



midsona

INTERIM REPORT, JANUARY-MARCH 2020

Organic sales growth and significantly improved EBITDA

January-March 2020 (first quarter)

- Net sales amounted to SEK 946 million (786).
- EBITDA amounted to SEK 107 million (73) before items affecting comparability, corresponding to a margin of 11.3 percent (9.3).
- Profit for the period was SEK 47 million (4), corresponding to earnings per share of SEK 0.72 (0.08) before and after dilution.
- Free cash flow amounted to SEK 2 million (-42).
- Midsona had a higher demand for its products in the month of March in all geographic markets, which can be traced to the outbreak of Covid-19. The negative consequences on the business from the spread of the disease were limited.

Significant events following the end of the report period.

- The 2020 Annual General Meeting will be held in Malmö on 25 June instead of the previously announced 5 May as a result of the rapid spread of Covid-19 and in consideration of the Government's decision on limitations for public meetings and public events.
- CFO, Lennart Svensson, has chosen to leave Midsona in the first quarter of 2021. Recruitment of a new CFO has begun.

Key figures, Group¹

	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Net sales growth, %	20.4	28.9	7.0	8.0
Operating margin, before items affecting comparability, %	29.1	29.8	29.3	29.5
Gross margin, %	29.1	27.5	29.7	29.3
EBITDA-margin, before items affecting comparability, %	11.3	9.3	10.0	9.4
EBITDA margin, %	11.3	6.1	10.6	9.2
Operating margin, before items affecting comparability, %	7.5	6.0	6.2	5.7
Operating margin, %	7.5	2.8	6.8	5.5
Profit margin, %	6.4	0.6	5.3	3.8
Average capital employed, SEK million	3,876	2,959	3,487	3,348
Return on capital employed, %			7.2	5.0
Return on equity, %			6.9	4.9
Net debt, SEK million	1,411	1,364	1,411	1,353
Net debt / Adjusted EBITDA, multiple			4.0	4.4
Net debt/equity ratio, multiple	0.6	0.8	0.6	0.6
Interest coverage ratio, multiple	2.4	1.3	3.2	3.2
Equity/assets ratio, %	48.3	43.0	48.3	48.6

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 17-18 of this interim report and to pages 128-131 in the 2019 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 Lennart Svensson for publication on 28 April 2020 at 8:00 a.m. CET.

For further information

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Peter Åsberg, President and CEO

Comment by the CEO

Midsona's strongest quarter ever

The first quarter, with the emphasis on the last month, was impacted by the on-going Covid-19 pandemic. The effects for society, individuals and organisations were sweeping and in many cases very stressful. However, Covid-19 resulted in higher demand for our healthy and sustainable food products. Sales and EBITDA were clearly our best ever.

The growth for our ten prioritised brands amounted to 15 percent and sales for the Group as a whole increased by 20 percent compared with the same period last year. This is despite a continued negative impact for the Nordics from the concluded distribution assignment for Alpro that impacted the comparative figures for January and February. Adjusted for Alpro, the organic growth was 9 percent. As a consequence of the coronavirus outbreak, demand was the strongest in the month of March. The increase in demand was the largest in dry goods, breakfast products, rice and corn cakes, baking products, spreads, canned goods, tea and hand soap. The pattern was also reflected geographically. In markets with a high share of organic dry goods, such as Germany and to some extent France, sales were the strongest. As an individual brand, Friggs continued to have strong growth. We also saw a good development for our organic brands as consumers demanded more healthy products. The launch of our new common communication platform in the Nordic region for our brands in the organic product category, "One-Organic", was well-received by consumers.

However, Covid-19 also entailed some negative effects for us. We have had to find alternative solutions for some of our goods and we are not ruling out continued problems, but our current assessment is that we will not lose large sales volumes due to delivery problems. Concern on the currency markets also entailed a continued negative exchange rate impact in Sweden and Norway.

Home consumption here to stay

Around 90 percent of our sales are "home consumption" while only around 10 percent of the sales go to the food service industry, meaning restaurants and other food service outlets. The strong sales in March can probably be traced to a certain "hoarding effect" as a result of Covid-19, but we believe that the trend towards greater consumption in the home will continue. Here too, we see a geographic pattern that follows the degree of shut-down in the society; the larger the shut-down, the larger the sales increase. Of the markets Midsona works in, restaurants are still open only in Sweden. When the restaurants open again, we believe that it will take a while before people find their way back to the same consumption patterns as before the crisis, and in this process, we see that new consumers have found our products. Demand for our products continued to be higher in April even after the initial hoarding effect subsided.

Robust organisation and strong finances

Altogether, we expect Midsona to make it through this health crisis stronger. I am very pleased and proud that the organisation proved to be robust and was able to produce and deliver in this time of worry. We have a strong financial position and see opportunities for continued acquisitions in Europe. Few other actors have the financial and organisational muscles to utilise the excellent acquisition opportunities now arising in the wake of the pandemic. The mood in our own organisation is aggressive and positive, but humble for the future.

Peter Åsberg
President and CEO

QUARTER 1

SEK 946 million

Net sales

SEK 107 million

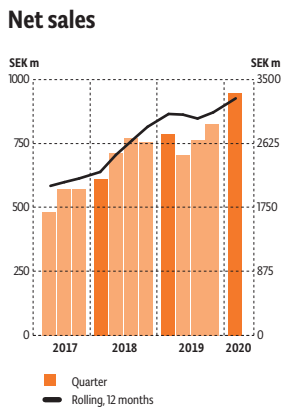
EBITDA

11.3 percent

EBITDA margin

Financial information

Net sales



* The prioritised brands Celnat, Happy Bio and Vegetalia, are compared in the period with sales in the same period last year, although Midsona did not own the brands during the entire period.

Net sales amounted to SEK 946 million (786), an increase of 20.4 percent. The organic change in net sales was a decline of 3.1 percent while structural changes contributed by 16.5 percent and exchange rate fluctuations by 0.8 percent. Adjusted for the concluded Alpro sales assignment, the organic change in net sales was 9.4 percent. The Group's ten prioritised brands showed a strong sales growth of 15.3 percent*, primarily driven by brands in the categories organic products and healthfoods. Sales were stable in all geographic markets in January and February with an increased demand in March for most product categories, which can be traced to both hoarding and increased household consumption as a result of the Covid-19 outbreak. Consumer behaviour changed drastically with a shift of sales from restaurants/catering to FMCG retail, e-commerce and healthfood retailers. The degree of service to customers was put under pressure in March in all geographic markets as a result of higher demand for the Group's products. The disturbances to the supply chain were limited and capacity utilisation in the Group's production facilities was unusually high at the end of the period.

Sales decreased somewhat for the Nordics, entirely attributable to the concluded Alpro sales assignment. The majority of prioritised brands had a strong sales growth, especially Friggs, Urtekram and Helios. North Europe had a strong sales growth, driven by increased contract manufacturing volumes and acquired business volumes. For South Europe, the sales trend was strong, partly due to Covid-19. The prioritised brands Celnat, Happy Bio and Vegetalia all had a strong sales growth.

Gross profit

Gross profit amounted to SEK 275 million (234) before items affecting comparability, corresponding to a margin of 29.1 percent (29.8). The cost structure in South Europe, with a higher share of production and inventory-related costs in relation to indirect costs, entailed a lower gross margin for the Group as a whole, despite a significantly higher productivity in the division's production facilities. The margin trend for North Europe was also dampened partly from higher raw material prices and partly an unfavourable product mix with a larger share of contract manufacturing volumes. The transport costs increased in all geographic markets in March due to current restrictions regarding cross-border transports. However, the negative gross margin development was counteracted by a favourable product mix for the Nordics. Price increases to customers also had an impact during the period.

Operating profit/loss

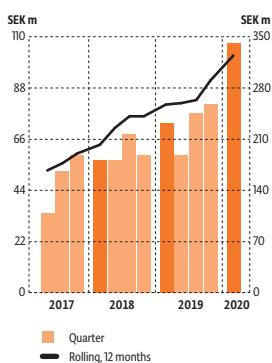
EBITDA amounted to SEK 107 million (73), before items affecting comparability, corresponding to a margin of 11.3 percent (9.3), and was driven by acquired business and a strong volume growth in the underlying business, which was partly due to the higher demand for goods related to Covid-19 and the changed consumption behaviour in society. Amortisation and depreciation for the period amounted to SEK 36 million (26), divided between SEK 11 million (8) in amortisation of intangible fixed assets and SEK 25 million (18) in depreciation of tangible fixed assets. The amortisation and depreciation increased as a consequence of a claimed investment in software in the form of business systems and acquired businesses. Operating profit amounted to SEK 71 million (47) before items affecting comparability, corresponding to a margin of 7.5 percent (6.0). The operating profit for the period amounted to SEK 71 million (22), corresponding to a margin of 7.5 percent (2.8).

EBITDA, before items affecting comparability, improved for the Nordics as a result of stable sales, improved margins and good cost control. The cost base was reduced in line with on-going savings programmes to strengthen the competitiveness through harmonisation and optimisation of joint processes. For North Europe, EBITDA improved as a consequence of both organic growth and acquired business volumes. South Europe provided a strong EBITDA through good sales growth, improved margins and good cost control.

Items affecting comparability

Operating profit for the period included no items affecting comparability. The comparative period included negative items affecting comparability in an amount of SEK 25 million for an efficiency-enhancement programme for the Group's Nordic operations.

EBITDA, before items affecting comparability



Financial items

Net financial items amounted to an expense of SEK 10 million (17). Interest expenses for external loans to credit institutions amounted to SEK 7 million (7) and interest expenses attributable to leases were SEK 1 million (1). Net translation differences on financial receivables and liabilities in foreign currency were SEK 0 million (negative: 7). Other financial items were negative in an amount of SEK 2 million (2).

Profit for the period

Profit for the period amounted to SEK 47 million (4), corresponding to earnings per share of SEK 0.72 (0.08) before and after dilution. Tax on the profit for the period amounted to a negative SEK 14 million (1), of which the current tax was negative SEK 9 million (3) and deferred tax was negative SEK 5 million (positive: 2). The effective tax rate for the period was 24.1 percent (25.3) and differs from the tax rate applicable to the Parent Company, primarily as a consequence of other tax rates for foreign subsidiaries.

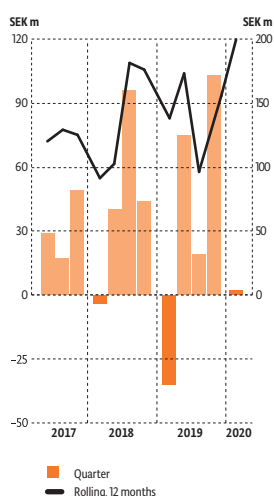
Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 60 million (60) and was negatively impacted by a high income tax paid, in part due to an implemented operational restructuring between Group companies in 2019 with the aim of optimising the operations. Changes in working capital were negative SEK 50 million (95) and related to higher tied-up capital in both operating receivables and inventories, which was partly counteracted by higher operating liabilities. Tied-up capital in operating receivables was high as a result of very strong product sales in March while the tied-up capital in inventories was essentially related to proactively increased purchasing volumes of raw materials and finished products to ensure the product supply to retailing as a consequence of Covid-19. Cash flow from operating activities improved to SEK 10 million (-35).

Cash flow from investing activities amounted to a negative SEK 43 million (7), consisting of paid purchase considerations for earlier years' business acquisitions of negative SEK 35 million, investments in tangible and intangible fixed assets of a negative SEK 5 million (7), and a change in financial assets by a negative SEK 3 million (0). Free cash flow amounted to SEK 2 million (-42).

Cash flow from financing activities was negative SEK 28 million (33), which was comprised of issue expenses of SEK 1 million attributable to the previous year's new share issue, positive SEK 2 million in raised loans, negative SEK 17 million (22) in loan repayments and negative SEK 12 million (11) in lease liability repayments.

Free cash flow



Liquidity and financial position

Cash and equivalents amounted to SEK 114 million (26) and there were unused credit facilities of SEK 350 million (275) at the end of the period. Net debt amounted to SEK 1,411 million (1,364) with the increase being primarily attributable to loans raised for the financing of business combinations. The net debt/equity ratio was a multiple of 0.6 (0.8). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.0 (5.9) and at the end of the previous quarter it was a multiple of 4.4.

Shareholders' equity amounted to SEK 2,379 million (1,680). At the end of the preceding quarter, shareholders' equity was SEK 2,322 million. The changes consisted of profit for the period of SEK 47 million, translation differences on translating foreign operations of SEK 11 million, as well as issue expenses of SEK 1 million attributable to the previous year's new share issue. The equity/assets ratio was 48.3 percent (43.0) at the end of the period.

Investments

Investments in intangible and tangible fixed assets amounted to SEK 5 million (7). This was mainly comprised of software and compensation investments in production facilities. An expansion investment, in the form of a new packing line, was commissioned in South Europe.

In Spain, Vegetalia launched three versions of rye bread.



Other information

Personnel

The average number of employees during the quarter was 715 (526), while the number of employees at the end of the period was 713 (526). The number of employees increased compared with the previous year as a result of acquired businesses in the last half of 2019.

Parent Company

Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB (publ).

Net sales amounted to SEK 13 million (11), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 63 million (-2). Profit before tax included dividends from subsidiaries of SEK 86 million (1). Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of negative SEK 2 million (5) and exchange-rate differences of net investment in subsidiaries in an amount of negative SEK 18 million (positive: 10).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 388 million (285). Borrowing from credit institutions was SEK 1,115 million (1,011) at the end of the period. On the balance sheet date, there were 14 employees (15).

For the Parent Company, SEK 13 million (11), equivalent to 100 percent (100) of sales for the period and SEK 0 million (1), corresponding to 1 percent (1) of purchases for the period pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

The share

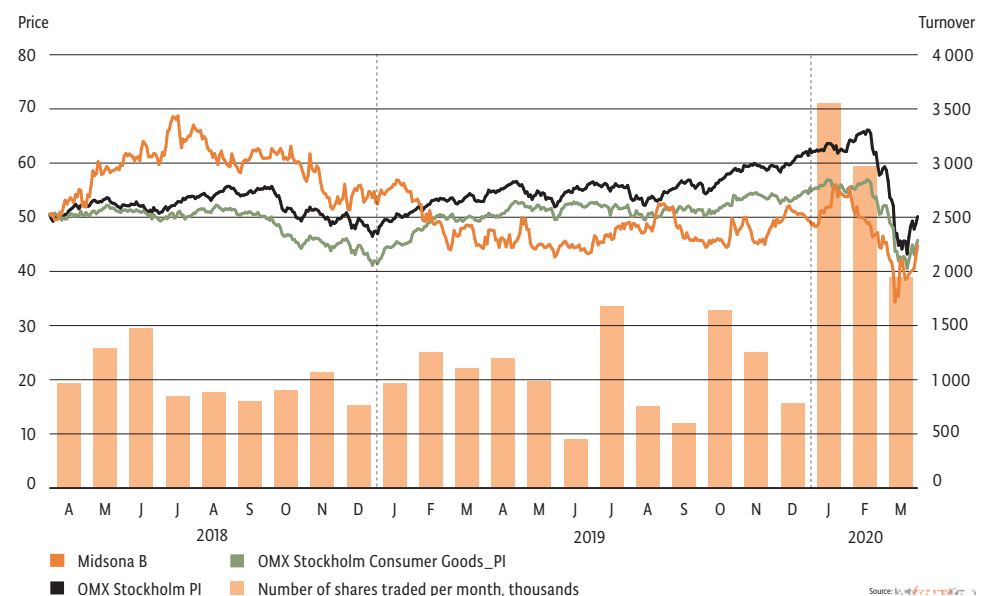
Midsona's Series A and B shares are listed on Nasdaq Stockholm's Mid Cap List under the symbols MSON A and MSON B, respectively.

At the end of the period, the total number of shares was 65,004,608 (46,008,064), divided between 755,820 Series A shares (539,872) and 64,248,788 Series B shares (45,468,192). At the end of the period, the number of votes was 71,806,988 (50,866,912), where one Series A share carries ten votes and one Series B share carries one vote.

During the period January-March 2020, 8,456,395 shares (3,302,354) were traded. The highest price paid for Series B shares was SEK 57.30 (57.07), and the lowest was SEK 32.60 (43.02). On 31 March, the most recent price paid for the share was SEK 44.80 (44.27). For the comparison year, the share price has been adjusted for the new share issue.

Two option programmes were outstanding at the end of the period, the TO2017/2020, which can provide a maximum of 211,310 new Series B shares on full conversion, and the TO2019/2022 series, which can provide a maximum of 148,000 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares did not exceed the subscription price for the warrants outstanding, and accordingly the earnings per share after full dilution were not calculated. For more information on TO 2017/2020 and TO2019/2022, see Note 10 Employees, personnel expenses and senior executives' remuneration in the 2019 annual report, pages 95–96.

The price trend for the Midsona share is 1.2 percent compared with the corresponding period of the previous year.



Ownership

Stena Adactum AB was the largest shareholder with 23.4 percent of the capital and 28.0 percent of the voting rights on 31 March 2020. The ten largest shareholders in Midsona AB (publ) are shown in the table.

The ten largest shareholders in Midsona AB (publ)	Number of shares	Share of capital, %	Share of votes, %
Stena Adactum AB	15,229,789	23.4	28.0
Insurance company Avanza Pension	3,532,972	5.4	5.2
BNP PARIBAS SEC SERVICES PARIS, W8IMY (GC)	3,255,520	5.0	4.5
Lannebo Funds	3,023,233	4.7	4.2
Cliens Funds	2,450,000	3.8	3.4
Handelsbanken Fonder	2,303,734	3.5	3.2
Swedbank Robur Fonder	1,930,000	3.0	2.7
Nordea Investment Funds	1,911,034	2.9	2.7
Peter Wahlberg and companies	1,544,122	2.4	2.1
Spiltan Fonder AB	1,356,390	2.1	1.9
Total	36,536,794	56.2	57.9
Other shareholders	28,467,814	43.8	42.1
Total	65,004,608	100.0	100.0

Source: Euroclear

Total number of shareholders (including nominee-registered) was 7,627 (7,004). In the current quarter, the number of shareholders decreased by 129. Foreign ownership amounted to 18.6 percent (23.1) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

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. For a detailed account of risks and uncertainty factors, please see the section Risks and risk management on pages 62-71 and Note 31 Financial risk management on pages 106-108 in the 2019 annual report.

In the first quarter of 2020, risks and uncertainty factors were significantly elevated as a result of the rapid global spread of Covid-19. The outbreak affects everyone on a global basis and, as a result of the extraordinary social measures implemented to reduce the spread, we are in a position that is exceptional for people, communities and companies. Midsona prioritises to keep its employees and customers safe and follows all guidelines and recommendations established on a national, regional and local level. At the moment, we see a limited negative effect on our business from Covid-19, but are monitoring the development very carefully. An action plan was drafted and implemented with the aim of minimising or eliminating risks associated with the spread of disease, which among other things included consumer behaviour, delivery and production disruptions and disruptions in retailing.

Demand increased in March for the majority of product categories in all geographic markets, which can be traced to the spread of Covid-19 in society. The increase in demand the largest in baking, breakfast and cooking products, rice and corn cakes, canned goods, tea and hand soap. Consumer behaviour changed drastically with both a hoarding effect and a shift of purchases from restaurants/catering to both physical stores and online stores for food. We assess that the demand for our products

In Sweden, Friggs launched a black tea with black currant and elder and a green tea with rhubarb and mint.



will in all likelihood continue to be elevated, above all within the product categories of organic products and healthfoods, during the foreseeable future as the return to the same consumption patterns as before the outbreak of Covid-19 will take time. The customer credit risk for Food service customers will, however, be elevated as a consequence of the changed consumption pattern. We are monitoring developments for these customers, but there are currently no alarming indications of a lower payment capacity. Food service customers account for around 8-9 percent of the Group's total net sales.

Midsona has a well-functioning supply chain and the disruptions have been limited to-date. Together with our customers and suppliers, we are working intensively to ensure in-store product sales. To meet the expected continued increase in demand for our products in the long term, production capacity for several product categories has been increased. The production of products in our own production facilities works well and the capacity utilisation was generally high. To ensure the flow of materials to our production facilities, we are in close dialogue with our key suppliers. Most of our subsuppliers of raw materials and finished products essentially deliver according to plan. However, country after country has shut down, which has had some negative consequences, such as us needing to find alternative solutions concerning some raw materials. We cannot rule out that such problems could accelerate. However, our current assessment is that we will not lose any large sales volumes due to delivery problems from subsuppliers. The inventory levels for the most critical raw materials and finished products will increase in the short term.

The risk of negative currency effects increased significantly for the Group as a result of both the SEK and NOK weakening substantially against both the EUR and USD as substantial product purchases are made in these currencies. Altogether, however, we deem that Midsona will make it through this crisis stronger, with a minimal negative impact on financial position and performance.

Changes in segment reporting

As 1 January 2020, Midsona changed its segment reporting to report three geographic segments, which agree with the internal reporting provided to Group Management. The four geographic segments, Sweden, Norway, Finland and Denmark, were merged into the Nordics segment under joint management, with comparison figures for 2019 being recalculated. The geographic segment Germany changed name to North Europe. The geographic segment South Europe continues to be presented in the same way as in earlier financial statements.

Changes in prioritised brands

For a number of years, Midsona has worked with eight prioritised brands to drive sales growth in an effective manner. It has been decided to increase the number of prioritised brands from eight to ten, as a result of the on-going expansion to new geographic markets in Europe. The brand Dalblads is being replaced with the brands Celnat, Happy Bio and Vegetalia as prioritised brands from 1 January 2020. Celnat and Happy Bio, both strong brands in the French market in the organic product category, and Vegetalia, a strong brand in the Spanish market in the organic product category, were acquired in October 2019. Dalblads, a strong brand in the Swedish market in the healthfoods category, will continue to be further developed within the Group. After the change, our prioritised brands include – Urtekram, Friggs, Davert, Kung Markatta, Vegetalia, Naturdiet, Eskimo-3, Celnat, Happy Bio and Helios.

New sustainability targets

Midsona drives a change agenda with the clear goal of influencing people's eating habits towards healthy and sustainable alternatives. In line with our ambitions and the requirements customers, consumers and investors set on a clear sustainability agenda, new sustainability targets have been set for the period 2020 to 2030. They are:

- *Sustainable brands* – By 2025, our plastic consumer packages will be made of 100-percent recycled materials and by 2030, 100 percent of the products shall be plant based or vegetarian.
- *Healthy environment* – Healthy workplaces will promote healthy employees without work-related injuries. We will have an even gender distribution in management positions in the entire organisation.
- *Responsible purchasing* – By 2025, 100 percent of our suppliers will be classified according to sustainable guidelines in procurement.
- *Safe products* – By 2025, 100 percent of our suppliers will be risk classified and risk-based audits will take place annually.
- *Efficient resource use* – By 2025, 90 percent of our waste will be recycled. Food waste will be reduced and 100 percent of our food waste will be re-used by 2025.
- *Efficient transports* – By 2030, 100 percent of our transports will be fossil free.

Acquisition analyses

The acquisition analyses for Eisblümerl Naturkost GmbH and Ekko Gourmet AB, presented as preliminarily in the interim report for January-September 2019, were adopted without any changes.

The acquisition analysis for Alimentation Santé SAS, which was presented as preliminary in the year-end report 2019, is still preliminary, partly as a result of a property appraisal not being completed at the time of the publication of the interim report January-March 2020.

Important events after the balance sheet date

Annual General Meeting 2020

As a result of the rapid spread of Covid-19, and considering, among other things, the Government's decision to limit public gatherings and public events with more than 50 people, the Board of Directors of Midsona has decided to postpone the 2020 Annual General Meeting that was planned to be held in Malmö on 5 May 2020. This is to hopefully be able to offer all shareholders the possibility of safely attending at a later date. The 2020 Annual General Meeting will instead be held in Malmö on 25 June at 3:00 p.m. at Malmö Börshus. The Board of Directors will publish its invitation to the Annual General Meeting no later than four weeks before 25 June 2020.

The Board of Directors proposal of a dividend for the 2019 financial year of SEK 1.25 per share (1.25), corresponding to SEK 81,255,760 (57,764,360) or 83.6 percent (45.1) of the profit for the year, and that the dividend should be divided up into two payments of SEK 0.65 per share and SEK 0.60 per share, respectively, remains unchanged. The first payment date will, however, be postponed to July due to the postponed Annual General Meeting.

Upcoming change in Group Management

CFO, Lennart Svensson, has chosen to leave Midsona in the first quarter of 2021. Recruitment of a new CFO has begun.

High sustainability ranking

The Urtekram brand was ranked Denmark's fifth most sustainable brand and the Kung Markatta brand was ranked Sweden's sixteenth most sustainable brand in the annual independent brand survey Sustainable Brand Index 2020. This is the largest Scandinavian sustainability survey, in which consumers rate corporate sustainability efforts according to several criteria, including the UN principles of sustainability and social responsibility.

Malmö, 28 April 2020
Midsona AB (publ)
BOARD OF DIRECTORS

Review by auditor

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

Financial statements

Summary consolidated income statement

SEK million	Note	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Net sales	3.4	946	786	3,241	3,081
Expenses for goods sold		-671	-570	-2,279	-2,178
Gross profit		275	216	962	903
Selling expenses		-130	-131	-504	-505
Administrative expenses		-66	-61	-245	-240
Other operating income		2	1	38	37
Other operating expenses		-10	-3	-32	-25
Operating profit/loss	3	71	22	219	170
Profit/loss from participations in joint ventures		0	-	-1	-1
Financial income		33	0	33	0
Financial expenses		-43	-17	-79	-53
Profit/loss before tax		61	5	172	116
Tax on profit for the period		-14	-1	-32	-19
Profit for the period		47	4	140	97

Profit for the period is divided between:

Parent Company shareholders (SEK million)	47	4	140	97
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)	0.72	0.08	2.66	2.02

Number of shares (thousands)

On the balance sheet date	65,005	46,008	65,005	65,005
Average during the period	65,005	46,008	52,592	48,179

Summary consolidated statement of comprehensive income

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Profit for the period	47	4	140	97
<i>Items that have or can be reallocated to profit for the period</i>				
Translation differences for the period on translation of foreign operations	11	50	-7	32
Other comprehensive income for the period	11	50	-7	32
Comprehensive income for the period	58	54	133	129

Comprehensive income for the period is divided between:

Parent Company shareholders (SEK million)	58	54	133	129
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Vegetalia launched three flavours of vegetarian soups in Spain.



Summary consolidated balance sheet

SEK million	Note	31 March 2020	31 March 2019	31 Dec 2019
Intangible assets	5	3,069	2,504	3,058
Tangible assets	6	595	444	585
Participations in joint ventures		26	-	26
Non-current receivables	8	4	4	4
Deferred tax assets		68	74	71
Fixed assets		3,762	3,026	3,744
Inventories		565	491	529
Accounts receivable		417	303	290
Tax receivables		10	3	-
Other receivables	8	26	22	18
Prepaid expenses and accrued income		29	36	26
Cash and cash equivalents		114	26	173
Current assets		1,161	881	1,036
Assets		4,923	3,907	4,780
Share capital		325	230	325
Additional paid-up capital		1,158	629	1,159
Reserves		67	74	56
Profit brought forward, including profit for the period		829	747	782
Shareholders' equity		2,379	1,680	2,322
Non-current interest-bearing liabilities	7	1,382	1,257	1,408
Other non-current liabilities	8,10	95	60	92
Deferred tax liabilities		326	273	321
Non-current liabilities		1,803	1,590	1,821
Current interest-bearing liabilities	7	143	133	118
Accounts payable		372	305	288
Tax liabilities		-	-	2
Other current liabilities	8,10	50	92	89
Accrued expenses and deferred income		176	107	140
Current liabilities		741	637	637
Liabilities		2,544	2,227	2,458
Equity and liabilities		4,923	3,907	4,780

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 Jan 2019	230	629	24	747	1,630
Changed accounting principle (IFRS 16)	-	-	-	-4	-4
Profit for the period	-	-	-	4	4
Other comprehensive income for the period	-	-	50	-	50
Comprehensive income for the period	-	-	50	4	54
Closing shareholders' equity 31 March 2019	230	629	74	747	1,680
Opening shareholders' equity 1 April 2019	230	629	74	747	1,680
Profit for the period	-	-	-	93	93
Other comprehensive income for the period	-	-	-18	-	-18
Comprehensive income for the period	-	-	-18	93	75
New share issue	93	520	-	-	613
Issue expenses	-	-10	-	-	-10
Redemption of warrants, TO2016/2019	2	19	-	-	21
Issue expenses, TO2016/2019	-	0	-	-	0
Premium receipts warrant programme, TO2019/2022	-	1	-	-	1
Dividend	-	-	-	-58	-58
Transactions with the Group's owners	95	530	-	-58	567
Closing shareholders' equity 31 Dec 2019	325	1,159	56	782	2,322
Opening shareholders' equity 1 Jan 2020	325	1,159	56	782	2,322
Profit for the period	-	-	-	47	47
Other comprehensive income for the period	-	-	11	-	11
Comprehensive income for the period	-	-	11	47	58
Issue expenses	-	-1	-	-	-1
Transactions with the Group's owners	-	-1	-	-	-1
Closing shareholders' equity 31 Mar 2020	325	1,158	67	829	2,379

Summary consolidated cash flow statement

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Profit/loss before tax	61	5	172	116
Adjustment for items not included in cash flow	20	57	87	124
Income tax paid	-21	-2	-38	-19
Cash flow from operating activities before changes in working capital	60	60	221	221
Increase (-)/decrease (+) in inventories	-18	-2	11	27
Increase (-)/decrease (+) in operating receivables	-134	-46	-56	32
Increase (+)/decrease (-) in operating liabilities	102	-47	67	-82
Changes in working capital	-50	-95	22	-23
Cash flow from operating activities	10	-35	243	198
Acquisitions of companies or operations	-35	-	-694	-659
Acquisitions of intangible assets	-2	-4	-20	-22
Acquisitions of tangible assets	-3	-3	-19	-19
Divestments of tangible assets	-	-	0	0
Change in financial assets	-3	0	-15	-12
Cash flow from investing activities	-43	-7	-748	-712
Cash flow after investing activities	-33	-42	-505	-514
New share issue	-	-	613	613
Issue expenses	-1	-	-11	-10
Issue of warrant programme, T02016/2019	-	-	21	21
Issue expenses warrant programme, T02016/2019	-	-	0	0
Premium receipts warrant programme, T02019/2022	-	-	1	1
Loans raised	2	-	1,857	1,855
Repayment of loans	-17	-22	-1,781	-1,786
Amortisation of lease liabilities	-12	-11	-48	-47
Dividend paid	-	-	-58	-58
Cash flow from financing activities	-28	-33	594	589
Cash flow for the period	-61	-75	89	75
Cash and equivalents at beginning of period	173	101	26	101
Translation difference in cash and cash equivalents	2	0	-1	-3
Cash and cash equivalents at end of the period	114	26	114	173

Summary income statement, Parent Company

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Net sales	13	11	49	47
Selling expenses	-	-1	0	-1
Administrative expenses	-18	-14	-68	-64
Other operating income	0	0	0	0
Other operating expenses	0	0	-3	-3
Operating profit/loss	-5	-4	-22	-21
Profit from participations in subsidiaries	86	1	218	133
Financial income	39	15	55	31
Financial expenses	-57	-14	-84	-41
Profit/loss after financial items	63	-2	167	102
Allocations	-	-	32	32
Profit/loss before tax	63	-2	199	134
Tax on profit for the period	-	-	-1	-1
Profit for the period	63	-2	198	133

In Spain, Vegetalia launched two different versions of pita bread.



Summary balance sheet, Parent Company

SEK million	Note	31 March 2020	31 March 2019	31 Dec 2019
Intangible assets		58	42	57
Tangible assets		3	3	3
Participations in subsidiaries		2,201	2,066	2,202
Receivables from subsidiaries		1,198	588	1,149
Deferred tax assets		2	3	2
Financial assets		3,401	2,657	3,353
Fixed assets		3,462	2,702	3,413
Receivables from subsidiaries		49	138	152
Other receivables		105	13	17
Cash and bank balances		38	10	109
Current assets		192	161	278
Assets		3,654	2,863	3,691
Share capital		325	230	325
Statutory reserve		58	58	58
Profit brought forward, including profit for the period and other reserves		1,769	1,100	1,706
Shareholders' equity		2,152	1,388	2,089
Liabilities to credit institutions		1,035	934	1,066
Liabilities to subsidiaries		-	113	-
Other non-current liabilities	10	33	47	31
Non-current liabilities		1,068	1,094	1,097
Liabilities to credit institutions		80	77	55
Liabilities to subsidiaries		339	252	390
Other current liabilities	10	15	52	60
Current liabilities		434	381	505
Equity and liabilities		3,654	2,863	3,691

In Sweden, Kung Markatta launched four different flavours of kombucha. The same launch was made in Denmark and Norway under the brands Urtekram and Helios, respectively.



Notes to the financial statements

Note 1 | Accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for use within the EU. The standards and interpretations applied are those that are applicable as of 1 January 2020 and when they were adopted by the EU. Furthermore, recommendation RFR 1 *Supplementary Accounting Rules for Groups*, from the Swedish Financial Reporting Board, has been applied.

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 34.16A 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.

The ESMA Guidelines for Alternative Performance Measures (APM) are applied, entailing expanded disclosures on key figures and performance measures.

In the interim report January–March 2020, the same accounting principles and calculation methods were applied as in the last annual report issued for 2019 (Note 1 *Accounting principles*, pages 82–90). The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2020 had no impact on the Group's accounting for the period January–March 2020.

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.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the revision only affects that period or within the period in which the revision is made and future periods if the revision affects both current and future periods.

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 109–110 of the 2019 Annual Report. No new significant estimates and assessments and assumptions have been added since the publication of the most recent annual report.

Note 3 | Operating segments, Group

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January–March	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales, external	604	608	239	178	103	–	–	–	946	786
Net sales, intra-Group	2	2	5	2	0	–	–7	–4	–	–
Net sales	606	610	244	180	103	–	–7	–4	946	786
Operating expenses (excluding depreciation/amortisation and impairment), external	–521	–565	–217	–158	–88	–	–13	–15	–839	–738
Operating expenses, intra-Group	–13	–8	–2	–2	–	–	15	10	–	–
Operating expenses (excluding depreciation/amortisation and impairment)	–534	–573	–219	–160	–88	–	2	–5	–839	–738
EBITDA	72	37	25	20	15	–	–5	–9	107	48
Depreciation/amortisation and impairment	–10	–11	–11	–9	–5	–	–10	–6	–36	–26
Operating profit/loss	62	26	14	11	10	–	–15	–15	71	22
Financial items									–10	–17
Profit/loss before tax									61	5
<i>Significant income and expense items reported in the income statement:</i>										
Items affecting comparability	–	25	–	–	–	–	–	–	–	25
EBITDA, before items affecting comparability	72	62	25	20	15	–	–5	–9	107	73

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January-March	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>Geographical areas¹</i>										
Sweden	282	292	0	0	-	-	0	0	282	292
Rest of Europe	323	317	244	180	103	-	-7	-4	663	493
Other countries outside Europe	1	1	0	0	-	-	-	-	1	1
Net sales	606	610	244	180	103	-	-7	-4	946	786
<i>Sales channel</i>										
Pharmacies	90	82	-	-	-	-	-	-	90	82
FMCG retail	374	365	100	66	-	-	-	-	474	431
E-commerce/Post order ³	14	41	3	2	-	-	-	-	17	43
Food Service	18	22	66	54	-	-	-	-	84	76
Healthfood retailers	48	52	65	50	-	-	-	-	113	102
Other specialist retailers	33	17	5	5	-	-	-	-	38	22
Others ²	27	29	0	1	103	-	-	-	130	30
Group-internal sales	2	2	5	2	0	-	-7	-4	-	-
Net sales	606	610	244	180	103	-	-7	-4	946	786
<i>Product categories⁴</i>										
Organic products	223	-	244	-	101	-	-7	-	561	-
Healthfoods	176	-	-	-	-	-	-	-	176	-
Consumer health products	204	-	-	-	-	-	-	-	204	-
Services linked to product handling	3	-	-	-	2	-	0	-	5	-
Net sales	606	-	244	-	103	-	-7	-	946	-
<i>Brands</i>										
Proprietary	436	386	146	120	78	-	-7	-2	653	504
Licensed	157	215	-	2	9	-	-	-2	166	215
Contract manufacture	10	5	98	58	14	-	-	-	122	63
Services linked to product handling	3	4	-	0	2	-	0	0	5	4
Net sales	606	610	244	180	103	-	-7	-4	946	786

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

² Unfortunately, net sales per sales channel for the South Europe business area are not available at the time of reporting, and they are therefore allocated to Others.

³ The definition for the E-commerce/Post order sales channel changed on 1 January 2020, whereby customers were reclassified from E-commerce/Post order to Pharmacies and FMCG, respectively. Comparative figures are not restated.

⁴ Income for product categories is not available for the comparison year 2019.

Note 5 | Intangible assets, Group

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Brands	1,100	980	1,081
Goodwill	1,800	1,439	1,810
Other intangible fixed assets	169	85	167
Total	3,069	2,504	3,058

Note 6 | Tangible assets, Group

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Owned assets	371	232	358
ROU assets	224	212	227
Total	595	444	585

Note 7 | Non-current and current interest-bearing liabilities, Group

SEK million	31 March 2020	31 March 2019	31 Dec 2019
<i>Non-current interest-bearing liabilities</i>			
Bank loans	1,206	1,089	1,229
Lease liabilities	176	168	179
Total	1,382	1,257	1,408
<i>Current interest-bearing liabilities</i>			
Bank loans	95	88	71
Lease liabilities	48	45	47
Total	143	133	118
Total	1,525	1,390	1,526

Note 8 | Fair value and reported in the balance sheet, Group

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Assets			
<i>Financial instruments measured at fair value via the income statement</i>			
Currency option	0	0	-
Total	0	0	-
<i>Financial instruments not measured at fair value</i>			
Other non-current liabilities	4	4	4
Other current receivables	26	22	18
Total	30	26	22
Total receivables	30	26	22
Liabilities			
<i>Financial instruments measured at fair value via the income statement</i>			
Currency swaps	1	-	1
Interest-rate swaps	0	0	0
Conditional purchase considerations	81	47	79
Total	82	47	80
<i>Financial instruments not measured at fair value</i>			
Other non-current liabilities	18	13	16
Other current liabilities	45	92	85
Total	63	105	101
Total liabilities	145	152	181

The Group holds financial instruments in the form of interest-rate swaps, currency swaps and currency options that are recorded at fair value in the 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.

The Group holds supplementary purchase considerations, which are measured at fair value. The valuation is at level 3, according to IFRS 13 *Fair Value Measurement*. Fair value of supplementary purchase considerations is calculated by discounting the present value of the expected cash flows with an adjusted discount rate. The expected cash flows are determined based on probable scenarios for future gross profit,

amounts that will be payable at the respective outcome 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. In all material respects, the fair value of other financial instruments is consistent with their book value.

For further information, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown in the 2019 annual report*, pages 108–109.

Note 9 | Pledged assets and contingent liabilities, Group

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Pledged assets			
Blocked bank balances	3	1	2
Net assets in subsidiaries	1,844	1,815	1,941
Others	313	240	245
Total	2,160	2,056	2,188
Contingent liabilities			
Guarantees	12	9	10
Total	12	9	10

Note 10 | Conditional purchase considerations, Group

SEK million	
Opening conditional purchase considerations, 1 Jan 2019	46
Exchange-rate change	1
Closing conditional purchase considerations, 31 Mar 2019	47
Opening conditional purchase considerations, 1 April 2019	47
Supplemental conditional purchase considerations	57
Exchange-rate change	0
Assessment conditional purchase considerations	-26
Closing conditional purchase considerations, 31 Dec 2019	78
Opening conditional purchase considerations, 1 Jan 2020	78
Exchange-rate change	3
Closing conditional purchase considerations, 31 Mar 2020	81
<i>Expected disbursements</i>	
Expected disbursement 2020	3
Expected disbursement 2021	43
Expected disbursement 2022	35
Total	81

Remaining conditional purchase considerations in the Group amounted to SEK 81 million (47) and was related to the business combinations Davert GmbH (2018) with SEK 33 million (47), Ekko Gourmet AB (2019) with SEK 2 million and Eisblümerl Naturkost GmbH (2019) with SEK 29 million and the joint venture

Paradisem EMV AB (2019) with SEK 17 million. The Parent Company, Midsona AB, holds conditional supplemental purchase considerations attributable to the business combination with Davert GmbH.

In Denmark, Urtekram body care products with the new "Wild Flower" scent were launched, exclusively for Netto.



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 128–131 in the 2019 Annual Report. The following table presents reconciliations against IFRS.

IFRS reconciliations, Group

EBITDA – operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets¹

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Operating profit/loss	71	22	219	170
Amortisation of intangible assets	11	8	39	36
Depreciation of tangible assets	25	18	85	78
EBITDA	107	48	343	284
Items affecting comparability ^{2,3}	-	25	-19	6
EBITDA, before items affecting comparability	107	73	324	290
Net sales	946	786	3,241	3,081
EBITDA-Margin, before items affecting comparability	11.3%	9.3%	10.0%	9.4%

¹ There were no impairments on tangible fixed assets and intangible fixed assets included in operating income for each period.

² Specification of items affecting comparability

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Restructuring expenses, net	-	25	-10	15
Assessed conditional purchase consideration	-	-	-26	-26
Acquisition-related expenses	-	-	17	17
Total	-	25	-19	6

³ Corresponding line in the consolidated income statement

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Expenses for goods sold	-	18	-11	7
Selling expenses	-	3	2	5
Administrative expenses	-	2	0	2
Other operating income	-	-	-26	-26
Other operating expenses	-	2	16	18
Total	-	25	-19	6

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

SEK million	Rolling 12-month	Full year 2019
EBITDA	343	284
Acquisition-related transaction expenses	-11	-11
Pro forma adjustment	20	32
Adjusted EBITDA	352	305

Net debt – interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Non-current interest-bearing liabilities	1,382	1,257	1,408
Current interest-bearing liabilities	143	133	118
Cash and cash equivalents ¹	-114	-26	-173
Net liabilities	1,411	1,364	1,353

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 liabilities 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	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Shareholders' equity and liabilities	4,923	3,907	4,923	4,780
Other non-current liabilities	-95	-60	-95	-92
Deferred tax liabilities	-326	-273	-326	-321
Accounts payable	-372	-305	-372	-288
Other current liabilities	-50	-92	-50	-91
Accrued expenses and deferred income	-176	-107	-176	-140
Capital employed	3,904	3,070	3,904	3,848
Capital employed at the beginning of the period	3,848	2,847	3,070	2,847
Average capital employed	3,876	2,959	3,487	3,348

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

SEK million	Rolling 12-month	Full year 2019
Profit/loss before tax	172	116
Financial expenses	79	53
Profit before taxes, excluding financial expenses	251	169
Average capital employed	3,487	3,348
Return on capital employed, %	7.2	5.0

Average shareholder's equity – total shareholder's equity at the end of the period plus total shareholder's equity at the beginning of the period divided by 2

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Shareholders' equity	2,379	1,680	2,379	2,322
Shareholders' equity at the beginning of the period	2,322	1,630	1,680	1,630
Average shareholder's equity	2,351	1,655	2,030	1,976

Return on equity – profit for the period in relation to average shareholders' equity

SEK million	Rolling 12-month	Full year 2019
Profit for the period	140	97
Average shareholder's equity	2,030	1,976
Return on equity, %	6.9	4.9

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, as well as expansion investments

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Cash flow from operating activities	10	-35	243	198
Cash flow from investing activities	-43	-7	-748	-712
Acquisitions of companies or operations	35	-	694	659
Acquisition of joint venture	0	-	8	8
Expansion investment, new production line	-	-	2	2
Free cash flow	2	-42	199	155

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	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
Net sales	946	786	3,241	3,081
Net sales compared with the corresponding period in the preceding year	-786	-610	-3,028	-2,852
Net sales, change	160	176	213	229
Structural changes	-130	-173	-312	-355
Exchange rate changes	-6	-19	-35	-48
Organic change	24	-16	-134	-174
Organic change	3.1%	-2.6%	-4.4%	-6.1%
Structural changes	16.5%	28.4%	10.3%	12.4%
Exchange rate changes	0.8%	3.1%	1.2%	1.7%

EBITDA, before items affecting comparability adjusted for IFRS 16 effects – EBITDA before items affecting comparability adjusted for the effect of leasing fees on ROU assets as a result of the introduction of IFRS 16, i.e. as it would have looked if IAS 17 had still applied.

SEK million	Jan-Mar 2020	Jan-Mar 2019	Rolling 12-month	Full year 2019
EBITDA, before items affecting comparability	107	73	324	290
Leasing fees on ROU assets with application of IFRS 16	-12	-11	-45	-44
EBITDA, before items affecting comparability and adjusted for the IFRS 16 effect	95	62	279	246

Quarterly data¹

SEK million	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Net sales	946	825	765	705	786	755	773	714	610	571	573	481
Expenses for goods sold	-671	-594	-524	-490	-570	-536	-546	-496	-402	-376	-377	-328
Gross profit	275	231	241	215	216	219	227	218	208	195	196	153
Selling expenses	-130	-129	-122	-123	-131	-119	-125	-119	-110	-102	-109	-88
Administrative expenses	-66	-64	-56	-59	-61	-52	-56	-56	-48	-42	-62	-39
Other operating income	2	30	-1	7	1	1	3	2	1	1	0	1
Other operating expenses	-10	-16	-5	-1	-3	-3	2	-11	-4	-2	-4	-1
Operating profit/loss	71	52	57	39	22	46	51	34	47	50	21	26
Profit/loss from participations in joint ventures	0	-1	-	-	-	-	-	-	-	-	-	-
Financial income	33	0	0	0	0	6	0	4	6	0	0	0
Financial expenses	-43	-9	-13	-14	-17	-8	-10	-8	-5	-4	-5	-7
Profit/loss before tax	61	42	44	25	5	44	41	30	48	46	16	19
Tax on profit for the period	-14	-7	-9	-2	-1	-11	-9	-5	-9	-12	-5	-4
Profit for the period	47	35	35	23	4	33	32	25	39	34	11	15
<i>Items affecting comparability</i>												
Items affecting comparability included in operating profit	-	-5	-8	-6	25	-	-1	12	-	-1	22	-
Operating profit, before items affecting comparability	71	47	49	33	47	46	50	46	47	49	43	26
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating income	36	34	28	26	26	13	18	11	10	10	9	8
EBITDA	107	86	85	65	48	59	69	45	57	60	30	34
<i>Depreciation/amortisation, impairment and items affecting comparability</i>												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	36	29	20	20	51	13	17	23	10	9	31	8
EBITDA, before items affecting comparability	107	81	77	59	73	59	68	57	57	59	52	34
Free cash flow	2	103	19	75	-42	44	96	40	-4	49	17	29
Cash flow from operating activities	10	117	29	87	-35	58	98	54	2	54	32	34
Number of employees as per the balance sheet date	713	721	571	530	526	525	533	528	382	384	386	329

¹The quarterly data for 2017-2018 have not been restated for effects in the income statement in connection with conversion to IFRS 16.

In Denmark, Urtekram launched three flavours of tofu: natural, hemp seed and basil.



Financial calendar



This is Midsona

Strong brands

Midsona is the leading consumer goods company in the Nordic region in health and well-being with proven products in the categories organic products, healthfoods and consumer health products. In 2018, the Group took the first major step outside the Nordic region through a major business acquisition in Germany, which is the largest market for organic products in Europe. In 2019, Midsona established operations both in France, which is the second largest market for organic products in Europe, and in Spain through business acquisitions. We also strengthened our position in Germany through add-on acquisitions.

Our attractive product portfolio, with well-known products, is focused on helping people to live a more healthy and sustainable life and to gain greater insight into the raw material's origin and transparency on ingredients. A growing proportion of the product portfolio has an organic profile. The business model is based on strong brands with good market positions, innovation and an effective marketing and distribution structure.

The share was introduced on the Stockholm Stock Exchange in 1999. Series A and series B shares are listed on the OMX Nasdaq Stockholm Mid Cap list in the FMCG segment under the tickers MSON A and MSON B.

Clear vision

Our vision is to become one of Europe's leading companies in health and well-being.

Clear strategies

- *Leading brands in prioritised categories* – We work with strong proprietary brands together with a select number of licensed brands in our primary geographical markets of Sweden, Denmark, Norway, Finland, Germany, France and Spain. Our brands should be ranked in first or second position in their categories and

should be available through appropriate sales channels, where we have the best knowledge and opportunities for strong growth.

- *Cost-effective value-chain* – We work continuously to adapt and streamline the organisation. We evaluate our product range in terms of profitability. In recent years, the range has been evaluated and optimised with a focus on eliminating the products that do not fit into our strategy or that are not deemed able to meet the profitability requirements. In order to improve the efficiency of the operations, we are working to increase the sales volumes that come from our own production facilities. Both existing suppliers and our own production structure are continually evaluated to ensure optimal cost-effectiveness and quality. The combination of our own production and external suppliers creates a cost-effective and flexible supply chain that can more easily be adapted to trends and a volatile demand.
- *Selective acquisitions* – Acquisitions are an integral and fundamental part of our business. In recent years, we have played a major part in consolidating the market in the Nordic region. We have shown a very good ability to find the right acquisitions and integrate and develop businesses with good short- and long-term synergies. The strategy is now to establish an important base in the rest of Europe outside the Nordic region, geographically or in a product category, through a platform acquisition and thereafter increase the presence in the area or the category through add-on acquisitions, as we did in Germany in 2018 and 2019.
- *Healthy and sustainable culture* – Our core and mission is about offering products that help people live a healthier life. We want to build further on our position as experts in health and well-being. Our brands and products play a fundamental role in those efforts. Working and acting sustainably through the entire value chain up to the consumer is becoming increasingly important and our customers and consumers set high standards on sustainable products. There is a strong relationship between their interest in organic products and sustainability. We presented our sustainability efforts in a Sustainability Report, included in the 2019 Annual Report on pages 53–57.

Long-term financial targets

New long-term financial targets were set by the Board of Directors of Midsona AB (publ) in April 2019.

- Net sales growth of >15 percent through organic growth and acquisitions.
- EBITDA margin >12 percent.
- A ratio between net debt/EBITDA of a multiple of 3–4.
- A dividend over time of >30 percent of profit after tax.

The financial targets are a way for Group management to manage the Group, but also a tool for the financial market to clearly monitor the Group's development. The targets show how the Group develops in the long term, regardless of the economy and what phase the Group is in. In individual years, the fulfilment of certain targets can deviate.

This report is available in Swedish and English. In case of any discrepancies between the Swedish and English versions, the Swedish version is considered the official version.

Ten prioritised brands

Our operations are based on our own strong brands. Ten of these play a very central role in the Group's growth and account for around 50 percent of net sales. These brands are Urtekram, Friggs, Naturdietet, Davert, Kung Markatta, Helios, Celnat, HappyBio, Vegetalia, Eskimo-3.



Urtekram

A leading brand in the organic product category. Urtekram offers a broad range of organic food (dried fruit, beans, seeds, canned goods, nuts, oils, spices, stewed fruit, müsli, rice, grain, ketchup and pasta) and organically certified hair and body care products, primarily for the FMCG retail in Denmark, Sweden and Finland. The hair and body care products are also sold on export to around 30 countries outside the Nordic region.



Friggs

A leading brand in the health-foods category. Friggs is a broad health brand that focuses on the latest trends in healthfood (corn, lentil and rice cakes, teas and dietary supplements) and the products are primarily available in FMCG retail in the Nordic region.



Naturdietet

A leading brand in the health-foods category. Naturdietet offers weight control products. Common to all products is their low calorie content, at the same time that they contain the vitamins and minerals needed in meal replacement products. The range consists of shakes, smoothies, bars and drink mixes that are primarily available in FMCG retail in Sweden and Finland.



Davert

A leading brand in the organic product category. Davert offers a broad range of organic foods (rice, dried fruit, seeds, legumes, sugar, nuts, snacks, flakes and other breakfast products) primarily available in FMCG and the healthfood retail in Germany.



Kung Markatta

A leading brand in the organic product category. Kung Markatta offers a broad range of organic food products for all kinds of cooking and baking (oils, grains, pasta, bouillon, flour, jam, marmalade, sauces, bread and beverages) primarily available in FMCG retail in Sweden.



Helios

A leading brand in the organic product category. Helios offers a broad range of organic food (beverages, grains, seeds, flour, spices, nuts, dried fruit, oils, pasta, rice, bread and seasoning) primarily available in FMCG and the healthfood retail in Norway.



Celnat

A leading brand in the organic product category. Celnat offers a broad range of organic and plant-based products (roasted grains, cereals, flakes, flour, rice, seeds and veggie mix) primarily available in healthfood retail in France.



HappyBio

A relatively recently established brand in the organic product category. HappyBio offers a broad range of organic foods (flour, seeds, grains, flakes and other breakfast products) primarily available in FMCG retail in France.



Vegetalia

A leading brand in the organic product category. Vegetalia has a broad range of organic and plant-based foods (organic baby food, vegetable protein, vegetable burgers and pâté) primarily available in healthfood retail in Spain and France.



Eskimo-3

A brand with high-quality products in the consumer health product category. Eskimo-3 is a series of dietary supplements that are rich in Omega-3, the fatty acids EPA & DHA for the heart, brain and vision. The range includes both natural and highly concentrated fish oils primarily available in healthfood, pharmacy and FMCG retail in the Nordic region. The range is also sold on export to around 10 countries outside the Nordic region.

