



midsona

Press release
Malmö, 3 May, 2018

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Midsona acquires Davert, a leader in the German organic food market

Following Midsona's successful consolidation within the Nordic market for organic dry products, the company has a clear strategy to become a leader in Europe. The acquisition of Davert is an important step in this direction.

- As one of the leaders in the German market, Davert provides Midsona with a strong position in the largest market for organic food in Europe.
- The acquisition strengthens Midsona's presence in the attractive organic food segment. Davert's premium brand and product portfolio are highly complementary to Midsona's existing organic brands.
- Davert will continue to operate as a separate entity, under the leadership of its Managing Director Erk Schuchhardt and his management team.
- The total purchase price is approximately EUR 48.5 million (~SEK 511 million), on a debt-free/cash-free basis, and will be paid in cash.¹

Malmö, Sweden – May 3, 2018 - Midsona AB (publ) ("Midsona") is pleased to announce that it has signed an agreement whereby Midsona will acquire 100% of the shares of Davert GmbH ("Davert" or the "Company").

Founded in 1984 by Rainer Welke, Davert is a pioneer in the organic food industry in Germany. The Company is a leading manufacturer and distributor of organic dry packaged food, offering products under its own Davert brand as well as private label products. Davert's portfolio includes a broad range of organic products in categories such as convenience products, snacks, superfoods & nuts, breakfast cereals, rice and pulses. Davert's products are sold through various channels including grocery stores, drugstores, health food stores as well as to the food services industry.

In recent years, Davert has launched a new brand design, broadened its product portfolio and extended its distribution. In this period the Company also moved into a new, purpose-built production facility and significant investments were made in state-of-the-art manufacturing lines and an automated warehouse. Davert has approximately 150 employees, all of which are located

¹ The purchase price excludes: (i) a capital investment in a new production line of EUR 8.5 million and (ii) potential payments between April 2020 and 2022 of up to EUR 6 million in aggregate contingent on Davert exceeding specified financial targets. The capital investment will provide Davert with new production capabilities targeted at attractive, fast growing segments. The investment program is expected to be completed in late 2018.

Note: Purchase price and 2018 figures converted to SEK at exchange rate of 10.54. 2017 figures converted at 2017 average rate of 9.63.



About Midsona

Midsona holds a strong position in the Nordic market with own strong brands within healthfoods, personal care and hygiene. Midsona also sells a number of licensed internationally established brands. Our products are sold through grocery and convenience stores, pharmacies, health stores and internet. Midsona's priority trademarks are: DALBLADS, FRIGGS, HELIOS, KUNG MARKATTA, MIWANA, NATURDIET, ESKIMO-3 and URTEKRAM. Midsona has annual sales of about MSEK 2,173 (2017). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information: www.midsona.com



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at its facility in Ascheberg, North Rhine-Westphalia, Germany. Sales in 2017 were EUR 64 million (~SEK 616 million).

"Building on the successful expansion of our organic products business throughout the Nordic region, this transaction with Davert represents a logical next step and bridgehead into Europe. We are impressed by the Company's high-quality products, its best-in-class manufacturing capabilities and the accomplishments of its team. Davert's product portfolio, market position, multi-channel customer base and its significant competences across the supply chain, from sourcing to production to marketing, are an ideal strategic fit for Midsona. The outlook for the German organic market is strong and we believe that Davert is well positioned. We look forward to a bright future together with the Davert team", says Peter Åsberg, CEO of Midsona.

"We are delighted to be joining forces with Midsona, which I view as the perfect partner for Davert. The values and cultures of our companies are well aligned with shared strong beliefs in the importance of the environment, the critical need for sustainable food production and the benefits of organic food. We expect this combination to deliver meaningful benefits to our customers, business partners, consumers and employees", says Erk Schuchhardt, CEO of Davert.

Financial Effects on Midsona

The acquisition is expected to close today. For the financial year 2017, Davert achieved sales of EUR 64 million (~SEK 616 million) and adjusted EBITDA of approximately EUR 4.4 million (~SEK 42 million). For the current financial year, Midsona expects Davert's sales to increase compared to the previous year and to achieve adjusted EBITDA of approximately EUR 5.0 million (~SEK 53 million). Not taking into account any transaction-related costs, financial or synergy effects, the purchase price would represent a current year EV multiple of approximately 9.7x EBITDA.

Synergies are anticipated to be realized in areas including production, cross-selling and procurement. By 2022, these synergies are expected to have an annual impact on EBITDA of approximately EUR 3.8 million (~SEK 40 million). Initial synergies are expected to be realized during 2019. Midsona has financed the transaction with a new debt facility.

Advisors

Strata Advisory AB is acting as exclusive financial advisor to Midsona. Heuking Kühn Lüer Wojtek and Fredersen Advokatbyrå AB are legal advisers to Midsona.

Additional information, including an investor presentation, will be available at www.midsona.com. For further information, please contact MD and CEO Peter Åsberg, telephone +46(0)730 26 16 32, or CFO Lennart Svensson, telephone +46(0)767 74 33 04.

This is information of the type that Midsona AB is obligated to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of Lennart Svensson on 3 May 2018 at 10:15 CET.



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