

INTERIM REPORT JANUARY-SEPTEMBER 2017

Improved EBITDA and increasing margins

JULY-SEPTEMBER 2017 (THIRD QUARTER)

- Net sales amounted to SEK 579 million (522).
- Operating profit before depreciation and amortisation, EBITDA, amounted to SEK million 52 (42), before non-recurring items, corresponding to a margin of 9.0 percent (8.0).
- Profit for the period amounted to SEK 11 million (7), corresponding to earnings per share of SEK 0.25 (0.25) before and after dilution.
- Cash flow from operating activities amounted to SEK 32 million (13).
- Midsona took control of the acquired Bringwell AB (publ) on 4 July, a company with a leading position in the Nordic region in personal care products and OTC drugs.

JANUARY-SEPTEMBER 2017 (NINE MONTHS)

- Net sales amounted to SEK 1,594 million (1,223).
- Operating profit before depreciation and amortisation, EBITDA, amounted to SEK million 131 (88), before non-recurring items, corresponding to a margin of 8.2 percent (7.2).
- Profit for the period amounted to SEK 50 million (29), corresponding to earnings per share of SEK 1.15 (1.02) before and after dilution.
- Cash flow from operating activities amounted to SEK 98 million (11).



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 1,744 (2016). 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

Continued improved sales and earnings

Midsona's sales for the third quarter increased by 11 percent and amounted to SEK 579 million (522). The underlying operating profit, measured as EBITDA before non-recurring items, amounted to SEK 52 million (42) and is the best ever in the Group's history. The EBITDA margin increased to 9.0 percent (8.0). The margin improvement is mainly a result of the Group's long-term change process.

The acquisition of Bringwell is strategically important

Midsona gained control of the acquired company Bringwell at the start of the third quarter. This is strategically important as it significantly strengthens the company's position within personal care products. Bringwell has a number of its own strong brands such as Eskimo-3, Mivitotal and Kan Jang. In addition, they represent ProbiMage and Membrasin. Midsona sees great opportunities to develop Bringwell's strong brands. The integration of Bringwell into Midsona's operations began in the third quarter. Already in the third quarter, integration has come a long way and all related restructuring expenses are taken. The acquisition is expected to realise, as previously announced, cost synergies from efficiency enhancements in sales, marketing and administration. The synergies are estimated at SEK 50–60 million annually and are expected to be fully realised by the end of 2018. There are also opportunities for growth synergies through increased sales, because the companies have complementary products and sales channels.

Consolidation of the Nordic market through acquisitions

Midsona's vision is to become a leader in health and well-being in the Nordic region. When this vision was launched, it was based on the realisation that the market was fragmented, with few strong brands. In recent years, Midsona has acquired one to two companies a year in the Nordic region and thereby had an active role in the consolidation of the market. The acquired companies have been integrated into Midsona, resulting in important synergies. The acquired brands have been refined and launched in new channels and new geographic markets. Midsona is currently a leader in health and well-being in the Nordic region. We see continued opportunities for additional acquisitions, but the main focus in the Nordic region will be to create organic growth for our prioritised brands in the future. In addition, cost-effectiveness will gradually be improved through a long-term change process.

Setting sights on Europe

Now that we have created a market-leading platform in the Nordic region, it is a natural step to set our sights on Europe. During the spring, we conducted an analysis of the market for health and well-being products in Europe. We were able to determine that the European market is fragmented in the same way as the Nordic market was when we began



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our acquisition journey. The market chiefly consists of privately owned companies with positions in one or more niches. We have identified a number of interesting acquisition targets and will now begin exploring those acquisition opportunities.

Continued opportunities for sales growth and earnings improvement

In spite of the strong development, our assessment is that there are opportunities for continued sales growth and earnings improvement through accelerating the growth of our brands, continued long-term change efforts, integrating the acquired Bringwell and further acquisitions. We have achieved our vision of becoming the leader in the health and well-being in the Nordic region. It has been a successful journey that has continuously created shareholder value. The next natural step is to raise our level of ambition. We are preparing for new acquisitions outside the Nordic region, with the vision of eventually become one of the leading companies in health and well-being in Europe.

Peter Åsberg, President and CEO

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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 October 20 2017 at 8 am CET.



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