

# Interim Report January-June 2014

Stable sales and earnings trend despite challenges in the market

## APRIL-JUNE 2014 (SECOND QUARTER)

- Net sales amounted to SEK 223 million (220).
- The gross margin was 46.6% (47.3).
- Operating profit amounted to SEK 12 million (13).
- Profit for the period amounted to SEK 8 million (9).
- Earnings per share before and after dilution totalled SEK 0.35 (0.40).
- Cash flow from continuing operations amounted to SEK 11 million (0).

## JANUARY-JUNE 2014 (SIX MONTHS)

- Net sales amounted to SEK 464 million (462).
- The gross margin was 45.7% (46.3).
- Operating profit amounted to SEK 28 million (29).
- Profit for the period was SEK 20 million (22).
- Earnings per share before and after dilution totalled SEK 0.88 (0.97).
- Cash flow from continuing operations amounted to SEK 18 million (34).

## COMMENT BY THE CEO

Midsona's sales and operating profit were consistent with the previous year, both in the second and first quarters. Several improvement measures were carried out in the second quarter as part of Midsona's stated growth ambitions. The measures are expected to gradually produce results during the second half of the year. The second quarter was



### About Midsona

Midsona holds a strong position in the Nordic market with own strong brands within diet and health, sports nutrition, cold remedies, superfood 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 and TRI TOLONEN. Midsona has annual sales of about MSEK 916. The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Small Cap. For further information: [www.midsona.com](http://www.midsona.com)



midsona

Press release  
Malmö, 18 July, 2014

Page 2

negatively affected by costs totalling approximately SEK 3 million, which are mainly attributable to these measures.

The main negative impact on the Group was caused by the strengthening of the EUR against the SEK, as the majority of the Group's purchases in EUR are made in the Swedish operations. Price increases were announced in the spring, aimed at restoring the gross margin in the Swedish operations. These price increases will achieve full impact from the beginning of the second half of the year, but since the EUR has continued to strengthen against the SEK, further price increases may need to be implemented. Furthermore, staff reductions were made, resulting in the loss of seven positions in Sweden. All costs connected to this were posted during the second quarter.

In the second quarter, earnings improved in the Norwegian and Finnish business areas. Both markets displayed growth in prioritised brands and good cost control. From a Group perspective, the currency effect was neutral in Norway and positive in Finland.

On the whole, the Group's prioritised brands performed well during the first six months of the year. Friggs, our largest brand, showed double-digit growth. Dalblads continued to grow in the strategically important sports nutrition segment. New products under the Miwana brand, which was launched at the beginning of the year, were well received by consumers. Tri Tolonen, our flagship in nutritional supplements in Finland, showed growth as a result of successful launches and marketing campaigns. MyggA saw double-digit sales growth, primarily fuelled by the launch of sister product FästinG. Most of the Group's licensed brands, for which we have sales rights for all or parts of the Nordic region, displayed growth. However, we continued to face challenges with Naturdiet in the weight control segment, which saw weak performance during the year, despite having increased our market share within the segment.

We are continuing to build on our core operations in 2014. The ambition is to generate growth for our prioritised brands, to assume responsibility for selected licensed brands and, hopefully, to be able to implement one or more acquisitions. We will also focus particular attention on turning the negative trend around in Sweden. This will enable us to approach our new financial targets and to realise our vision of becoming the leader in health and well-being in the Nordic region.

Peter Åsberg, President and CEO

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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 18 July, 2014, 8

 **DALBLADS**®  **FRIGGS**  **Miwana**  **MYGGA**  **naturdiet**



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