

Interim report, January-September 2015

Strong sales growth driven by acquired company Urtekram

JULY TO SEPTEMBER 2015 (THIRD QUARTER)

- Net sales amounted to SEK 367 million (228).
- EBITDA amounted to SEK 31 million (25) before non-recurring items
- Operating profit, EBIT, amounted to SEK 25 million (22) before non-recurring items.
- Non-recurring items burdened the operating profit in the amount of SEK 14 million (-).
- Profit for the period was SEK 39 million (18).
- Earnings per share before and after dilution amounted to SEK 1.63 (0.79).
- Cash flow from continuing operations amounted to SEK 30 million (23).

JANUARY TO SEPTEMBER 2015 (NINE MONTHS)

- Net sales amounted to SEK 822 million (692).
- EBITDA amounted to SEK 60 million (57) before non-recurring items.
- Operating profit, EBIT, amounted to SEK 47 million (47) before non-recurring items.
- Non-recurring items burdened the operating profit in the amount of SEK 22 million (negative 3).
- Profit for the period was SEK 50 million (38).
- Earnings per share before and after dilution amounted to SEK 2.16 (1.67).
- Cash flow from continuing operations amounted to SEK 67 million (41).



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, MIWANA, MYGGA, NATURDIET, SUPERNATURE, TRI TOLONEN and URTEKRAM. Midsona has annual sales of about MSEK 920 (2014). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Small Cap. For further information: www.midsona.com

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Comment by the CEO

At the start of the third quarter, Midsona took possession of the acquired company Urtekram. This is strategically important as it establishes us in the expanding segment for organic foods. At the same time, we gain a platform in Denmark, meaning we have a strong presence in all Nordic markets.

To maintain our focus on the business, during the quarter, we invested a great deal of energy on generating confidence, a spirit of enterprise and commitment to the organisation. Consequently, it is with particular pleasure and pride that I can confirm that sales rose by 61 percent in the quarter, significantly more than the 47 percent contributed pro forma by the acquisition.

Underlying operating profit, measured as EBITDA before non-recurring items, was the best in Midsona's history, although we have yet to realise any cost synergies from the acquisition. We expect to see certain synergy effects in the fourth quarter of 2015 and the full effects, largely, in the first quarter of 2016. Accordingly, we are ahead of our schedule. Cost synergies were previously estimated at approximately SEK 15 million annually, but have now been revised up to about SEK 20 million. Non-recurring costs of SEK 8 million for restructuring and acquisition-related costs of SEK 6 million were charged against earnings for the third quarter.

Many of our priority brands such as Friggs, MyggA and Miwana developed favourably in the quarter. At the end of the quarter, however, the National Food Agency published a report on the possible occurrence of inorganic arsenic in rice and rice products. The EU is currently developing new legislation on limits for inorganic arsenic levels in rice products. The rice cakes sold by Midsona are below the EU's proposed limits. Due to the publicity surrounding the National Food Agency's report, sales of Midsona's rice cakes have been adversely affected. We are now implementing several measures to counteract an expected drop in sales. Among other things, Friggs launched a number of new maize-based products in October.

The integration of Urtekram will continue in the fourth quarter. The cost synergies that have been identified are to be realised, while, at the same time, it is our ambition to maintain a high level of growth. Urtekram is well positioned in the market for organic foods, which is currently expanding strongly in all of the Nordic countries, and which is particularly strong in Sweden. Consequently, we perceive favourable opportunities for continued strong growth. Accordingly, we will continue to progress towards our vision of becoming a leader in health and well-being in the Nordic region.

Peter Åsberg, President and CEO

This is information of the type that Midsona AB is obligated to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was published on 23 October 2015, at 8 am.



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