Adactum AB in the first quarter of 2021. The transaction was carried out at market price.

In November 2016, the main owner Stena Adactum AB issued 100,000 call options to Chairman of the Board Ola Erici with its own holding in shares as a guarantee. The options were converted to 24,730 Series B shares in Midsona in the second quarter of 2021. The transaction was carried out at market price. It did not affect the Midsona Group's financial position or performance as it was not a party to the transaction.

Besides the aforementioned transaction, there were no material related-party transactions during the period January–September 2021. Also see Note 33 *Related parties* on page 128 in the 2020 Annual Report for a description of the Group and the Parent Company's related-party transactions.

Risks and uncertainties including impact from Covid-19

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent. In the third quarter, the Group suffered diminished access to certain raw materials as well as higher prices for procured raw materials due to poorer harvests. The assessment is that this will have a negative impact on the Group looking ahead, until the next harvest in the spring and summer of 2022. Beyond that, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the section Risks and risk management on pages 80–91 and Note 31 *Financial risk management* on pages 126–128 in the 2020 Annual Report.

The Covid-19 pandemic continued to affect the Group to some extent in the first nine months of 2021. As societies have reopened, demand for maritime transport has risen dramatically, leading to a global shortage of containers. This entailed considerably increased maritime shipping costs, with the assessment being that these will persist throughout much of 2022. The container shortage also entailed substantial delivery delays. As we still have a somewhat unstable external situation, we continue to maintain elevated reserve inventory levels for the most critical raw materials and finished products. As societies reopened and pandemic restrictions were lifted, sales to food service gradually improved.

Significant events January–September

Changes in prioritised brands

Midsona works with prioritised brands, all with great potential for growth. It was decided to replace the Eskio-3 and Naturdiet brands with the Earth Control brand as a priority brand effective from 1 January 2021. Earth Control, a strong brand in the Nordic market in the category of healthfoods, was acquired in October 2020. Eskio-3 and Naturdiet will continue to be developed within the Group. After the change, the prioritised brands include Urtekram, Kung Markatta, Davert, Helios, Friggs, Celnat, Vegetalia, Happy Bio and Earth Control.

Supplement to financing agreement

In April 2021, an agreement was reached on an amendment to an existing financing agreement with Danske Bank for an extended credit limit by SEK 200 million to ensure flexibility regarding future operating capital needs in a group that is growing.

Annual General Meeting

The Annual General Meeting on 5 May 2021 addressed dividends and other matters. A decision was made to pay a dividend to shareholders of SEK 1.25 per share, divided between two payment dates. At the first payment date on 12 May, SEK 0.65 per share was paid with 7 May as the record date and at the second payment date on 29 October, SEK 0.60 per share will be paid with 26 October as the record date.

Climate targets

In May, Midsona had its targets for reduced emissions approved by the international cooperative body Science Based Target initiative (SBTi), which is a collaboration between the CDP, the UN Global Compact, World Resources Institute (WRI) and World Wide Fund for Nature (WWF). This means that our targets agree with the levels required to achieve the targets in the Paris agreement.

Acquisition analysis

The acquisition analysis for System Frugt A/S, which was presented in the Year-End Report for 2020 and the 2020 Annual Report, was revised in the second quarter of 2021. Revised items in the acquisition analysis are presented in Note 8 *Changes in acquisition analysis* on page 18.

New legislation in Sweden

On 10 June 2021, the Swedish Parliament decided to introduce a new law as of 1 November 2021 regarding the prohibition of unfair trading methods in the purchase of agricultural and food products if the supplier or buyer are established in Sweden, in line with an EU directive. The law contains a number of different prohibited unfair trading methods and one of them is terms of payment of more than 30 days. The Swedish Competition Authority is the supervisory authority and may decide that if a buyer violates the law by applying unfair trading methods, the buyer must pay an administrative fine of a maximum of 1 percent of the annual sales. An initial analysis showed that changed payment terms in Sweden will have a negative effect on the Group's cash flow.

Production facility closure

In July, it was decided to close a small production plant in Jerez, Spain as a part of strengthening competitiveness. The production plant mainly produced organic baby food under the brand Vegebaby. Some production volumes were moved to the production plant in Castellcir, Spain, and some production volumes were concluded. The efficiency programme entailed restructuring costs of SEK 1 million and the impairment of tangible fixed assets by SEK 4 million to fair value, which was charged against profit for the third quarter of 2021. The efficiency-enhancement programme is expected to provide a minor savings, with full effect in 2022.

Business acquisitions

On 20 August, Midsona entered an agreement to acquire Vitality and Oy (Vitality), a company with a leading position in the consumer health products category in Finland; see section *Significant events following the end of the report period* on page 9 for further information on the acquired business.

New share issue

On 24 August, supported by the authorisation granted by the Annual General Meeting on 5 May 2021, Midsona's Board of Directors approved a directed new share issue of 7,496,252 new Series B shares, whereby Midsona raised SEK 500 million before issue expenses in August. The issue proceeds strengthened our financial position and increased our financial flexibility to finance continued value-generating acquisitions. For further information, please see Note 7 *Change in number of shares, Group*, on page 18.

Significant events following the end of the report period.

On 1 October, all shares in the Finnish company Vitality were acquired, with offices, warehousing and production facilities in Pietarsaari, Finland. With the acquisition, Midsona continues to consolidate the market in the Nordic region in accordance with the growth strategy. The total purchase consideration for the shares amounted preliminarily to SEK 77 million (EUR 7.5 million), corresponding to SEK 116 million (EUR 11.4 million) on a debt-free basis. The company's financing of SEK 43 million (EUR 4.2 million) was also repaid at the time of the transaction. The acquisition was financed with our own funds and was paid for in cash on the transfer date. Through the acquisition, Midsona gains access to several brands and a property with an integrated value chain with its own production of consumer health products.

Vitality has a broad product portfolio, including its own brands, licensed brands and contract manufacturing, in the consumer health and organic products categories. Adjusted net sales amounted to SEK 128 million (EUR 12.2 million) and adjusted EBITDA to SEK 17 million (EUR 1.7 million) in 2020. Customers are primarily found among pharmacies, the grocery trade and healthfood stores. Most sales are made in the Finnish market. The acquisition is expected to generate cost synergies. At the time of acquisition, Vitality had 38 full-time employees.

The acquired business was consolidated into the Midsona Group as of 1 October 2021, and is included in the Nordics operating segment in the segment reporting. The majority of the Group surplus value from the acquisition will be allocated to brands and goodwill.

Information to be able to make a complete financial presentation of the acquisition was not directly available at the submission of this interim report, which is why a preliminary specification of the acquisition including other acquisition-related information will be provided in the 2021 year-end report.

Malmö, 22 October 2021
Midsona AB (publ)
Board of Directors

Review by auditor

This interim report was subject to review by company's auditors.

During the quarter, Davert launched ready-made salad wraps.

Report of Review of Interim Financial Information

Introduction

We have reviewed the interim report of Midsona AB (publ) for the period 1 January 2021 to 30 September 2021. The board of directors and the CEO are responsible for the preparation and presentation of the interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion regarding the Interim Report based on our review.

Scope and focus of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is considerably smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

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

Malmö, 22 October 2021
Deloitte AB

Jeanette Roosberg
AUTHORISED PUBLIC ACCOUNTANT

Financial statements

Summary consolidated income statement

SEK million	Note	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	3.4	**893**	**821**	**2,761**	**2,626**	**3,844**	**3,709**
Expenses for goods sold		–652	–598	–1,988	–1,888	–2,772	–2,672
Gross profit		**241**	**223**	**773**	**738**	**1,072**	**1,037**
Selling expenses		–138	–128	–444	–381	–605	–542
Administrative expenses		–67	–60	–213	–196	–301	–284
Other operating income		12	16	32	35	49	52
Other operating expenses		0	–4	–4	–5	–5	–6
Operating profit/loss	3	**48**	**47**	**144**	**191**	**210**	**257**
Result from participations in joint ventures		–	–	–	–8	–	–8
Financial income		4	3	6	7	13	14
Financial expenses		–16	–10	–41	–37	–63	–59
Profit/loss before tax		**36**	**40**	**109**	**153**	**160**	**204**
Tax on profit for the period		–5	–6	–21	–32	–17	–28
Profit for the period		**31**	**34**	**88**	**121**	**143**	**176**
Profit for the period is divided between:							
Parent Company shareholders (SEK million)		31	34	88	121	143	176
Earnings per share before dilution attributable to Parent Company shareholders (SEK)		0.45	0.52	1.33	1.85	2.17	2.70
Earnings per share after dilution attributable to Parent Company shareholders (SEK)		0.45	0.51	1.32	1.84	2.16	2.69
Number of shares (thousands)							
Average during the period		68,050	65,005	66,139	65,005	65,855	65,005
Average during the period, after full dilution		68,199	65,364	66,288	65,364	66,058	65,364

Summary consolidated statement of comprehensive income

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Profit for the period	**31**	**34**	**88**	**121**	**143**	**176**
Items that have or can be reallocated to profit for the period						
Translation differences for the period on translation of foreign operations	14	2	47	–47	–20	–114
Other comprehensive income for the period	**14**	**2**	**47**	**–47**	**–20**	**–114**
Comprehensive income for the period	**45**	**36**	**135**	**74**	**123**	**62**
Comprehensive income for the period is divided between:						
Parent Company shareholders (SEK million)	45	36	135	74	123	62

Urtekram Nordic Beauty has launched a whole range of vegan beauty products certified by Ecocert Cosmos Organic.

Summary consolidated balance sheet

SEK million	Note	30 Sept 2021	30 Sept 2020	31 Dec 2020
Intangible assets		3,282	3,049	3,289
Tangible assets		518	542	548
Non-current receivables		5	4	4
Deferred tax assets		96	65	85
Fixed assets		**3,901**	**3,660**	**3,926**
Inventories		773	613	643
Accounts receivable		413	347	290
Tax receivables		13	–	11
Other receivables		24	17	44
Prepaid expenses and accrued income		21	24	18
Cash and cash equivalents		185	138	195
Current assets		**1,429**	**1,139**	**1,201**
Assets		**5,330**	**4,799**	**5,127**
Share capital	7	363	325	325
Additional paid-up capital		1,627	1,158	1,169
Reserves		-11	9	-58
Profit brought forward, including profit for the period		879	822	877
Shareholders' equity		**2,858**	**2,314**	**2,313**
Non-current interest-bearing liabilities		1,212	1,353	1,526
Other non-current liabilities	5, 6	14	44	38
Deferred tax liabilities		338	315	342
Non-current liabilities		**1,564**	**1,712**	**1,906**
Current interest-bearing liabilities		210	137	253
Accounts payable		414	333	405
Tax liabilities		9	4	0
Other current liabilities	5, 6	95	129	80
Accrued expenses and deferred income		180	170	170
Current liabilities		**908**	**773**	**908**
Liabilities		**2,472**	**2,485**	**2,814**
Shareholders' equity and liabilities		**5,330**	**4,799**	**5,127**

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity 1 January 2020	325	1,159	56	782	2,322
Profit for the period	–	–	–	121	121
Other comprehensive income for the period	–	–	-47	–	-47
Comprehensive income for the period	**–**	**–**	**-47**	**121**	**74**
Issue expenses	–	-1	–	–	-1
Dividend	–	–	–	-81	-81
Transactions with the Group's owners	**–**	**-1**	**–**	**-81**	**-82**
Closing shareholders' equity 30 September 2020	**325**	**1,158**	**9**	**822**	**2,314**
Opening shareholders' equity 1 October 2020	325	1,158	9	822	2,314
Profit for the period	–	–	–	55	55
Other comprehensive income for the period	–	–	-67	–	-67
Comprehensive income for the period	**–**	**–**	**-67**	**55**	**-12**
On-going issue of warrant programme, TO2017/2020	–	11	–	–	11
Transactions with the Group's owners	**–**	**11**	**–**	**–**	**11**
Closing shareholders' equity 31 December 2020	**325**	**1,169**	**-58**	**877**	**2,313**
Opening shareholders' equity 1 January 2021	325	1,169	-58	877	2,313
Profit for the period	–	–	–	88	88
Other comprehensive income for the period	–	–	47	–	47
Comprehensive income for the period	**–**	**–**	**47**	**88**	**135**
New share issue	37	463	–	–	500
Issue expenses	–	-6	–	–	-6
Completed issue of warrant programme, TO2017/2020	1	-1	–	–	0
Issue expenses, TO2017/2020	–	0	–	–	0
Premium paid in on issuing warrant programme, TO2021/2024	–	2	–	–	2
Dividend	–	–	–	-86	-86
Transactions with the Group's owners	**38**	**458**	**–**	**-86**	**410**
Closing shareholders' equity 30 September 2021	**363**	**1,627**	**-11**	**879**	**2,858**

Summary consolidated cash flow statement

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Profit/loss before tax	36	40	109	153	160	204
Adjustment for items not included in cash flow	33	38	94	102	147	155
Income tax paid	–8	–1	–15	–24	–31	–40
Cash flow from operating activities before changes in working capital	**61**	**77**	**188**	**231**	**276**	**319**
Increase (–)/decrease (+) in inventories	–41	3	–132	–89	–68	–25
Increase (–)/decrease (+) in operating receivables	–28	–1	–104	–65	–48	–9
Increase (+)/decrease (–) in operating liabilities	8	–8	0	93	–95	–2
Changes in working capital	**–61**	**–6**	**–236**	**–61**	**–211**	**–36**
Cash flow from operating activities	**0**	**71**	**–48**	**170**	**65**	**283**
Acquisitions of companies or operations	–	–	–3	–35	–246	–278
Acquisitions of intangible assets	–2	–61	–5	–66	–6	–67
Acquisitions of tangible assets	–10	–5	–39	–13	–47	–21
Change in financial assets	–3	–1	–3	–1	–5	–3
Cash flow from investing activities	**–15**	**–67**	**–50**	**–115**	**–304**	**–369**
Cash flow after investing activities	**–15**	**4**	**–98**	**55**	**–239**	**–86**
New share issue	500	–	500	–	500	–
Issue expenses	–	–	–	–1	–	–1
Premium paid in, warrant programme, TO2021/2024	2	–	2	–	2	–
Issue of warrant programme, TO2017/2020	–	–	–	–	11	11
Loans raised	–	60	151	62	491	402
Repayment of loans	–374	–24	–480	–73	–570	–163
Amortisation of lease liabilities	–14	–11	–44	–35	–60	–51
Dividend paid	–	–42	–42	–42	–81	–81
Cash flow from financing activities	**114**	**–17**	**87**	**–89**	**293**	**117**
Cash flow for the period	**99**	**–13**	**–11**	**–34**	**54**	**31**
Cash and equivalents at beginning of period	86	151	195	173	138	173
Translation difference in cash and cash equivalents	0	0	1	–1	–7	–9
Cash and cash equivalents at end of the period	**185**	**138**	**185**	**138**	**185**	**195**

Summary income statement, Parent Company

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	**15**	**14**	**49**	**41**	**67**	**59**
Administrative expenses	–21	–17	–66	–58	–85	–77
Other operating income	0	0	0	0	0	0
Other operating expenses	0	0	0	0	0	0
Operating profit/loss	**–6**	**–3**	**–17**	**–17**	**–18**	**–18**
Result from participations in subsidiaries	–	–	1	124	–19	104
Financial income	14	8	37	26	55	44
Financial expenses	–15	–12	–34	–47	–56	–69
Profit/loss after financial items	**–7**	**–7**	**–13**	**86**	**–38**	**61**
Allocations	–	–	–	–	41	41
Profit/loss before tax	**–7**	**–7**	**–13**	**86**	**3**	**102**
Tax on profit for the period	0	–	0	–	0	0
Profit for the period	**–7**	**–7**	**–13**	**86**	**3**	**102**

Summary balance sheet, Parent Company

SEK million	Note	30 Sept 2021	30 Sept 2020	31 Dec 2020
Intangible assets		53	56	55
Tangible assets		3	3	3
Participations in subsidiaries		2,535	2,351	2,546
Receivables from subsidiaries		1,259	1,078	1,097
Non-current receivables		2	–	–
Deferred tax assets		2	2	2
Financial assets		**3,798**	**3,431**	**3,645**
Fixed assets		**3,854**	**3,490**	**3,703**
Receivables from subsidiaries		71	17	57
Other receivables		16	8	12
Cash and bank balances		135	62	82
Current assets		**222**	**87**	**151**
Assets		**4,076**	**3,577**	**3,854**
Share capital	7	363	325	325
Statutory reserve		58	58	58
On-going issue of warrant programme, TO2017/2020		–	–	11
Profit brought forward, including profit for the period and other reserves		2,093	1,710	1,725
Shareholders' equity		**2,514**	**2,093**	**2,119**
Liabilities to credit institutions		1,052	1,038	1,324
Other non-current liabilities	6	2	16	11
Non-current liabilities		**1,054**	**1,054**	**1,335**
Liabilities to credit institutions		103	79	98
Liabilities to subsidiaries		340	287	281
Other current liabilities	6	65	64	21
Current liabilities		**508**	**430**	**400**
Equity and liabilities		**4,076**	**3,577**	**3,854**

Notes to the financial statements

Note 1 | Accounting principles

With regard to the Group, this Interim Report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Annual Accounts Act (ÅRL). In addition to being presented in the financial statements and their notes, disclosures in accordance with IAS 34 p. 16A are also presented in other parts of the Interim Report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 *Accounting for Legal Entities*, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

In the interim report for January–September 2021, the same accounting principles and calculation methods were applied as in the last annual report issued for 2020 (Note 1 *Accounting principles*, pages 102–109). The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2021 had no significant impact on the Group's accounting for the period January–September 2021.

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. concerns the benchmark rate reform from 1 January 2021. In brief, the changes mean that it makes it possible for companies to reflect the effects of transitioning from benchmark rates, such as "STIBOR", to other benchmark rates without it giving rise to accounting effects, which would not provide useful information to users of financial statements. The Group is affected by the benchmark rate reform primarily in the exposure to IBOR in its external borrowing when hedge accounting is not applied. The exposure to IBOR is limited and the Group follows up the changes and their impact.

Note 2 | Significant estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 *Important estimates and assessments* on pages 129–130 of the 2020 Annual Report.

In the second quarter of 2021, a new assessment was made of the fair value of identified assets and liabilities related to the acquisition of System Frugt A/S, whereby some items in the acquisition analysis were revised; see Note 8 *Changes in acquisition analysis, Group* on page 18. In addition to this, no new material estimates and assessments have been made since the issuance of the latest Annual Report.

Note 3 | Operating segments, Group

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
July-September	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales, external	617	535	190	194	86	92	–	–	893	821
Net sales, intra-Group	3	2	5	3	0	1	-8	-6	–	–
Net sales	**620**	**537**	**195**	**197**	**86**	**93**	**-8**	**-6**	**893**	**821**
Expenses for goods sold	-428	-365	-159	-166	-74	-73	9	6	-652	-598
Gross profit	**192**	**172**	**36**	**31**	**12**	**20**	**1**	**0**	**241**	**223**
Other operating expenses	-135	-118	-34	-29	-19	-16	-5	-13	-193	-176
Operating profit/loss	**57**	**54**	**2**	**2**	**-7**	**4**	**-4**	**-13**	**48**	**47**
Financial items									-12	-7
Profit/loss before tax									**36**	**40**
Significant income and expense items reported in the income statement:										
Items affecting comparability[1]	0	-1	–	-5	5	–	-11	-4	-6	-10
Depreciation/amortisation and impairment	12	9	11	11	9	4	10	11	42	35
Gross profit, before items affecting comparability	**193**	**172**	**36**	**31**	**16**	**20**	**1**	**0**	**246**	**223**
Operating profit, before items affecting comparability	**57**	**53**	**2**	**-3**	**-2**	**4**	**-15**	**-17**	**42**	**37**
EBITDA, before items affecting comparability	**69**	**62**	**13**	**8**	**3**	**8**	**-5**	**-6**	**80**	**72**
Average number of employees	427	341	230	216	147	157	17	14	821	728
Number of employees as per the balance sheet date	424	339	230	216	146	155	19	13	819	723

[1] *For a specification of items affecting comparability, refer to the reconciliations against IFRS, Group, on pages 19–20.*

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
January-September	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales, external	1,876	1,661	605	656	280	309	–	–	2,761	2,626
Net sales, intra-Group	9	6	18	12	3	1	-30	-19	–	–
Net sales	**1,885**	**1,667**	**623**	**668**	**283**	**310**	**-30**	**-19**	**2,761**	**2,626**
Expenses for goods sold	-1,287	-1,130	-506	-541	-224	-237	29	20	-1,988	-1,888
Gross profit	**598**	**537**	**117**	**127**	**59**	**73**	**-1**	**1**	**773**	**738**
Other operating expenses	-438	-359	-89	-95	-56	-48	-46	-44	-629	-546
Operating profit/loss	**160**	**178**	**28**	**32**	**3**	**25**	**-47**	**-43**	**144**	**192**
Financial items									-35	-38
Profit/loss before tax									**109**	**154**
Significant income and expense items reported in the income statement:										
Items affecting comparability[1]	-1	-8	-10	-8	5	–	-1	-5	-7	-21
Depreciation/amortisation and impairment	39	28	32	34	18	14	38	30	127	106
Gross profit, before items affecting comparability	**598**	**537**	**117**	**127**	**63**	**73**	**-1**	**1**	**777**	**738**
Operating profit, before items affecting comparability	**159**	**170**	**18**	**24**	**8**	**25**	**-48**	**-48**	**137**	**171**
EBITDA, before items affecting comparability	**198**	**198**	**50**	**58**	**22**	**39**	**-18**	**-18**	**252**	**277**
Average number of employees	437	342	223	211	149	154	17	14	826	721
Number of employees as per the balance sheet date	424	339	230	216	146	155	19	13	819	723

[1] *For a specification of items affecting comparability, refer to the definitions and reconciliations against IFRS, Group, on pages 19–20.*

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
July-September	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Geographical areas[1]										
Sweden	266	251	0	0	0	–	-1	0	**265**	251
Rest of Europe	353	284	195	196	82	87	-7	-6	**623**	561
Other countries outside Europe	1	2	0	1	4	6	–	–	**5**	9
Net sales	**620**	**537**	**195**	**197**	**86**	**93**	**-8**	**-6**	**893**	**821**
Sales channel										
Pharmacies	90	84	–	–	–	–	–	–	**90**	84
Grocery trade	408	341	88	86	28	25	–	–	**524**	452
Food Service	21	18	54	51	1	1	–	–	**76**	70
Healthfood stores	37	41	41	57	41	48	–	–	**119**	146
Other specialist retailers	30	29	5	5	1	1	–	–	**36**	35
Others	31	23	2	-7	15	18	–	–	**48**	34
Group-internal sales	3	1	5	5	0	0	-8	-6	**–**	–
Net sales	**620**	**537**	**195**	**197**	**86**	**93**	**-8**	**-6**	**893**	**821**
Product categories										
Organic products	171	199	195	197	86	93	-8	-6	**444**	483
Healthfoods	274	156	–	–	–	–	–	–	**274**	156
Consumer health products	171	179	–	–	–	–	–	–	**171**	179
Services linked to product handling	4	3	0	0	0	0	0	0	**4**	3
Net sales	**620**	**537**	**195**	**197**	**86**	**93**	**-8**	**-6**	**893**	**821**
Brands										
Own	441	388	120	115	66	72	-8	-6	**619**	569
Licensed	121	137	–	–	9	8	–	–	**130**	145
Contract manufacture	54	9	75	82	11	13	–	–	**140**	104
Services linked to product handling	4	3	0	–	0	0	0	0	**4**	3
Net sales	**620**	**537**	**195**	**197**	**86**	**93**	**-8**	**-6**	**893**	**821**

[1] *Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.*

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
January-September	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Geographical areas[1]										
Sweden	829	776	0	0	1	–	-1	0	**829**	776
Rest of Europe	1,053	887	622	666	271	298	-29	-19	**1,917**	1,832
Other countries outside Europe	3	4	1	2	11	12	–	–	**15**	18
Net sales	**1,885**	**1,667**	**623**	**668**	**283**	**310**	**-30**	**-19**	**2,761**	**2,626**
Sales channel										
Pharmacies	272	259	–	–	–	–	–	–	**272**	259
Grocery trade	1,246	1,048	278	288	86	78	–	–	**1,610**	1,414
Food Service	60	49	163	169	3	3	–	–	**226**	221
Healthfood stores	112	128	146	182	141	169	–	–	**399**	479
Other specialist retailers	91	97	14	15	2	3	–	–	**107**	115
Others	95	80	4	1	48	57	–	–	**147**	138
Group-internal sales	9	6	18	13	3	0	-30	-19	**–**	–
Net sales	**1,885**	**1,667**	**623**	**668**	**283**	**310**	**-30**	**-19**	**2,761**	**2,626**
Product categories										
Organic products	567	622	623	668	283	309	-30	-19	**1,443**	1,580
Healthfoods	803	469	–	–	–	–	–	–	**803**	469
Consumer health products	507	567	–	–	–	–	–	–	**507**	567
Services linked to product handling	8	9	0	0	0	1	0	0	**8**	10
Net sales	**1,885**	**1,667**	**623**	**668**	**283**	**310**	**-30**	**-19**	**2,761**	**2,626**
Brands										
Own	1,353	1,203	385	396	222	241	-30	-19	**1,930**	1,821
Licensed	354	428	–	–	25	26	–	–	**379**	454
Contract manufacture	170	27	238	272	36	42	–	–	**444**	341
Services linked to product handling	8	9	0	0	0	1	0	0	**8**	10
Net sales	**1,885**	**1,667**	**623**	**668**	**283**	**310**	**-30**	**-19**	**2,761**	**2,626**

[1] *Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.*

Note 5 | Fair value and reported in the balance sheet, Group

SEK million	30 Sept 2021	30 Sept 2020	31 Dec 2020
Liabilities			
Financial instruments measured at fair value via the income statement			
Currency risk	–	0	0
Currency option	–	1	–
Conditional purchase considerations	–	44	24
Total	**–**	**45**	**24**
Financial instruments not measured at fair value			
Other non-current liabilities	14	16	15
Other current liabilities	95	112	79
Total	**109**	**128**	**94**
Total liabilities	**109**	**173**	**118**

At the end of the period, the consolidated balance sheet included no financial instruments recognised at fair value. In some comparison periods, there were financial instruments in the form of currency swaps and currency options recorded at fair value in the consolidated balance sheet. The valuation is at level 2, according to IFRS 13 *Fair Value Measurement*. A market approach has been used and fair value is based on listing with a broker. Similar contracts are traded on an active market and the rates reflect actual transactions on comparable instruments.

At the end of the period, the consolidated balance sheet included no conditional purchase considerations. Comparison periods included conditional purchase considerations measured at fair value in the consolidated balance sheet. The valuation is at level 3, according to IFRS 13 *Fair Value Measurement*. Fair value of conditional purchase considerations is calculated by discounting the present value of the expected cash flows with an adjusted discount rate. Expected cash flows are determined based on likely scenarios for future gross profit, amounts that will be payable in the event of respective outcomes and the probability of the respective outcome. The fair value of the supplementary purchase considerations can change if the underlying assumptions for valuation change.

Assets at fair value are recognised in the items non-current receivables and other receivables in the consolidated balance sheet. Liabilities at fair value are recognised in the items other non-current liabilities and other current liabilities in the consolidated balance sheet. The carrying amount on accounts receivable, other receivables, cash and cash equivalents and other liabilities constitutes a reasonable approximation of fair value.

For further information, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown* in the 2020 annual report, pages 128–129.

Note 6 | Conditional purchase considerations, Group

SEK million	
Opening conditional purchase considerations, 1 Jan 2020	78
Exchange rate change	1
Revaluation of conditional purchase considerations	-35
Closing conditional purchase considerations, 30 Sep 2020	**44**
Opening conditional purchase considerations, 1 Oct 2020	44
Exchange rate change	-2
Revaluation of conditional purchase considerations	-18
Closing conditional purchase considerations, 31 Dec 2020	**24**
Opening conditional purchase considerations, 1 Jan 2021	24
Paid conditional purchase considerations	-3
Exchange rate change	0
Revaluation of conditional purchase considerations	-21
Closing conditional purchase considerations, 30 Sep 2021	**–**

At the end of the period, the consolidated balance sheet included no conditional purchase considerations. The comparative period included the conditional purchase considerations of SEK 44 million related to the acquisitions of the companies Davert GmbH (2018) at SEK 24 million and Eisblümerl Naturkost GmbH (2019) at SEK 20 million. The parent company, Midsona AB, held the conditional purchase consideration for Davert GmbH.

Note 7 | Change in number of shares, Group

Number	Series A shares	Series B shares	Total
Number of shares 1 January 2020	755,820	64,248,788	65,004,608
Number of shares 30 September 2020	**755,820**	**64,248,788**	**65,004,608**
Number of shares 1 October 2020	755,820	64,248,788	65,004,608
Number of shares 31 December 2020	**755,820**	**64,248,788**	**65,004,608**
Number of shares 1 January 2021	755,820	64,248,788	65,004,608
Redemption of warrants	-	213,180	213,180
New share issue	-	7,496,252	7,496,252
Number of shares 30 September 2021	**755,820**	**71,958,220**	**72,714,040**
Quota value per share, SEK			5.00
Share capital on the balance sheet date, SEK			363,570,200
Votes on the balance sheet date, number			79,516,420

In January 2021, the number of shares and votes in Midsona AB (publ) changed as a result of a new share issue under way at the end of the year, which was concluded whereby 187,000 warrants were exercised in exchange for 213,180 Series B shares in the scope of the TO2017/2020 incentive programme, which was adopted at the Extraordinary General Meeting on 1 December 2017.

On 24 August, supported by the authorisation granted by the Annual General Meeting on 5 May 2021, Midsona's Board of Directors approved a directed new share issue of 7,496,252 new Series B shares. The subscription price for the directed new share issue was set at SEK 66.70 per share through a so-called accelerated bookbuilding procedure that was implemented by Danske Bank, targeting selected Swedish and international investors. The new share issue brought Midsona SEK 500 million before issue expenses. Issue expenses amounted preliminarily to SEK 6 million. For existing shareholders, the transaction caused a dilution effect of approximately 10.3 percent in the share capital and of approximately 9.4 percent in the number of votes based on the total number of shares and votes in Midsona AB following the transaction.

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, distributed equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. In September 2021, a total of 171,000 series TO2021/2024 warrants were transferred to senior executives. Each warrant entitles the holder to subscribe for one Series B share. The period during which the warrants may be exercised will be from 1 August 2024 to 20 December 2024. The subscription price was SEK 75.85. The transfer of the warrants took place at market terms based on a calculation according to the so-called Black & Scholes model done by PWC AB, which is to be considered independent in relation to Midsona. On the transaction date, the fair value per warrant was SEK 9.60. Because the average price for Series B shares was lower than the subscription price for TO2021/2024 on the balance sheet date, earnings per share after dilution were not calculated.

An additional warrant programme was outstanding at the end of the period, the TO2019/2022 series, which can provide a maximum of 149,480 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for TO2019/2022, and accordingly the earnings per share after dilution were calculated. For more information on TO2019/2022, see Note 10 *Employees, personnel expenses and senior executives' remuneration* on pages 114–116 in the 2020 Annual Report.

Note 8 | Changes in acquisition analysis, Group

On 7 October 2020, all shares in the Danish company System Frugt A/S were acquired. After an analysis of the value of assets was done in the second quarter of 2021, a revision was made of some items in the initial acquisition analysis, which was presented in Year-End Report 2020 and the 2020 Annual Report.

Changes in the acquired company's net assets on the acquisition date, SEK million	Before change	Change	After change
Intangible assets	173	−9	164
Consolidated goodwill	149	−13	136
Deferred tax assets	20	20	40
Deferred tax liabilities	38	−2	36

The revision meant that SEK 149 million (DKK 105.6 million) was allocated to brands, SEK 13 million (DKK 8.9 million) to customer contracts, SEK 36 million (DKK 25.2 million) to deferred tax liabilities and SEK 136 million (DKK 96.3 million) to goodwill. A brand with a fair value of SEK 147 million (DKK 104.5 million) was deemed to continue to have an indefinite useful life, while a brand with a fair value of SEK 2 million (DKK 1.2 million) was deemed to still have a useful life of five years. The acquisition analysis was approved during the third quarter of 2021.

Definitions

Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the company's management as they facilitate the evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these financial measures should not be considered a substitute for measurements as defined under IFRS. For the definition and purpose of respective measures not defined under IFRS, please see the Definitions section on pages 150–153 in the 2020 Annual Report. The following table presents reconciliations against IFRS.

IFRS reconciliations, Group

EBITDA. Operating profit before amortisation/depreciation and impairment of tangible and intangible assets

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Operating profit, before items affecting comparability	**42**	**37**	**137**	**170**	**210**	**243**
Items affecting comparability included in operating profit [1,2]	6	10	7	21	0	14
Operating profit/loss	**48**	**47**	**144**	**191**	**210**	**257**
Amortisation of intangible assets	11	11	34	34	48	48
Impairment losses on intangible assets	–	–	8	–	8	–
Depreciation of tangible assets	27	24	81	72	108	99
Impairment of tangible assets	4	–	4	0	4	0
EBITDA	**90**	**82**	**271**	**297**	**378**	**404**
Items affecting comparability included in EBITDA [1,2]	–10	–10	–19	–21	–12	–14
EBITDA, before items affecting comparability	**80**	**72**	**252**	**276**	**366**	**390**
Net sales	893	821	2,761	2,626	3,844	3,709
EBITDA–Margin, before items affecting comparability	**9.0%**	**8.8%**	**9.1%**	**10.5%**	**9.5%**	**10.5%**

[1] Specification of items affecting comparability

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Restructuring expenses, net	1	–	0	5	20	25
Revaluation of conditional purchase consideration	–11	–10	–21	–18	–39	–36
Acquisition-related expenses	–	–	2	0	7	5
Acquisition-related revenues (negative consolidated goodwill)	–	–	–	–8	–	–8
Impairment of intangible and tangible assets	4	–	12	–	12	–
Items affecting comparability included in operating profit	**–6**	**–10**	**–7**	**–21**	**0**	**–14**
Impairment of intangible and tangible assets	–4	–	–12	–	–12	–
Items affecting comparability included in EBITDA	**–10**	**–10**	**–19**	**–21**	**–12**	**–14**

[2] Corresponding line in the consolidated income statement

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Expenses for goods sold	5	–	4	–	9	5
Selling expenses	–	–	8	1	12	5
Administrative expenses	0	–	0	4	11	15
Other operating income	–11	–10	–21	–26	–39	–44
Other operating expenses	–	–	2	0	7	5
Items affecting comparability included in operating profit	**–6**	**–10**	**–7**	**–21**	**0**	**–14**
Expenses for goods sold	–4	–	–4	–	–4	–
Selling expenses	–	–	–8	–	–8	–
Items affecting comparability included in EBITDA	**–10**	**–10**	**–19**	**–21**	**–12**	**–14**

Adjusted EBITDA. EBITDA, rolling 12 months pro forma, excluding acquisition-related restructuring and transaction expenses

SEK million	Rolling 12-month	Full year 2020
EBITDA	**375**	**404**
Acquisition-related transaction expenses	–32	–39
Pro forma adjustment	–	9
Adjusted EBITDA	**343**	**374**

Net liabilities. Interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments

SEK million	30 Sept 2021	30 Sept 2020	31 Dec 2020
Non-current interest-bearing liabilities	1,212	1,353	1,526
Current interest-bearing liabilities	210	137	253
Cash and cash equivalents [1]	-185	-138	-195
Net liabilities	**1,237**	**1,352**	**1,584**

[1] There were no short-term investments equivalent to cash and cash equivalents at the end of the respective period.

Average capital employed. Total equity and liabilities less interest-bearing liabilities and deferred tax liability at the end of the period plus total shareholders' equity and liabilities less interest-bearing liabilities and deferred tax liability at the beginning of the period divided by 2

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Shareholders' equity and liabilities	**5,330**	**4,799**	**5,330**	**4,799**	**5,330**	**5,127**
Other non-current liabilities	-14	-44	-14	-44	-14	-38
Deferred tax liabilities	-338	-315	-338	-315	-338	-342
Accounts payable	-414	-333	-414	-333	-414	-405
Other current liabilities	-104	-133	-104	-133	-104	-80
Accrued expenses and deferred income	-180	-170	-180	-170	-180	-170
Capital employed	**4,280**	**3,804**	**4,280**	**3,804**	**4,280**	**4,092**
Capital employed at the beginning of the period	4,123	3,739	4,092	3,848	3,804	3,848
Average capital employed	**4,202**	**3,772**	**4,186**	**3,826**	**4,042**	**3,970**

Return on capital employed. Profit before tax plus financial expenses in relation to average capital employed

SEK million	Rolling 12-month	Full year 2020
Profit/loss before tax	**160**	**204**
Financial expenses	63	59
Profit before taxes, excluding financial expenses	**223**	**263**
Average capital employed	4,042	3,970
Return on capital employed, %	**5.5**	**6.6**

Free cash flow. Cash flow from operating activities less cash flow from investing activities, excluding acquisitions/sales of operations, acquisitions/sales of trademarks and product rights and expansion investments

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Cash flow from operating activities	**0**	**71**	**-48**	**170**	**65**	**283**
Cash flow from investing activities	-15	-67	-50	-115	-304	-369
Acquisitions of companies or operations	–	0	3	35	246	278
Expansion investment, new production line	7	–	26	–	26	–
Acquisitions of brands and product rights	–	60	–	60	–	60
Free cash flow	**-8**	**64**	**-69**	**150**	**33**	**252**

Organic change, net sales. Net change in sales between years adjusted for translation effects on consolidation and for changes in the Group structure

SEK million	July–Sept 2021	July–Sept 2020	Jan–Sept 2021	Jan–Sept 2020	Rolling 12-month	Full year 2020
Net sales	**893**	**821**	**2,761**	**2,626**	**3,844**	**3,709**
Net sales compared with the corresponding period in the preceding year	-821	-765	-2,626	-2,256	-3,451	-3,081
Net sales, change	**72**	**56**	**135**	**370**	**393**	**628**
Structural changes	-109	-93	-319	-371	-522	-574
Exchange rate changes	5	28	63	34	94	65
Organic change	**-32**	**-9**	**-121**	**33**	**-35**	**119**
Organic change	-3.9%	-1.2%	-4.6%	1.5%	-1.0%	3.9%
Structural changes	13.3%	12.2%	12.1%	16.4%	15.1%	18.6%
Exchange rate changes	-0.6%	-3.7%	-2.4%	-1.5%	-2.7%	-2.1%

In August, Friggs launched cold, vitamin-enriched tea in three healthy flavours.

Consolidated quarterly data[1]

SEK million	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Net sales	**893**	**903**	**965**	**1,083**	**821**	**859**	**946**	**825**	**765**	**705**	**786**	**755**
Expenses for goods sold	-652	-646	-690	-784	-598	-619	-671	-594	-524	-490	-570	-536
Gross profit	**241**	**257**	**275**	**299**	**223**	**240**	**275**	**231**	**241**	**215**	**216**	**219**
Selling expenses	-138	-155	-151	-161	-128	-123	-130	-129	-122	-123	-131	-119
Administrative expenses	-67	-73	-73	-88	-60	-70	-66	-64	-56	-59	-61	-52
Other operating income	12	13	7	17	16	17	2	30	-1	7	1	1
Other operating expenses	0	0	-4	-1	-4	9	-10	-16	-5	-1	-3	-3
Operating profit/loss	**48**	**42**	**54**	**66**	**47**	**73**	**71**	**52**	**57**	**39**	**22**	**46**
Result from participations in joint ventures	–	–	–	–	–	-8	0	-1	–	–	–	–
Financial income	4	-5	7	7	3	-29	33	0	0	0	0	6
Financial expenses	-16	-7	-18	-22	-10	16	-43	-9	-13	-14	-17	-8
Profit/loss before tax	**36**	**30**	**43**	**51**	**40**	**52**	**61**	**42**	**44**	**25**	**5**	**44**
Tax on profit for the period	-5	-6	-10	4	-6	-12	-14	-7	-9	-2	-1	-11
Profit for the period	**31**	**24**	**33**	**55**	**34**	**40**	**47**	**35**	**35**	**23**	**4**	**33**
Items affecting comparability												
Items affecting comparability included in operating profit	-6	-3	2	7	-10	-11	–	-5	-8	-6	25	–
Operating profit, before items affecting comparability	**42**	**39**	**56**	**73**	**37**	**62**	**71**	**47**	**49**	**33**	**47**	**46**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating profit	42	47	38	41	35	35	36	34	28	26	26	13
EBITDA	**90**	**89**	**92**	**107**	**82**	**108**	**107**	**86**	**85**	**65**	**48**	**59**
Depreciation/amortisation, impairment and items affecting comparability												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	32	36	40	48	25	24	36	29	20	20	51	13
EBITDA, before items affecting comparability	**80**	**78**	**94**	**114**	**72**	**97**	**107**	**81**	**77**	**59**	**73**	**59**
Free cash flow	-8	-35	-26	102	64	84	2	103	19	75	-42	44
Cash flow from operating activities	0	-29	-19	113	71	89	10	117	29	87	-35	58
Number of employees as per the balance sheet date	819	836	831	834	723	730	713	721	571	530	526	525

[1] *The quarterly data for 2018 have not been restated for effects in the income statement in connection with conversion to IFRS 16.*

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