

INTERIM REPORT, JANUARY-MARCH 2019

Sales growth and improved EBITDA driven by acquisitions and prioritised brands

January-March 2019 (first quarter)

- Net sales amounted to SEK 786 million (610).
- EBITDA amounted to SEK 73 million (57) before items affecting comparability, corresponding to a margin of 9.3 percent (9.3).
- Profit for the period was SEK 4 million (39), corresponding to earnings per share of SEK 0.08 (0.85) before and after dilution.
- Free cash flow amounted to SEK -42 million (-4).
- Restructuring costs for an efficiency programme for the Group's Nordic operations were charged to the period's earnings in an amount of SEK 25 million.

Significant event following the end of the report period

- Long-term financial targets were revised and adopted for the Group by the Board of Directors of Midsona AB (publ).

Comments by the CEO

Increased sales and improved EBITDA

Midsona's sales rose by 29 percent to SEK 786 million (610). EBITDA before items affecting comparability improved to SEK 73 million (57). Solid sales growth for the Group's prioritised brands and an IFRS 16 effect impacted earnings positively while a continued unfavourable exchange rate trend and the conclusion of the distribution assignment for Alpro impacted earnings negatively.



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: URTEKRAM, FRIGGS, DALBLADS, KUNG MARKATTA, ESKIMO-3, DAVERT, HELIOS and NATURDIET. Midsona has annual sales of about MSEK 2,852 (2018). The Midsona share (MSON) is listed on NASDAQ OMX Stockholm, Mid Cap. For further information: www.midsona.com

Growth for prioritised brands

Midsona increased its focus on the Group's eight prioritised brands. These grew by 6 percent* in the quarter, where the trend for Friggs was especially strong, achieving double-digit growth by a good margin. Focused brand work over a long time has resulted in continuously increasing volumes. A success factor has been the launch of new products. During the quarter, Friggs Popcorn corn cake was launched and was well received by customers and consumers. Another success factor was launching Friggs outside the home market of Sweden. Growth was particularly strong in Finland and Norway in the quarter.

The work of strengthening competitiveness for Midsona's organic brands continued. A number of new products were launched, including the "Happy Crunch" series under the Davert brand. They are the first products from Midsona Germany's (formerly Davert) new production lines focused on breakfast products. In Sweden, Kung Markatta launched a series of plant-based organic beverages.

Focus on acquisitions

Midsona has consolidated the Nordic market for health and well-being through acquisitions. Backed by a market-leading Nordic platform, it was natural to lift our sights towards the rest of Europe. In May 2018, we took the step into the world's second largest market for organic foods, Germany, in connection with the acquisition of Midsona Germany. Integration has gone according to plan and we can note that our acquisition method also worked outside the Nordic region.

Careful analysis, a clear acquisition agenda and a well-developed integration model are important ingredients in Midsona's acquisition recipe. We have now come so far in the integration of Midsona Germany that we are ready for new acquisitions. When they will take place is an open question, however, since we have a lot of patience to be able to acquire the right company at the right price. However, I am personally working on it and have the goal of being able to present new acquisitions as soon as possible.

Revised financial targets

The Board of Midsona AB has decided to revise the Group's financial targets. Midsona has the ambition to actively participate in the consolidation of the European market for health and well-being. At the same time, the Group will deliver organic growth for prioritised brands through an effective market cultivation and innovation. The Board has therefore chosen to revise the growth target up to 15.0 percent per year from the previous target of 10.0 percent. A clear focus on profitability through efficiency enhancements and synergic acquisitions will increase the EBITDA margin from a historic 9.0–10.0 percent to at least 12.0 percent. With an active acquisition agenda, debt will be at 3.0–4.0 times EBITDA as long as we continue to make acquisitions. The dividend target is left unchanged. The new targets are:

- Net sales growth of >15.0 percent through organic growth and acquisitions.
- EBITDA-margin >12.0 percent.
- A ratio between net debt/EBITDA of a multiple of 3.0-4.0.
- A dividend over time of >30.0 percent of profit after tax.



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Outlook for 2019

The foundation that Midsona's business rests on is the strong trends in people's greater interest in health and well-being combined with a clear desire to consume more sustainably. Demand for plant-based, pure, organic and sustainable food products is expected to grow in 2019. The main focus during the year will be to create the best conditions for growth for our brands, but also, in the cases we have available production capacity, to take contracts to produce private label brands. In parallel, we will continue to improve the efficiency of the Nordic operations and complete the integration of the acquired Midsona Germany. We are also looking for new acquisitions with the clear ambition of becoming one of the leading companies in health and well-being in Europe and thereby achieve our financial targets.

Peter Åsberg, President and CEO

**The prioritised brand Davert compared with sales in the same period last year, despite Midsona not owning the brand 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 Peter Åsberg on 3 May 2019 at 8.15 am CET.



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