

INTERIM REPORT, JANUARY-JUNE 2018

Organic and acquisition-driven sales growth and significantly improved EBITDA

APRIL-JUNE 2018 (SECOND QUARTER)

- Net sales amounted to SEK 714 million (481).
- EBITDA amounted to SEK 57 million (34) before items affecting comparability, corresponding to a margin of 8.0 percent (7.1).
- Profit for the period was SEK 25 million (15), corresponding to earnings per share of SEK 0.55 (0.35) before dilution and SEK 0.54 (0.35) after dilution.
- Free cash flow amounted to SEK 40 million (29).
- Midsona acquired Davert GmbH, a company with a leading position in organic food in Germany.

JANUARY-JUNE (SIX MONTHS)

- Net sales amounted to SEK 1,324 million (1,002).
- EBITDA amounted to SEK 114 million (79) before items affecting comparability, corresponding to a margin of 8.6 percent (7.9).
- Profit for the period was SEK 64 million (39), corresponding to earnings per share of SEK 1.39 (0.90) before dilution and SEK 1.38 (0.90) after dilution.
- Free cash flow amounted to SEK 36 million (59).



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About Midsona

Midsona holds a strong position in the Nordic market with own strong brands within organic foods, healthfoods and personal care. 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

Comment by the CEO

Continued improved sales and earnings

Midsona's sales for the second quarter increased by 48 percent and amounted to SEK 714 million (481). Organic growth amounted to a favourable 10 percent, mainly due to new distribution agreements with HRA Pharma. The Group's eight prioritised brands showed growth of 5 percent. Underlying operating earnings, measured as EBITDA before items affecting comparability, increased by 67 percent to SEK 57 million (34). Accordingly, the EBITDA margin increased to 8.0 percent (7.1).

Acquisition of Davert strategically significant

Midsona assumed control of the acquired German company Davert GmbH in May. This is the Group's first major step beyond the Nordic region and is strategically significant, giving Midsona a strong position in Europe's largest market for organic food. The company is a leading manufacturer and distributor of organic groceries and offers products under both its own brand Davert and private labels. Davert's portfolio includes a wide range of organic products. In recent years, Davert has launched a new brand design, broadened its product portfolio and expanded its distribution. During this period, the company also moved to a new, customized production facility and made major investments in state-of-the-art production lines and a fully automated warehouse. During the 2017 financial year, Davert achieved net sales of SEK 616 million (64.0) and an adjusted EBITDA of SEK 42 million (4.4). As previously announced, the acquisition is expected to gradually bring synergies of approximately SEK 40 million, primarily in areas such as production, purchasing and cross-selling.

Consolidation of the European market through acquisitions

Midsona's ambition is to become one of the leading companies in health and well-being in Europe. We have found that the European market is fragmented in the same way as the Nordic one was when we began our acquisition journey. It consists chiefly of privately owned companies with positions in one or more niches. In addition to the acquired Davert, we have identified a number of interesting acquisition targets and will now begin exploring those acquisition opportunities. Our ambition is to acquire and integrate at least one or two companies per year.

Measures to enhance profitability in the Nordic region

Although the Nordic home market showed good growth in sales and earnings during the quarter, conditions were, in part, challenging. The historically strong EUR, primarily in



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relation to SEK, has had a significant negative impact on the Group's gross margin. We have therefore implemented price increases that will have a gradual impact over the second half of the year. As previously announced, Midsona's distribution agreement with Alpro in Sweden and Norway will expire at the end of 2018. Midsona has initiated savings measures to minimize the impact on earnings of the future drop in sales. Among other things, Midsona will close one of two warehouses in Norway and has made a provision of SEK 3 million in the second quarter for this measure. Midsona plans continuously and proactively to maintain an inflow of new agreements. In the first quarter of 2018, Midsona signed a binding distribution agreement with HRA Pharma. The agreement was initially expected to generate net sales of slightly more than SEK 100 million on an annual basis. As sales have developed well and a further brand has been added, Midsona's current assessment is that this will generate at least SEK 150 million annually.

Priorities in 2018

Midsona's operations are based on our priority brands and a number of strategic sales assignments. The principal focus in 2018 will be on continuing to develop these through product innovation, consumer marketing and effective sales processing. Parallel to this, the integration of the acquired Davert must be implemented, so that the promised synergies can begin to be realised. Midsona will also explore opportunities for further acquisitions in Europe. Midsona expects sales and EBITDA to increase during 2018.

Peter Åsberg, President and CEO

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 and the Securities Market Act. The information was submitted for publication through the agency of Lennart Svensson on 20 July 2018 at 8 am CET.



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