

YEAR-END REPORT 2022

Strong cash flow from operating activities after measures were taken

October–December 2022 (fourth quarter)

- Net sales amounted to SEK 1,027 million (1,012).
- EBITDA, before items affecting comparability, amounted to SEK 45 million (61), corresponding to a margin of 4.4 percent (6.0) and EBITDA amounted to SEK 39 million (58).
- Operating profit, before items affecting comparability, amounted to SEK 5 million (20), corresponding to a margin of 0.5 percent (2.0) and the operating profit/loss was SEK –6 million (17).
- Profit for the period was SEK –15 million (1), corresponding to earnings per share of SEK –0.19 (0.01) before and after dilution.
- Cash flow from operating activities amounted to SEK 128 million (–16).
- Having secured the approval of an Extraordinary General Meeting, Midsona's Board of Directors adopted and implemented a fully secured new share issue for SEK 600 million before issue expenses, with preferential rights for existing shareholders.
- The financing agreement with Danske Bank and Svensk Exportkredit was extended to subsequently mature in September 2025.

January–December 2022 (full-year)

- Net sales amounted to SEK 3,899 million (3,773).



- EBITDA, before items affecting comparability, amounted to SEK 191 million (313), corresponding to a margin of 4.9 percent (8.3) and EBITDA amounted to SEK 176 million (329).
- Operating profit, before items affecting comparability, amounted to SEK 30 million (157), corresponding to a margin of 0.8 percent (4.2) and the operating profit/loss amounted to SEK –465 million (161).
- Items affecting comparability amounted to SEK –495 million (4), of which impairment on intangible and tangible fixed assets amounted to SEK –480 million following impairment testing.
- Profit for the period amounted to SEK –501 million (89), corresponding to earnings per share of SEK –6.73 (1.31) before dilution and of SEK –6.73 (1.30) after dilution.
- Cash flow from operating activities amounted to SEK 203 million (–64).
- The Board of Directors proposes that no dividend be paid for 2022.

Comment by the CEO

The fourth quarter remained challenging and was characterised by the same trends we perceived earlier in the year – high inflationary pressure, but also, at the same time, an underlying interest in healthy, organic food. We continued to implement cost-saving measures and prepared price increases with the aim of fully offsetting the cost increases.

Still favourable demand at lower price points

Sales increased to SEK 1,027 million (1,012) over the quarter with good growth for our conventional brands, such as Friggs and Gainomax. Demand for organic alternatives remained favourable, and the decline in our sales of organic products was mitigated compared with the third quarter. While, Helios showed very good growth in Norway, growth was particularly strong for private label, where the price points are somewhat lower. On the whole, we can state that consumers' interest in our brands and in healthy choices remains intact.



Price increases to take effect in the first quarter of 2023

The exceptional cost inflation that characterised 2022 continued in the fourth quarter. As previously communicated, our price increases will primarily achieve an impact in the first quarter of 2023 – and, in the fourth quarter of 2022, this was reflected in a continued low gross margin. EBITDA, before items affecting comparability, decreased to SEK 45 million (61), primarily as a result of the pressured gross margin, but also due to challenges in the South Europe division where production overheads were temporarily high. We believe these problems will be resolved in the first quarter of 2023 and that the successful cost savings implemented by the Group will be visible in the figures going forward. It is our assessment, however, that the gross margin may remain pressures in the first quarter of 2023, with some customers buying up stocks before the announced price increases take effect from mid-February.

Strengthened platform for the future

We have worked to reduce our costs, but also to strengthen our cash flow, resulting in a free cash flow of SEK 120 million (–25). This was the strongest individual quarter to date, thanks largely to more efficient inventory management. The new share issue of approximately SEK 600 million completed during the quarter and our strong focus on cash flow meant that net debt was almost halved at the end of the year compared with a year earlier. This means we now have a more stable platform to build on.

Slightly brighter cost trend

With regard to the continued cost trend for input goods, we perceive a certain stabilisation in the -pricing scenario in the global market. Prices for organic products are not set there, however, and are instead based more locally, where we are not seeing the same clear shift. It is nonetheless our assessment that prices for organic products will also stabilise. Transport costs have also come down somewhat and energy costs have not risen quite as high as previously feared. We saw the currency headwind that we had experienced over most of the year soften somewhat over the quarter. Although the strengthening of the EUR and the DKK against the USD was favourable, the continued weak position of the SEK against the EUR had a negative impact.

We take a confident view of the future

Despite a continued uncertain situation in early 2023, we are cautiously positive. The completed share issue means that we are in a very stable position and I would like to take this opportunity to express my gratitude for the trust shown in





midsona

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us. We are continuing to implement a number of measures, fully focused on strengthening our earnings, and we are seeing our cost-saving measures gradually having the desired impact. In addition, price increases in the first quarter of 2023 will allow us to close the cost gap experienced in previous quarters. On the whole, we look ahead with confidence.

Peter Åsberg

President and CEO

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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

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 and Max Bokander on February 2nd, 2023 at 8am CET.

