

Interim report January-March 2018

Strong sales growth and significantly improved EBITDA

JANUARY-MARCH 2018 (FIRST QUARTER)

- Net sales amounted to SEK 610 million (521).
- EBITDA amounted to SEK 57 million (45), corresponding to a margin of 9.3 percent (8.6).
- Profit for the period was SEK 39 million (24), corresponding to earnings per share of SEK 0.85 (0.56) before dilution and SEK 0.84 (0.56) after dilution.
- Unrestricted cash flow was negative in the amount of SEK 4 million (30).
- OMX Nasdaq Stockholm decided to transfer Midsona from its Small Cap list to the Mid Cap list, and this was effectuated as of 1 January 2018.

Comment by the CEO

Organic and acquisition-driven growth

Midsona's sales increased by 17 percent to SEK 610 million in the first quarter, attributable to growth in all four geographical business areas. This growth has both been acquisition-driven and organic. Currency-adjusted organic growth was 3 percent. EBITDA profit rose by 27 percent to SEK 57 million (45). The EBITDA margin increased to 9.3 percent (8.6). Profit for the period was SEK 39 million (24).



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

Good development despite partly challenging conditions

Although sales and earnings showed good growth, conditions during the quarter were, in part, challenging. Easter is traditionally a weak period for health products and 2018 was no exception. This year, Easter fell in March, while last year it fell in April. Accordingly, the quarter ended weakly. The historically strong EUR in relation to the SEK has had a significant negative impact on the Group's gross margin. The ambition is to now adjust prices to fully or partially offset the negative currency effect. Cash flow was also

temporarily weak, mainly due to the planned build-up of inventory in connection with the change of systems in Denmark and the takeover of the HRA Pharma portfolio at the end of the quarter.

Organic growth in brand portfolio

In recent years, Midsona has chosen to substantially focus the brand portfolio with the ambition of building market-leading brands in three major product categories: Organic, Healthfoods and Personal Care. This focus has been necessary and will continue as an overly complex brand portfolio impacts profitability negatively. In recent years, this has meant that we have had weak or even negative organic growth as we cleared non-performing products and brands. Accordingly, it is all the more gratifying to once again be able to show organic growth. Overall, the Group's personal care products developed very favourably and, by the end of the quarter, the HRA Pharma agreement including the Nordic license for Compeed also began to have an effect. Healthfoods, with Friggs at the fore, also saw strong development. On the other hand, there was a clear slowdown in growth for the Group's organic products.

Priorities for the remainder of 2018

Midsona's operations are based on our priority brands and a number of strategic sales assignments in the Nordic region. The principal focus in 2018 will be on continuing to develop these through product innovation, consumer marketing and effective sales



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processing. Parallel to this, the integration of the acquired Bringwell must be completed, so that the promised synergies can be fully realised. Midsona does not exclude additional acquisitions in the Nordic region, but the focus for acquisitions will primarily be on Western Europe, outside the Nordic region. Midsona expects sales and EBITDA to increase during 2018.

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 25 April 2018 at 8 am CET.



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