

Improved operating profit and even clearer organic profile

JULY TO SEPTEMBER 2016 (THIRD QUARTER)

- Net sales amounted to SEK 522 million (367).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 42 million (31), before non-recurring items.
- Profit for the period was SEK 7 million (39), corresponding to earnings per share, before and after dilution, of SEK 0.25 (1.63).
- Cash flow from continuing operations amounted to SEK 13 million (30).
- The acquisition was completed of Internatural AB, a company with a leading position in organic foods in Sweden and Norway, whose brands include Kung Markatta and Helios.

JANUARY TO SEPTEMBER 2016 (NINE MONTHS)

- Net sales amounted to SEK 1,223 million (822).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 88 million (60), before non-recurring items.
- Profit for the period was SEK 29 million (50), corresponding to earnings per share, before and after dilution, of SEK 1.02 (2.16).
- Cash flow from continuing operations amounted to SEK 11 million (67).



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, TRI TOLONEN and URTEKRAM. Midsona has annual sales of about MSEK 1,174 (2015). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Small Cap. For further information: www.midsona.com



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SIGNIFICANT EVENT FOLLOWING THE END OF THE REPORT PERIOD

The new share issue that had been in progress was completed, bringing Midsona SEK 412 million before deduction of issue costs. The issue was oversubscribed.

Comment by the CEO

Midsona gained control of the acquired company Internatural

Midsona gained control of the acquired company Internatural at the start of the third quarter. This is Midsona's to-date largest acquisition, and it is strategically important as it significantly strengthens the company's position in the expanding segment for organic foods. Following the acquisition of Urtekram just over a year ago, Internatural, with its Kung Markatta and Helios brands, is a logical complement. Combined with Urtekram, these brands make Midsona the market leader in the organic colonial products segment in each of our principal markets – Sweden, Norway, Denmark and Finland. Organic products now account for about half of Midsona's sales. Industry statistics show continued high growth for organic foods. Market growth is fastest in Sweden, Midsona's largest market. Industry organisation Ekoweb's report for the first half of 2016 showed that sales of organic foods had increased by 23 percent in the Swedish retail sector.

Integration of Internatural

In the third quarter, work commenced to integrate Internatural into Midsona. The ambition is to create a strong organisation with a growth-oriented agenda, while also being able to achieve cost synergies. It is estimated that the acquisition will generate annual cost synergies of about SEK 35 million, of which approximately SEK 25 million are expected to be achieved before the end of 2017.

Focus on eight proprietary brands

Midsona has a developable portfolio of strong proprietary brands in health and well-being. In addition to Urtekram, Kung Markatta and Helios brands with their organic focus, the



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company prioritises Friggs, Naturdiet, Dalblads, Tri Tolonen and Miwana. These eight brands, which account for more than half of total sales, reported 5 percent growth for the quarter*. Development was particularly strong for the Group's brands with an organic focus. The Friggs brand also deserves special mention. The team behind Friggs has launched a range of maize cakes as a complement to rice cakes. At the same time, Friggs also successfully launched a number of products in new markets and segments. Customers and consumers received the products very positively, Friggs' sales rose in the third quarter.

New share issue implemented

The acquisition of Internatural was initially financed through an acquisition loan and bridge financing. In connection with this, the company announced its intention to conduct a rights issue, which was completed shortly after the end of the reporting period. The issue was heavily oversubscribed, generating SEK 412 million for Midsona before issue costs. The bridge financing has been settled in the fourth quarter.

Best quarter to date in terms of earnings

Underlying operating profit, measured as EBITDA before non-recurring items, was the best to date in the Group's history. EBITDA before non-recurring items was SEK 42 million compared with SEK 31 million in the previous year – at the time, a record quarter. Sales were weak in July. Although they recovered in August and September, the assessment is that the unusually warm weather had a negative effect on a number of product groups that sell better during the cold part of the year. Sales rose by 42 percent in the quarter, mainly as a consequence the acquisition of Internatural with its Kung Markatta and Helios brands, although the Group's other priority brands, including Urtekram and Friggs, also made a positive contribution. To date, no synergies from the acquisition have been achieved. They are not expected to start having an effect until early 2017.

Leading in health and well-being in the Nordic region

The integration of Internatural 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. With its Urtekram, Kung Markatta and Helios brands, Midsona is well-positioned in the market for organic foods. At the same time, we see



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opportunities for continued favourable growth for several of our other priority brands and license assignments. The objective is to grow organically while we prepare for new acquisitions. With this, we are continuing our journey towards the vision of becoming the leader in the health and well-being in the Nordic region.

Peter Åsberg, President and CEO

* Brands acquired in the third quarter, Kung Markatta and Helios, are compared with sales for the same period last year despite, Midsona not owning the brands at that time.

For more 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 21 October 2016 at 8 am CET.



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