



midsona

INTERIM REPORT, JANUARY-MARCH 2021

A quarter of continued growth and good profitability

January-March 2021 (first quarter)

- Net sales amounted to SEK 965 million (946), but with challenges in organic growth as a result of the previous year's hoarding effects.
- EBITDA amounted to SEK 94 million (107) before items affecting comparability, corresponding to a margin of 9.7 percent (11.3).
- Profit for the period was SEK 33 million (47), corresponding to earnings per share of SEK 0.50 (0.72) before and after dilution.
- Free cash flow amounted to SEK -26 million (2).
- The brand Kung Markatta was named Sweden's Greenest Brand 2020 in the category of food-producing companies in a survey of how the Swedish people view issues of sustainability and the brand.

Key figures, Group ¹	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales growth, %	2.0	20.4	15.0	20.4
Gross margin, before items affecting comparability, %	28.5	29.1	28.0	28.1
Gross margin, %	28.5	29.1	27.8	28.0
EBITDA-margin, before items affecting comparability, %	9.7	11.3	10.1	10.5
EBITDA margin, %	9.5	11.3	10.4	10.9
Operating margin, before items affecting comparability, %	5.8	7.5	6.1	6.6
Operating margin, %	5.6	7.5	6.4	6.9
Profit margin, %	4.5	6.4	5.0	5.5
Return on capital employed, %			5.5	6.6
Net debt, SEK million	1,629	1,411	1,629	1,584
Net debt / Adjusted EBITDA, multiple			4.5	4.2
Equity/assets ratio, %	46.0	48.3	46.0	45.1

¹ Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 14-15 of this interim report and to pages 150-153 in the 2020 Annual Report.



Note:

This Interim Report is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation. This Interim Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 29 April 2021 at 8:00 a.m. CET.

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Peter Åsberg, President and CEO

Comment by the CEO

Midsona delivering according to plan

The beginning of 2021 is facing tough comparative figures with last year's product hoarding and strong first quarter. Our business is still developing according to plan, both in terms of net sales and earnings. In the first quarter, we did not see any hoarding tendencies or restraint, but consumers appear instead to have largely resumed earlier consumption patterns. Net sales rose two percent to SEK 965 million. Adjusted for acquisitions and negative currency effects, organic growth declined by nearly 6 percent. Our prioritised brands managed significantly better, mainly driven by a continued successful roll-out of Davert and Happy Bio.

The net sales increase is mainly attributable to the acquisition of the Danish System Frugt, which according to plan experienced its seasonally weakest quarter, however. In order to not risk disrupting sales in the important fourth quarter, the withdrawal of synergies was not begun until the first quarter of this year. The integration is proceeding according to plan. We expect synergies to gradually have greater impact during the year and have successfully begun rolling out System Frugt's assortment to the other Nordic countries.

In the Nordic region, which was the region where we saw the strongest hoarding effects last year, we saw the relatively weakest development this year. When it comes to the food service industry, meaning restaurants and other dining, demand remained weak.

Our organic roll-out is going strong

Our broad assortment of organic products for grocery trade in Europe – the brands Davert in the DACH region and Happy Bio in France and Spain – showed a very strong quarter. We have double-digit growth with Davert and nearly triple-digit growth with Happy Bio, primarily as a result of new listings at several leading actors. During the quarter, we spent just over SEK 10 million more than usual on consumer marketing and other sales promotion measures, which was a venture that only partly paid off during the quarter. Above all, the investments were building for future product and brand awareness. Altogether, we can proudly confirm that our European expansion is functioning very well.

We look forward to the future with confidence

During the quarter, we continued to assess possible acquisitions in Europe. Our strong history of incorporating products and businesses, together with our size and our geographic coverage, makes us an attractive partner. As for much else, the pandemic has dampened activity, but we now see signs that the acquisition market is slowly beginning to open up and we have entered some processes and promising discussions. In accordance with our strategy, I hope and believe we will be able to make further complementary acquisitions in one of our three regions in 2021.

Considering the product hoarding that took place in the first quarter of 2020 in connection with the beginning of the pandemic, the comparative figures for the first quarter of this year are challenging. April 2020 was the last month of hoarding and thereafter we encounter more normal comparative figures. For the remainder of 2021, synergies will gradually increase, we believe in continued success in the DACH and France/Spain regions and we see continued potential in the Nordic region and in the food service industry.

We have a strong portfolio of healthy products that the consumers have clearly shown that they appreciate and we are steadfast in our humble optimistic view of the future. The strategy we followed for several years has proven itself and I look to the future with confidence. The mood in the organisation is positive and I am looking forward to keeping you updated.

Peter Åsberg
President and CEO

QUARTER 1

SEK 965 million

Net sales

SEK 94 million

EBITDA, before items affecting comparability

9.7 percent

EBITDA-margin, before items affecting comparability

Financial information – Group

Net sales

Net sales amounted to SEK 965 million (946), an increase of 2.0 percent. The organic change in net sales was –5.6 percent while structural changes contributed by 11.2 percent and exchange rate changes negatively by 3.6 percent. For the Group's prioritised brands, the organic sales growth was –0.7 percent. The previous year's strong sales in February and March, attributable to both hoarding and increased household consumption as a result of the outbreak of Covid-19, were challenging to meet. However, the sales trend as a whole was relatively good for the Group with a stable demand for products. The sales volumes were primarily lower for licensed brands, among other things as result of concluded sales assignments. Partly locked down societies and applicable society restrictions entailed continued lower sales volumes mainly for food service.

Gross profit

Gross profit amounted to SEK 275 million (275), corresponding to a margin of 28.5 percent (29.1). The lower gross margin was primarily attributable to the previous year's acquired business System Frugt, with a higher proportion of production and inventory-related costs. System Frugt's gross margin is in the lower range of 20–30 percent, but this is usually compensated by lower indirect costs. Moreover, gross profit was encumbered by slightly higher production and inventory-related costs in the North and South Europe divisions. The negative margin trend was partly counteracted by an improved product and customer mix, selective price increases and a favourable exchange rate trend.

Operating profit/loss

EBITDA amounted to SEK 92 million (107) and EBITDA, before items affecting comparability, amounted to SEK 94 million (107), corresponding to a margin of 9.7 percent (11.3). The EBITDA margin essentially decreased as a consequence of lower sales volumes for comparable units despite a more favourable exchange rate trend for the Group, among other aspects. Compared with the previous year, larger market investments were made in prioritised brands, which have not yet had a full impact on sales. Amortisation and depreciation for the period amounted to SEK -38 million (-36), divided between SEK -11 million (-11) in amortisation of intangible fixed assets and depreciation of SEK -27 million (-25) on tangible fixed assets. Depreciation increased as a consequence of acquired operations. Operating profit amounted to SEK 54 million (71) and operating profit, before items affecting comparability, amounted to SEK 56 million (71), corresponding to a margin of 5.8 percent (7.5).

Items affecting comparability

Operating profit included negative items affecting comparability in an amount of SEK 2 million which were comprised of acquisition-related costs attributable to the acquisition of System Frugt. No items affecting comparability were included in the comparative period.

Financial items

Net financial items amounted to an expense of SEK 11 million (10). Interest expenses for external loans to credit institutions amounted

to SEK 8 million (7) and interest expenses attributable to leases were SEK 1 million (1). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 1 million (0). Other financial items amounted to a negative SEK 1 million (2).

Profit for the period

Profit for the period amounted to SEK 33 million (47), corresponding to earnings per share of SEK 0.50 (0.72) before and after dilution. Tax on the profit for the period amounted to a negative SEK 10 million (14), of which the current tax was negative SEK 8 million (9) and deferred tax was negative SEK 2 million (5). The effective tax rate was 22.8 percent (24.1) and was higher than the current tax rate applicable to the Parent Company, as a consequence of other tax rates for foreign subsidiaries.

Cash flow

Cash flow from operating activities amounted to SEK -19 million (10). Income tax paid was SEK 19 million lower than the preceding year as a result of repaid preliminary taxes for earlier years and a higher income tax paid for the comparison year as a result of an internal restructuring of the operations. Capital tied-up in inventories increased as a result of customary inventory build-up prior to launches at the same time that the operating liabilities were lower. A factoring agreement was concluded in the period attributable to the previous year's business combinations and negatively impacted operating receivables. Cash flow from investing activities amounted to a negative SEK 15 million (43), consisting of investments in tangible and intangible fixed assets of a negative SEK 15 million (5), of which negative SEK 8 million was an on-going expansion investment in South Europe. The comparative period also included a negative change in financial assets of SEK 3 million and paid purchase considerations for earlier years' business acquisitions of a negative SEK 35 million. Free cash flow amounted to a negative SEK 26 million (positive: 2). Cash flow from financing activities was negative in the amount of SEK 38 million (28), consisting amortisation of loans for 23 million (17) and amortisation of lease liabilities for SEK 15 million (12). The comparison period also included issue expenses of SEK 1 million and loans raised of SEK 2 million. Cash flow for the period amounted to SEK -72 million (-61).

Liquidity and financial position

Cash and equivalents amounted to SEK 123 million (114) and there were unused credit facilities of SEK 150 million (350) at the end of the period. Net debt amounted to SEK 1,629 million (1,411) and was SEK 1,584 million at the end of the preceding quarter. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.5 (4.0) and, at the end of the preceding quarter, it was a multiple of 4.2. Equity amounted to SEK 2,410 million (2,379) and was SEK 2,313 million at the end of the preceding quarter. The changes consisted of profit for the period of SEK 33 million and exchange rate differences of a positive SEK 64 million on the translation of foreign operations. The equity/assets ratio was 46.0 percent (48.3) at the end of the period.

70 percent'

Percentage of own brands, income

-2.2 percent'

Organic growth of own brands

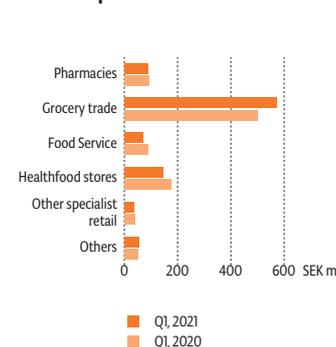
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



¹ For Q1, 2021

Division Nordics

Percentage net sales
in the Group¹



Division Nordics ²	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	658	606	2,480	2,428
Gross profit	210	200	783	774
Gross margin, %	31.9	33.1	31.6	31.9
EBITDA	73	72	290	288
EBITDA margin, %	11.1	11.8	11.7	11.9
Operating profit/loss	60	62	243	245
Operating margin, %	9.1	10.2	9.8	10.1

² Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

Net sales

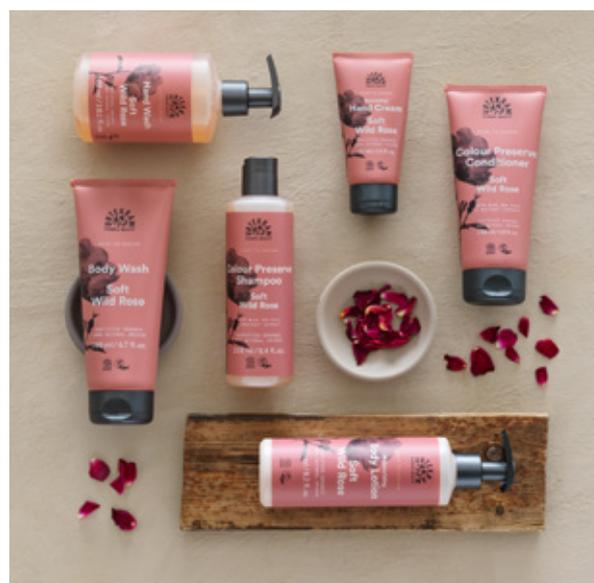
Net sales increased by 8.6 percent, driven by acquired business volumes. The division's organic change in net sales was a decrease of 5.9 percent, of which external net sales had a decrease of 6.4 percent. It was a challenge to meet last year's strong sales in February and March attributable to both hoarding and increased household consumption. In addition, less profitable sales assignments were concluded with the majority of the sales volumes being to grocery trade.

Gross profit

Gross profit improved, but with a lower margin attributable to the acquired business System Frugt, which has a lower gross margin than the division as a whole. When excluding System Frugt, the margin compared with the previous year is primarily a result of an improved product mix, cost savings in supply chain and a favourable exchange rate trend.

Operating profit/loss

EBITDA improved, but the margin was slightly lower, which was attributable to a weak organic volume growth, among other things. Compared with the previous year, major market investments accelerated in prioritised brands, which was partly countered by commenced realised cost synergies from the integration of System Frugt. EBITDA was impacted by positive operating currency translation effects compared with negative such effects last year.



Urtekram launched a new Beauty series during the quarter.

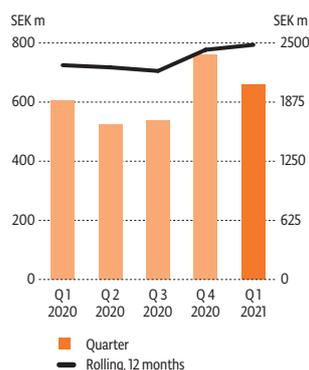
72 percent'

Percentage of own brands, income

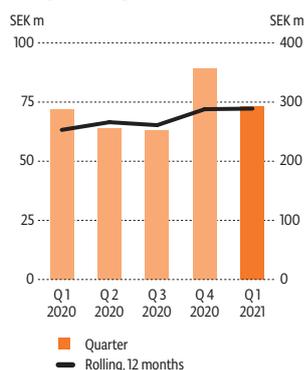
-1.9 percent'

Organic growth of own brands³

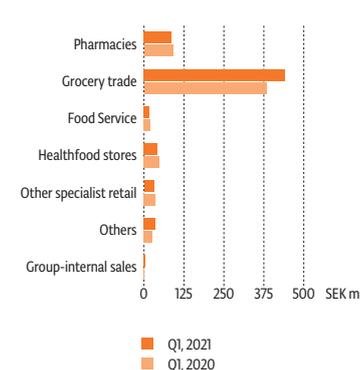
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



¹ For Q1, 2021

³ For external product sales

Division North Europe

Percentage net sales
in the Group

22%

Division North Europe ²	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	224	244	879	899
Gross profit	42	49	168	174
Gross margin, %	18.9	20.0	19.1	19.4
EBITDA	19	26	67	74
EBITDA margin, %	8.3	10.6	7.6	8.3
Operating profit/loss	8	14	23	29
Operating margin, %	3.6	5.8	2.6	3.3

² Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

Net sales

Net sales decreased by 8.4 percent. The division's organic change in net sales was a decrease of 3.5 percent, of which external net sales had a decrease of 4.7 percent. It was a challenge to meet last year's strong sales in February and March attributable to both hoarding and increased household consumption. Sales to food service, which normally account for around 30 percent of the division's net sales, continued to be negatively impacted by applicable restrictions in society. The organic sales growth was 6.3 percent to grocery trade, driven by new business volumes for the prioritised brand Davert.

Gross profit

Gross profit declined and the margin was lower as a result of additional costs in production related to activities in order to increase the service level to customers. A more favourable product mix, with a larger share of brand-profiled products, partly compensated for higher production costs.

Operating profit/loss

EBITDA decreased and the margin was slightly lower as a result of lower sales volumes and a weaker gross margin. Moreover, the sales costs increased slightly as a result of higher prices on outward freight.



Davert won an award for the best new product at the Biofach 2021 trade fair with its red lentil rice.

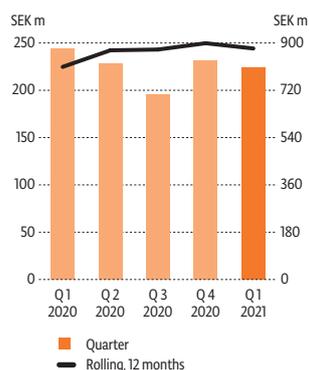
61 percent¹

Percentage of own brands, income

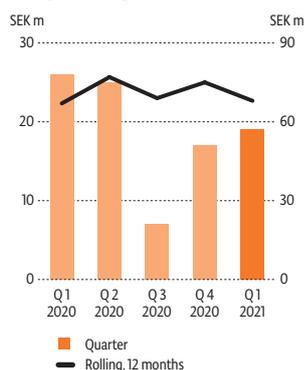
-3.7 percent¹

Organic growth of own brands²

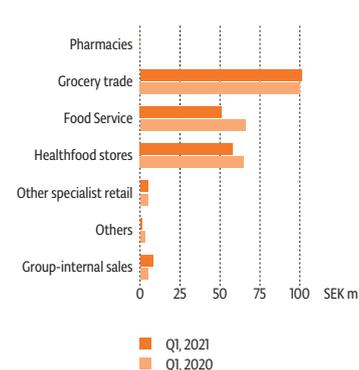
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



¹ For Q1, 2021

² For external product sales

Division South Europe

Percentage net sales
in the Group¹

10%

Division South Europe ²	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	96	103	402	409
Gross profit	23	26	92	95
Gross margin, %	24.2	25.3	22.9	23.2
EBITDA	9	15	45	51
EBITDA margin, %	9.3	14.4	11.3	12.5
Operating profit/loss	4	10	27	33
Operating margin, %	4.6	9.9	6.8	8.1

² Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

Net sales

Net sales decreased by 6.5 percent. The division's organic change in net sales was a decrease of 1.4 percent, of which external net sales had a decrease of 3.1 percent. The previous year's effects from hoarding and higher household consumption during February and March were difficult to match. Sales to healthfood stores decreased by nearly 20 percent, which was essentially compensated by new business volumes from grocery trade driven by the brand Happy Bio.

Gross profit

Gross profit decreased and the slightly lower margin was impacted by higher inventory costs as a consequence of the on-going expansion investment in Spain for plant-based meat alternatives. The investment claimed a former warehouse, which was replaced by a new external warehouse. A more favourable product and customer mix partly compensated for higher inventory-related costs.

Operating profit/loss

EBITDA decreased and the margin was slightly lower. Partly because the broad launch of Happy Bio in grocery trade not only entailed higher business volumes, but also larger marketing investments. In addition, the structural costs were not fully in place in the comparative period with regard to the operation of an independent division. The division's independence from earlier owners was gradually built up during the preceding year.



During the quarter, Happy Bio launched various kinds of spreads.

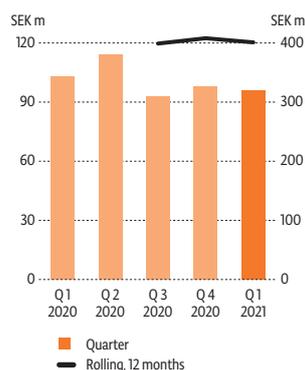
78 percent¹

Percentage of own brands, income

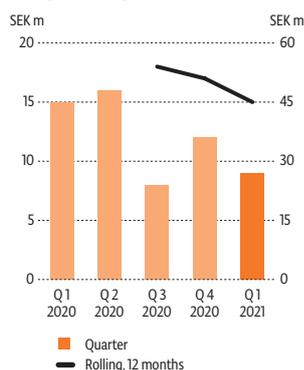
-1.0 percent¹

Organic growth of own brands³

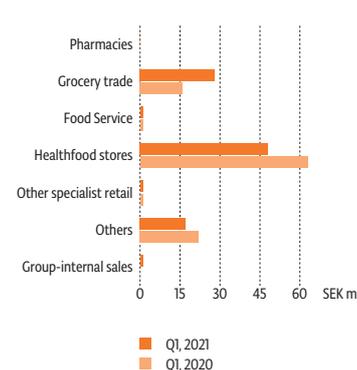
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



¹ For Q1, 2021

³ For external product sales

Other information

Financial calendar

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	OCT	FEB	MAR
			Interim report January-June 2021 22 July 2021			Interim Report January-September 2021 22 October 2021					

Seasonal variations

Sales and earnings are affected to some extent by seasonal variations. Sales in the first and second quarter are affected by Easter week, depending on which quarter it occurs in. Easter week does not favour sales for the Group's product groups. Warm summer months normally entail lower sales for most product groups as the consumers prioritise different consumption. As a result of the acquired System Frugt, sales will be slightly higher in the fourth quarter than in the first three quarters, which is mainly due to higher sales of dried fruits and nuts, among other things prior to Christmas.

Parent Company

Net sales amounted to SEK 15 million (13), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 7 million (63). Profit before tax included dividend from subsidiaries of SEK 86 million in the comparative period. Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of a SEK 0 million (negative 2) and exchange-rate differences of net investment in subsidiaries in an amount of SEK 12 million (negative 18).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 206 million (388). Borrowing from credit institutions was SEK 1,401 million (1,115) at the end of the period. On the balance sheet date, there were 17 employees (14).

Closely-related parties

CEO, Peter Åsberg, sold 35,150 Series B shares in Midsona AB to the main owner Stena Adactum AB. The transaction was carried out at market price.

Besides the aforementioned transaction, there were no material related-party transactions during the period January-March 2021. Also see Note 33 *Related parties* in the 2020 Annual Report, page 128, for a description of the Group and the Parent Company's related-party transactions.

Risks and uncertainties including impact from Covid-19

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent. The assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the section Risks and risk management on pages 80-91 and Note 31 *Financial risk management* on pages 126-128 in the 2020 annual report.

The Covid-19 pandemic continued to affect the Group to some extent in the first quarter of 2021. Costs for shipping were higher than normal as a consequence of a container shortage. The assessment is that the cost increase will remain throughout much of 2021. The reserve inventory levels for the most critical raw materials and finished products remained elevated as we still have a somewhat unstable external situation and cannot rule out problems arising in the supply chain. In addition, the sales trend was to some extent

negatively impacted by continued pandemic restrictions, particularly sales to food service.

Changes in prioritised brands

Midsona works with prioritised brands, all with great potential for growth. It was decided to replace the Eskimo-3 and Naturdietet brands with the Earth Control brand as a priority brand effective from 1 January 2021. Earth Control, a strong brand in the Nordic market in the category of healthfoods, was acquired in October 2020. Eskimo-3 and Naturdietet will continue to be developed within the Group. After the change, the prioritised brands include Urtekram, Kung Markatta, Davert, Helios, Friggs, Celnat, Vegetalia, Happy Bio and Earth Control.

Judgment from the Patent and Market Court (PMC)

In January 2021, a judgment from the PMC was pronounced regarding Urtekram's marketing of skin and haircare products in the Swedish market, which was marketed as organic on the Internet and in social media. The question was raised as to whether or not parts of it were misleading for the consumer. Midsona has a positive view of the judgment, which includes a clarification of the question, and in the respects that can be deemed to be necessary will adjust its communication to be even clearer towards its customers. Midsona also looks forward to the rest of the market's actors complying with the ruling from the PMC in terms of marketing of skin and haircare products as organic. The ruling has been appealed by the Consumer Ombudsman.

Kung Markatta – Sweden's Greenest Brand

In February 2021, the brand Kung Markatta won the award Sweden's Greenest Brand 2020 in the category of food producing companies. The survey was carried out by the trademark agency Differ and looks at how the Swedish people view issues concerning sustainability and brands.

Significant events following the end of the report period.

In April 2021, an agreement was reached on an amendment to an existing financing agreement with Danske Bank for an extended credit limit by SEK 200 million to ensure flexibility regarding future operating capital needs in a group that is growing.

Malmö, 29 April 2021
Midsona AB (publ)
BOARD OF DIRECTORS

Review by auditor

This interim report was not subject to review by company's auditors.

Financial statements

Summary consolidated income statement

SEK million	Note	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	3.4	965	946	3,728	3,709
Expenses for goods sold		-690	-671	-2,691	-2,672
Gross profit		275	275	1,037	1,037
Selling expenses		-151	-130	-563	-542
Administrative expenses		-73	-66	-291	-284
Other operating income		7	2	57	52
Other operating expenses		-4	-10	0	-6
Operating profit/loss	3	54	71	240	257
Profit/loss from participations in joint ventures		-	0	-8	-8
Financial income		7	33	-12	14
Financial expenses		-18	-43	-34	-59
Profit/loss before tax		43	61	186	204
Tax on profit for the period		-10	-14	-24	-28
Profit for the period		33	47	162	176
<i>Profit for the period is divided between:</i>					
Parent Company shareholders (SEK million)		33	47	162	176
Earnings per share before dilution attributable to Parent Company shareholders (SEK)		0.50	0.72	2.49	2.70
Earnings per share after dilution attributable to Parent Company shareholders (SEK)		0.50	0.72	2.48	2.69
<i>Number of shares (thousands)</i>					
Average during the period		65,149	65,005	65,041	65,005
Average during the period, after full dilution		65,299	65,005	65,348	65,364

Summary consolidated statement of comprehensive income

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Profit for the period	33	47	162	176
<i>Items that have or can be reallocated to profit for the period</i>				
Translation differences for the period on translation of foreign operations	64	11	-61	-114
Other comprehensive income for the period	64	11	-61	-114
Comprehensive income for the period	97	58	101	62
<i>Comprehensive income for the period is divided between:</i>				
Parent Company shareholders (SEK million)	97	58	101	62

Summary consolidated balance sheet

SEK million	Note	31 March 2021	31 March 2020	31 Dec 2020
Intangible assets		3,345	3,069	3,289
Tangible assets		548	595	548
Participations in joint ventures		-	26	-
Non-current receivables	5	5	4	4
Deferred tax assets		80	68	85
Fixed assets		3,978	3,762	3,926
Inventories		686	565	643
Accounts receivable		403	417	290
Tax receivables		5	10	11
Other receivables	5	21	26	44
Prepaid expenses and accrued income		20	29	18
Cash and cash equivalents		123	114	195
Current assets		1,258	1,161	1,201
Assets		5,236	4,923	5,127
Share capital	7	326	325	325
Additional paid-up capital		1,168	1,158	1,169
Reserves		6	67	-58
Profit brought forward, including profit for the period		910	829	877
Shareholders' equity		2,410	2,379	2,313
Non-current interest-bearing liabilities		1,496	1,382	1,526
Other non-current liabilities	5,6	37	95	38
Deferred tax liabilities		346	326	342
Non-current liabilities		1,879	1,803	1,906
Current interest-bearing liabilities		256	143	253
Accounts payable		446	372	405
Tax liabilities		0	-	0
Other current liabilities	5,6	74	50	80
Accrued expenses and deferred income		171	176	170
Current liabilities		947	741	908
Liabilities		2,826	2,544	2,814
Equity and liabilities		5,236	4,923	5,127

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity 1 January 2020	325	1,159	56	782	2,322
Profit for the period	-	-	-	47	47
Other comprehensive income for the period	-	-	11	-	11
Comprehensive income for the period	-	-	11	47	58
Issue expenses	-	-1	-	-	-1
Transactions with the Group's owners	-	-1	-	-	-1
Closing shareholders' equity 31 March 2020	325	1,158	67	829	2,379
Opening shareholders' equity 1 April 2020	325	1,158	67	829	2,379
Profit for the period	-	-	-	129	129
Other comprehensive income for the period	-	-	-125	-	-125
Comprehensive income for the period	-	-	-125	129	4
On-going issue of warrant programme, TO2017/2020	-	11	-	-	11
Dividend	-	-	-	-81	-81
Transactions with the Group's owners	-	11	-	-81	-70
Closing shareholders' equity 31 December 2020	325	1,169	-58	877	2,313
Opening shareholders' equity 1 January 2021	325	1,169	-58	877	2,313
Profit for the period	-	-	-	33	33
Other comprehensive income for the period	-	-	64	-	64
Comprehensive income for the period	-	-	64	33	97
Completed issue of warrant programme, TO2017/2020	1	-1	-	-	0
Issue expenses, TO2017/2020	-	0	-	-	0
Transactions with the Group's owners	1	-1	-	-	0
Closing shareholders' equity 31 March 2021	326	1,168	6	910	2,410

Summary consolidated cash flow statement

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Profit/loss before tax	43	61	186	204
Adjustment for items not included in cash flow	31	20	166	155
Income tax paid	-2	-21	-21	-40
Cash flow from operating activities before changes in working capital	72	60	331	319
Increase (-)/decrease (+) in inventories	-35	-18	-42	-25
Increase (-)/decrease (+) in operating receivables	-91	-134	34	-9
Increase (+)/decrease (-) in operating liabilities	35	102	-69	-2
Changes in working capital	-91	-50	-77	-36
Cash flow from operating activities	-19	10	254	283
Acquisitions of companies or operations	-	-35	-243	-278
Acquisitions of intangible assets	-2	-2	-67	-67
Acquisitions of tangible assets	-13	-3	-31	-21
Change in financial assets	0	-3	0	-3
Cash flow from investing activities	-15	-43	-341	-369
Cash flow after investing activities	-34	-33	-87	-86
Issue expenses	-	-1	0	-1
Issue of warrant programme, TO2017/2020	-	-	11	11
Loans raised	-	2	400	402
Repayment of loans	-23	-17	-169	-163
Amortisation of lease liabilities	-15	-12	-54	-51
Dividend paid	-	-	-81	-81
Cash flow from financing activities	-38	-28	107	117
Cash flow for the period	-72	-61	20	31
Cash and equivalents at beginning of period	195	173	114	173
Translation difference in cash and cash equivalents	0	2	-11	-9
Cash and cash equivalents at end of the period	123	114	123	195

Summary income statement, Parent Company

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	15	13	61	59
Administrative expenses	-20	-18	-79	-77
Other operating income	-	0	0	0
Other operating expenses	0	0	0	0
Operating profit/loss	-5	-5	-18	-18
Profit from participations in subsidiaries	-	86	18	104
Financial income	28	39	33	44
Financial expenses	-16	-57	-28	-69
Profit/loss after financial items	7	63	5	61
Allocations	-	-	41	41
Profit/loss before tax	7	63	46	102
Tax on profit for the period	-	-	0	0
Profit for the period	7	63	46	102

Summary balance sheet, Parent Company

SEK million	Note	31 March 2021	31 March 2020	31 Dec 2020
Intangible assets		54	58	55
Tangible assets		3	3	3
Participations in subsidiaries		2,547	2,201	2,546
Receivables from subsidiaries		1,131	1,198	1,097
Deferred tax assets		2	2	2
Financial assets		3,680	3,401	3,645
Fixed assets		3,737	3,462	3,703
Receivables from subsidiaries		14	49	57
Other receivables		10	105	12
Cash and bank balances		56	38	82
Current assets		80	192	151
Assets		3,817	3,654	3,854
Share capital	7	326	325	325
Statutory reserve		58	58	58
On-going issue of warrant programme, TO2017/2020		–	–	11
Profit brought forward, including profit for the period and other reserves		1,742	1,769	1,725
Shareholders' equity		2,126	2,152	2,119
Liabilities to credit institutions		1,303	1,035	1,324
Other non-current liabilities	6	12	33	11
Non-current liabilities		1,315	1,068	1,335
Liabilities to credit institutions		98	80	98
Liabilities to subsidiaries		263	339	281
Other current liabilities	6	15	15	21
Current liabilities		376	434	400
Equity and liabilities		3,817	3,654	3,854

Notes to the financial statements

Note 1 | Accounting principles

With regard to the Group, this Interim Report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Annual Accounts Act (ÅRL). In addition to being presented in the financial statements and their notes, disclosures in accordance with paragraph 16A of IAS 34 are also presented in other parts of the interim report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 *Accounting for Legal Entities*, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

In the interim report January – March 2021, the same accounting principles and calculation methods were applied as in the last annual report issued for

2020 (Note 1 *Accounting principles*, pages 102–109). The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2021 had no significant impact on the Group's accounting for the period January – March 2021.

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. concerns the benchmark rate reform from 1 January 2021. In brief, the changes mean that it makes it possible for companies to reflect the effects of transitioning from benchmark rates, such as "STIBOR", to other benchmark rates without it giving rise to accounting effects, which would not provide useful information to users of financial statements. The Group is affected by the benchmark rate reform primarily in the exposure to IBOR in its external borrowing when hedge accounting is not applied. The exposure to IBOR is limited and the Group follows up the changes and their impact.

Note 2 | Significant estimates and assessments

Preparing the financial statements in accordance with IFRS requires management to make estimates and assessments that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial state-

ments, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 *Important estimates and assessments* on pages 129–130 of the 2020 Annual Report. No new significant estimates and assessments have been added since the publication of the most recent annual report.

Note 3 | Operating segments, Group

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January-March	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales, external	654	604	216	239	95	103	-	-	965	946
Net sales, intra-Group	4	2	8	5	1	0	-13	-7	-	-
Net sales	658	606	224	244	96	103	-13	-7	965	946
Expenses for goods sold	-448	-406	-182	-195	-73	-77	13	7	-690	-671
Gross profit	210	200	42	49	23	26	0	0	275	275
Other operating expenses	-150	-138	-34	-35	-19	-16	-18	-15	-221	-204
Operating profit/loss	60	62	8	14	4	10	-18	-15	54	71
Financial items									-11	-10
Profit/loss before tax									43	61

Significant income and expense items reported in the income statement:

Items affecting comparability included in gross profit	-	-	-	-	-	-	-	-	-	-
Gross profit, before items affecting comparability	210	200	42	49	23	26	0	0	275	275
Items affecting comparability included in operating profit	-	-	-	-	-	-	2	-	2	-
Operating profit, before items affecting comparability	60	62	8	14	4	10	-16	-15	56	71
Depreciation/amortisation and impairment	13	10	11	12	5	5	9	9	38	36
EBITDA, before items affecting comparability	73	72	19	26	9	15	-7	-6	94	107
Average number of employees	451	343	215	205	150	153	16	14	832	715
Number of employees as per the balance sheet date	442	338	221	208	151	153	17	14	831	713

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January-March	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<i>Geographical areas¹</i>										
Sweden	285	282	0	0	0	-	-	0	285	282
Rest of Europe	373	323	224	244	93	100	-13	-7	677	660
Other countries outside Europe	0	1	0	0	3	3	-	-	3	4
Net sales	658	606	224	244	96	103	-13	-7	965	946
<i>Sales channel</i>										
Pharmacies	87	91	-	-	-	-	-	-	87	91
Grocery trade	442	383	101	100	28	16	-	-	571	499
Food Service	18	20	51	66	1	1	-	-	70	87
Healthfood stores	41	48	58	65	48	63	-	-	147	176
Other specialist retailers	31	35	5	5	1	1	-	-	37	41
Others	35	27	1	3	17	22	-	-	53	52
Group-internal sales	4	2	8	5	1	0	-13	-7	-	-
Net sales	658	606	224	244	96	103	-13	-7	965	946
<i>Product categories</i>										
Organic products	219	223	224	244	96	101	-13	-7	526	561
Healthfoods	268	176	-	-	-	-	-	-	268	176
Consumer health products	169	204	-	-	-	-	-	-	169	204
Services linked to product handling	2	3	0	-	0	2	0	0	2	5
Net sales	658	606	224	244	96	103	-13	-7	965	946
<i>Brands</i>										
Own	474	436	136	146	75	78	-13	-7	672	653
Licensed	122	157	-	-	8	9	-	-	130	166
Contract manufacture	60	10	88	98	13	14	-	-	161	122
Services linked to product handling	2	3	0	-	0	2	0	0	2	5
Net sales	658	606	224	244	96	103	-13	-7	965	946

¹ Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.

Note 5 | Fair value and reported in the balance sheet, Group

SEK million	31 March 2021	31 March 2020	31 Dec 2020
Assets			
<i>Financial instruments measured at fair value via the income statement</i>			
Currency option	-	0	-
Total	-	0	-
<i>Financial instruments not measured at fair value</i>			
Other non-current liabilities	5	4	4
Other current receivables	21	26	44
Total	26	30	48
Total receivables	26	30	48
Liabilities			
<i>Financial instruments measured at fair value via the income statement</i>			
Currency swaps	0	1	0
Forward currency contracts	1	-	-
Interest-rate swaps	-	0	-
Conditional purchase considerations	24	81	24
Total	25	82	24
<i>Financial instruments not measured at fair value</i>			
Other non-current liabilities	14	18	15
Other current liabilities	72	45	79
Total	86	63	94
Total liabilities	111	145	118

The Group held financial instruments in the form of currency swaps and forward currency contracts that are recorded at fair value in the balance sheet at the end of the period. The valuation is at level 2, according to IFRS 13 *Fair Value Measurement*. A market approach has been used and fair value is based on listing with a broker. Similar contracts are traded on an active market and the rates reflect actual transactions on comparable instruments.

The Group had supplementary purchase considerations, measured at fair value at the end of the period. The valuation is at level 3, according to IFRS 13 *Fair Value Measurement*. Fair value of supplementary purchase considerations is calculated by discounting the present value of the expected cash flows with an adjusted discount rate. Expected cash flows are determined based on likely scenarios for future gross profit, amounts that will be payable in the event

of respective outcomes and the probability of the respective outcome. The fair value of the supplementary purchase considerations can change if the underlying assumptions for valuation change.

Assets at fair value are recognised in the items non-current receivables and other receivables in the consolidated balance sheet. Liabilities at fair value are recognised in the items other non-current liabilities and other current liabilities in the consolidated balance sheet. The carrying amount on accounts receivable, other receivables, cash and cash equivalents and other liabilities constitutes a reasonable approximation of fair value.

For further information, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown in the 2020 annual report*, pages 128-129.

Note 6 | Conditional purchase considerations, Group

SEK million	
Opening conditional purchase considerations, 1 Jan 2020	78
Supplemental conditional purchase considerations	-
Exchange-rate change	3
Revaluation of conditional purchase considerations	-
Closing conditional purchase considerations, 31 Mar 2020	81
Opening conditional purchase considerations, 1 April 2020	81
Supplemental conditional purchase considerations	-
Exchange-rate change	-3
Revaluation of conditional purchase considerations	-54
Closing conditional purchase considerations, 31 Dec 2020	24
Opening conditional purchase considerations, 1 Jan 2021	24
Exchange-rate change	0
Revaluation of conditional purchase considerations	-
Closing conditional purchase considerations, 31 Mar 2021	24
<i>Expected disbursements</i>	
Expected disbursement 2021	1
Expected disbursement 2022	23
Total	24

Remaining conditional purchase considerations amounted to SEK 24 million (81) and was attributable to the business acquisitions of Davert GmbH (2018) by SEK 11 million (33) and Eisblümerl Naturkost GmbH (2019) by SEK 13 million (29). The comparative period included the conditional purchase considerations for

Ekko Gourmet (2019) of SEK 2 million and for the joint venture Paradiset EMV AB (2019) of SEK 17 million. The Parent Company, Midsona AB, holds conditional supplemental purchase considerations attributable to the business combination with Davert GmbH.

Note 7 | Change in number of shares, Group

Number	Series A shares	Series B shares	Total
Number of shares 1 January 2020	755,820	64,248,788	65,004,608
Number of shares 31 March 2020	755,820	64,248,788	65,004,608
Number of shares 1 April 2020	755,820	64,248,788	65,004,608
Number of shares 31 December 2020	755,820	64,248,788	65,004,608
Number of shares 1 January 2021	755,820	64,248,788	65,004,608
Redemption of warrants	-	213,180	213,180
Number of shares 31 March 2021	755,820	64,461,968	65,217,788
Quota value per share, SEK			5.00
Share capital on the balance sheet date, SEK			326,088,940
Votes on the balance sheet date, number			72,020,168

In January 2021, the number of shares and votes in Midsona AB (publ) changed as a result of a new share issue under way at the end of the year, which was concluded whereby 187,000 warrants were exercised in exchange for 213,180 Series B shares in the scope of the TO2017/2020 incentive programme, which was adopted at the Extraordinary General Meeting on 1 December 2017.

One warrant programme was outstanding at the end of the period, the TO2019/2022 series, which can provide a maximum of 149,480 new Series B

shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for the outstanding warrant programme, and accordingly the earnings per share after full dilution were calculated. For more information on TO2019/2022, see Note 10 *Employees, personnel expenses and senior executives' remuneration* in the 2020 annual report, pages 114–116.

Definitions

Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the company's management as they facilitate the evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these

financial measures should not be considered a substitute for measurements as defined under IFRS. For the definition and purpose of respective measures not defined under IFRS, please see the Definitions section on pages 150–153 in the 2020 Annual Report. The following table presents reconciliations against IFRS.

IFRS reconciliations, Group

EBITDA – operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets¹

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Operating profit/loss	54	71	240	257
Amortisation of intangible assets	11	11	48	48
Depreciation of tangible assets	27	25	101	99
EBITDA	92	107	389	404
Items affecting comparability ^{2,3}	2	-	-12	-14
EBITDA, before items affecting comparability	94	107	377	390
Net sales	965	946	3,728	3,709
EBITDA-Margin, before items affecting comparability	9.7%	11.3%	10.1%	10.5%

¹ There were no impairments on tangible fixed assets and intangible fixed assets included in operating income for each period.

²Specification of items affecting comparability

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Restructuring expenses, net	-	-	25	25
Revaluation of conditional purchase consideration	-	-	-36	-36
Acquisition-related expenses	2	-	7	5
Acquisition-related revenues (negative consolidated goodwill)	-	-	-8	-8
Total	2	-	-12	-14

³Corresponding line in the consolidated income statement

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Expenses for goods sold	-	-	5	5
Selling expenses	-	-	5	5
Administrative expenses	-	-	15	15
Other operating income	-	-	-44	-44
Other operating expenses	2	-	7	5
Total	2	-	-12	-14

Adjusted EBITDA – EBITDA, rolling 12 months pro forma, excluding acquisition-related restructuring and transaction expenses

SEK million	Rolling 12-month	Full year 2020
EBITDA	3 89	4 04
Acquisition-related transaction expenses	-37	-39
Pro forma adjustment	10	9
Adjusted EBITDA	3 62	3 74

Net debt – interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments

SEK million	31 March 2021	31 March 2020	31 Dec 2020
Non-current interest-bearing liabilities	1,496	1,382	1,526
Current interest-bearing liabilities	256	143	253
Cash and cash equivalents ¹	-123	-114	-195
Net liabilities	1,629	1,411	1,584

¹There were no short-term investments equivalent to cash and cash equivalents at the end of the respective period.

Average capital employed – total equity and liabilities less interest-bearing liabilities and deferred tax liabilities at the end of the period plus total shareholders' equity and liabilities less interest-bearing liabilities and deferred tax liability at the beginning of the period divided by 2

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Shareholders' equity and liabilities	5,236	4,923	5,236	5,127
Other non-current liabilities	-37	-95	-37	-38
Deferred tax liabilities	-346	-326	-346	-342
Accounts payable	-446	-372	-446	-405
Other current liabilities	-74	-50	-74	-80
Accrued expenses and deferred income	-171	-176	-171	-170
Capital employed	4,162	3,904	4,162	4,092
Capital employed at the beginning of the period	4,092	3,848	3,904	3,848
Average capital employed	4,127	3,876	4,033	3,970

Return on capital employed – Profit before tax plus financial expenses in relation to average capital employed

SEK million	Rolling 12-month	Full year 2020
Profit/loss before tax	1 86	2 04
Financial expenses	34	59
Profit before taxes, excluding financial expenses	2 20	2 63
Average capital employed	4,033	3,970
Return on capital employed, %	5.5	6.6

Free cash flow – cash flow from operating activities less cash flow from investing activities, excluding acquisitions/sales of operations, acquisitions/sales of trademarks and product rights, as well as expansion investments

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Cash flow from operational activities	-19	10	2 54	2 83
Cash flow from investing activities	-15	-43	-341	-369
Acquisitions of companies or operations	-	35	243	278
Expansion investment, new production line	8	-	8	-
Acquisitions of brands and product rights	-	-	60	60
Free cash flow	-26	2	2 24	2 52

Organic change, net sales – Net change in sales between years adjusted for translation effects on consolidation and for changes in the Group structure

SEK million	Jan-Mar 2021	Jan-Mar 2020	Rolling 12-month	Full year 2020
Net sales	9 65	9 46	3,728	3,709
Net sales compared with the corresponding period in the preceding year	-946	-786	-3,241	-3,081
Net sales, change	19	160	4 87	6 28
Structural changes	-106	-130	-550	-574
Exchange rate changes	35	-6	106	65
Organic change	-53	24	42	119
Organic change	-5.6%	3.1%	1.3%	3.9%
Structural changes	11.2%	16.5%	17.0%	18.6%
Exchange rate changes	-3.6%	0.8%	-3.3%	-2.1%

Quarterly data¹

SEK million	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Net sales	965	1,083	821	859	946	825	765	705	786	755	773	714
Expenses for goods sold	-690	-784	-598	-619	-671	-594	-524	-490	-570	-536	-546	-496
Gross profit	275	299	223	240	275	231	241	215	216	219	227	218
Selling expenses	-151	-161	-128	-123	-130	-129	-122	-123	-131	-119	-125	-119
Administrative expenses	-73	-88	-60	-70	-66	-64	-56	-59	-61	-52	-56	-56
Other operating income	7	17	16	17	2	30	-1	7	1	1	3	2
Other operating expenses	-4	-1	-4	9	-10	-16	-5	-1	-3	-3	2	-11
Operating profit/loss	54	66	47	73	71	52	57	39	22	46	51	34
Profit/loss from participations in joint ventures	-	-	-	-8	0	-1	-	-	-	-	-	-
Financial income	7	7	3	-29	33	0	0	0	0	6	0	4
Financial expenses	-18	-22	-10	16	-43	-9	-13	-14	-17	-8	-10	-8
Profit/loss before tax	43	51	40	52	61	42	44	25	5	44	41	30
Tax on profit for the period	-10	4	-6	-12	-14	-7	-9	-2	-1	-11	-9	-5
Profit for the period	33	55	34	40	47	35	35	23	4	33	32	25
<i>Items affecting comparability</i>												
Items affecting comparability included in operating profit	2	7	-10	-11	-	-5	-8	-6	25	-	-1	12
Operating profit, before items affecting comparability	56	73	37	62	71	47	49	33	47	46	50	46
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating profit	38	41	35	35	36	34	28	26	26	13	18	11
EBITDA	92	107	82	108	107	86	85	65	48	59	69	45
<i>Depreciation/amortisation, impairment and items affecting comparability</i>												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	40	48	25	24	36	29	20	20	51	13	17	23
EBITDA, before items affecting comparability	94	114	72	97	107	81	77	59	73	59	68	57
Free cash flow	-26	102	64	84	2	103	19	75	-42	44	96	40
Cash flow from operating activities	-19	113	71	89	10	117	29	87	-35	58	98	54
Number of employees as per the balance sheet date	831	834	723	730	713	721	571	530	526	525	533	528

¹The quarterly data for 2018 have not been restated for effects in the income statement in connection with conversion to IFRS 16.

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