

INTERIM REPORT JANUARY–JUNE 2022

Favourable sales trend for the quarter

April–June 2022 (second quarter)

- Net sales amounted to SEK 956 million (903).
- EBITDA, before items affecting comparability amounted to SEK 34 million (78), corresponding to a margin of 3.6 percent (8.6) and EBITDA amounted to SEK 28 million (89).
- Operating profit, before items affecting comparability, amounted to SEK –7 million (39), corresponding to a margin of –0.7 percent (4.3) and operating profit amounted to SEK –13 million (42).
- Profit for the period amounted to SEK –20 million (24), corresponding to earnings per share of SEK –0.28 (0.37) before and after dilution.
- Cash flow from operating activities amounted to SEK 54 million (–29).
- A restructuring program was adopted to strengthen competitiveness, with the cost base being reduced by SEK 40 million on an annual basis. Restructuring expenses of SEK 6 million were charged against profit for the period.

January–June 2022 (six months)

- Net sales amounted to SEK 1,928 million (1,868).
- EBITDA, before items affecting comparability, amounted to SEK 96 million (172), corresponding to a margin of 5.0 percent (9.2) and EBITDA amounted to SEK 90 million (181).
- Operating profit, before items affecting comparability, amounted to SEK 15 million (95), corresponding to a margin of 0.8 percent (5.1) and operating profit amounted to SEK 9 million (96).



About Midsona AB

Midsona develops and markets strong brands within health and well-being, with products that help people live a healthier and more sustainable life, with an increased understanding of the origin of the raw material and with transparency as to the content. The Midsona share is listed on NASDAQ OMX Stockholm, Mid Cap. For more information www.midsona.com/en

- Profit for the period amounted to SEK –8 million (57), corresponding to earnings per share of SEK –0.11 (0.88) before dilution and SEK –0.11 (0.87) after dilution.
- Cash flow from operating activities amounted to SEK 46 million (–48).

Comment by the CEO

The second quarter remained challenging and was characterised by increasing inflationary pressures. At the same time, we perceived favourable demand for our products and we anticipate continued strong consumer interest in healthy choices. To meet the exceptional level of cost inflation, we are implementing a number of measures with the ambition of fully offsetting our increased costs.

Organic growth bears witness to favourable demand

Sales for the quarter amounted to SEK 956 million (903), for us serving as testament that consumers want to continue eating healthily and are prepared to pay for it. We saw a continued strong trend for our own conventional brands, as well as for our consumer health brands, while our sales of organic products, which were very strong during the pandemic, had a weaker development. In general, our market analysis, shared by independent market analysts, is that consumers will continue to prioritise healthy food.

Continued price increases on all input goods

The war in Ukraine, transport problems and unfavourable exchange rate developments in the first half of the year led to shortages and continued sharp price increases on virtually all input goods. Although price increases were implemented as planned, further cost inflation in the second quarter was so high that our earnings for the quarter deteriorated compared with the corresponding period last year, despite increased sales and cost-saving measures.

Our own price increases generally well received

As we aim to fully offset cost inflation by passing on cost increases to the next level as quickly as possible, we have announced new price increases. A number of these have already taken, or will take place, during July and will be followed by further price increases later in the current quarter. Our price increases have generally been well received because the causes of the cost inflation are well known.

Difficult to predict continued cost trend

Forecasting the continued cost trend for input goods is difficult and the volatility in both commodity prices and currencies (USD and EUR in particular) remains a challenge. Although many prices continue to rise, the increase is not as dramatic as previously. Naturally, the price situation will be determined largely by the results of the year's harvests, which we are monitoring closely.



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Full focus on cost control, launched program progressing as planned

To strengthen earnings, we launched a restructuring program early in the second quarter, aimed at reducing costs by SEK 40 million annually. The program is progressing as planned and, during the quarter, resulted in a reduction in the number of employees in administrative functions by 5 percent. We have also identified and implemented additional cost savings beyond the program already announced.

Strengthened supply chain and strong cash flow

During the quarter, favourable effects were achieved from the measures implemented in the first half of the year with the purpose of improving the supply chain and enhancing reliability in the supply of goods. We have, for example, taken delivery well in advance of raw materials (dried fruit and nuts) for the peak Christmas season, which was not the case last year, entailing additional expense for purchasing raw materials on the spot market. This year, our strengthened supply chain means we have significantly better planning for the key Christmas season. This good planning has led, however, to more capital being tied up in inventories. Nonetheless, free cash flow for the quarter was relatively strong at SEK 53 million (–35).

We take a confident view of the future

On the whole, we are fully focused on strengthening our earnings and are pleased that our sales have been stable a good sign that interest in healthy food remains high. We see no signs of weakened demand for our products. Consumers are making sustainable choices, regardless of higher prices, as is reflected by our price increases generally being accepted well and achieving a gradual impact. We look to the future with confidence. The strong underlying consumer trend for sustainable and plant-based products remains.

Peter Åsberg
President and CEO

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 Peter Åsberg and Max Bokander on 20 July 2022 at 8am CEST.

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