midsona

INTERIM REPORT, JANUARY–JUNE 2017

Continued earnings improvement and strong operating cash flow

April–June 2017 (second quarter)

- Net sales amounted to SEK 488 million (351).
- Operating profit before amortisation/depreciation and impairment, EBITDA was SEK 34 million (22) corresponding to a margin of 7.0 percent (6.3).
- Profit for the period was SEK 15 million (11), corresponding to earnings per share of SEK 0.35 (0.39) before and after dilution.
- Cash flow from continuing operations amounted to SEK 34 million (negative 22).
- On 15 May, Midsona AB (publ) initiated a public tender offer to the shareholders of Bringwell AB (publ) to transfer all shares in Bringwell (publ) to Midsona.

January–June 2017 (six months)

- Net sales amounted to SEK 1,015 million (701).
- Operating profit before amortisation/depreciation and impairment, EBITDA was SEK 79 million (45) corresponding to a margin of 7.8 percent (6.4).
- Profit for the period was SEK 39 million (22), corresponding to earnings per share of SEK 0.90 (0.77) before and after dilution.
- Cash flow from continuing operations amounted to SEK 66 million (negative 2).

Significant event following the end of the report period

- Midsona acquired 98.2 percent of the shares in Bringwell AB (publ), a company with a leading position in self-care products and OTC drugs in the Nordic market.

Key figures [1]

	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full-year 2016
Net sales growth, %	39.0	57.4	44.8	51.4	44.9	48.6
Gross margin, %	32.8	36.5	32.8	36.9	33.6	35.4
EBITDA margin before non-recurring items, %	7.0	6.6	7.8	6.6	8.1	7.7
EBITDA margin, %	7.0	6.3	7.8	6.4	6.9	6.1
Operating profit before non-recurring items, %	5.3	5.1	6.2	5.0	6.7	6.3
Operating margin, %	5.3	4.8	6.2	4.9	5.4	4.7
Profit margin, %	3.9	3.4	4.9	3.6	4.0	3.3
Average capital employed, SEK million	2,077	1,215	2,067	1,217	1,648	1,636
Return on capital employed, %	1.3	1.4	3.0	2.8	6.8	5.1
Return on equity, %	1.1	1.2	2.9	2.5	5.6	4.0
Net debt, SEK million	652	298	652	298	652	662
Net debt/EBITDA, multiple					4.6	6.2
Net debt/equity ratio, multiple	0.5	0.3	0.5	0.3	0.5	0.5
Interest coverage ratio, multiple	3.7	3.4	4.8	3.8	3.9	3.3
Debt/equity ratio, %	51.4	55.1	51.4	55.1	51.4	51.5

[1] Midsona presents certain financial measures in this Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to page 15 of this Interim Report and to the 2016 Annual Report.

Note: This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted under the auspices of Lennart Svensson for publication on 21 July 2017 at 08.00 a.m. CET.

For further information
Peter Åsberg, CEO +46 730 26 16 32
Lennart Svensson, CFO +46 767 74 33 04

Peter Åsberg, President and CEO

SECOND QUARTER

SEK 488 million

Sales

SEK 34 million

Profit before amortisation, depreciation and impairment (EBITDA)

*Acquired brands, Kung Markatta and Helios, are compared in the second quarter with the corresponding period last year in which Midsona did not yet own the brands.

Comment by the CEO

Continued improved sales and earnings

In the second quarter, Midsona's sales rose by 39 percent to SEK 488 million (351). Operating profit before amortisation/depreciation and impairment (EBITDA) rose by 53 percent to SEK 34 million (22). Accordingly, the EBITDA margin increased to 7.0 percent (6.3). The improvement was mainly the result of acquisitions and related long-term transformation efforts.

Conditions during the second quarter were somewhat challenging

Although sales and earnings showed good growth, conditions for the quarter presentedchallenges. Easter is traditionally a weak period for health products, and 2017 was no exception. Easter fell in April this year, compared with March last year. The quarter, therefore, got off to a slow start, and our eight priority brands grew by a modest 2 percent in the quarter*. The historically strong euro in relation to the Swedish and Norwegian krona has had a significant negative impact on the Group's gross margin. If the current adverse exchange rate trend continues, the ambition is to price adjust to fully or partially compensate for its negative effect.

Investments in brands and new markets

Investments in brands were at a slightly higher level than normal. Mostly, major investments were made in the organic brands, Kung Markatta and Urtekram, to strengthen them for the long-term. As the market for organic products has grown, competition has increased both from suppliers of other brands and the retail industry's own private-label brands. We have chosen to increase investments to maintain the brands' market positions and will continue to launch new innovative products.

It is a high priority to increase export of the Urtekram brand outside the Nordic region. Previously, the focus has primarily been on body care products, but during the second quarter, Urtekram's food range was widely launched in Portugal's largest retail chain. In total, the chain now sells about 180 items from Urtekram. The launch can be considered a breakthrough, and significant investments have been made to ensure success. The ambition is to over time establish Urtekram's range of food products in more European FMCG retail chains.

Public tender offer for Bringwell

Midsona has for a long time followed Bringwell's development and identified early on the potential strength that could be created if the companies merged. Following Midsona's successful expansion in recent years, acquisition is a logical step to further expand our presence in the Nordic region, primarily in the Food Supplements/OTC segment. Bringwell has a number of strong proprietary brands such as Eskimo-3, Mivitotal and Kan Jang. In addition, they represent ProbiMage and Membrasin. Midsona sees good opportunities to further develop Bringwell's strong brands for the benefit of customers and consumers. The tender offer has been accepted by 98.2 percent, and we have therefore initiatiated compulsory redemption of the remaining shares in Bringwell. Our intention is to integrate Bringwell into Midsona's operations. The acquisition is expected to realise cost synergies from streamlining sales, marketing and administration. We also see opportunities for growth synergies through increased sales because the companies have complementary products and sales channels. Synergies are estimated at SEK 50–60 million annually and are expected to be fully realised by the end of 2018.

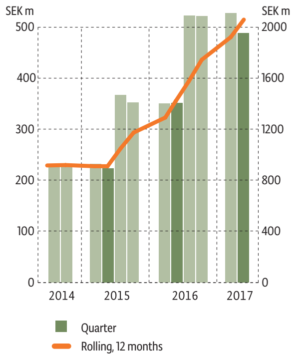
Priorities in 2017

Midsona's operations are based on our priority brands and a number of strategic sales assignments in the Nordic region. The principal focus in 2017 will be on continuing to develop these through product innovation, consumer marketing and effective sales processingin the Nordic domestic market as well as in export markets. Midsona has made three major acquisitions over a period of two years: Urtekram, Internatural and Bringwell. These have significantly strengthened the Company but also increased the complexity of its operations. During the remainder of the year, we intend to focus strongly on integration and coordination in order to strengthen our efficiency and competitiveness. Midsona expects increased sales and operating profit before depreciation and amortization (EBITDA) in 2017.

Peter Åsberg
President and CEO

Financial information

Net sales



* Acquired brands, Kung Markatta and Helios, are compared in the second quarter with the corresponding period last year in which Midsona did not yet own the brands.

Net sales

April–June

Net sales amounted to SEK 488 million (351), an increase of 39 percent. Adjusted for structural changes, net sales fell by 3 percent. Easter week, traditionally a weak sales period for the Group's products, fell in April compared with March last year and contributed to a somewhat weak sales trend. The Group's eight prioritised brands showed growth of 2 percent*.

Acquired business volumes contributed strongly to the increased sales for both Sweden and Norway. In Sweden, however, sales were negatively impacted by problems with delivery to customers as a result of both production disturbances at suppliers and system integration with the alignment of internal processes. These problems have been resolved and deliveries are being carried out as per usual. Re-positioning efforts are under way to find the right flows and structures in sales to Norwegian super-markets as a result of changes in the FMCG supply chain. Finland showed good sales growth for several brands, despite a significant increase in competition from the retail industry's own private-label brands in certain categories, such as gluten-free products. The Finnish sales and marketing organisation was reorganised during the period for more efficient customer and marketing efforts. For Denmark, sales growth was relatively stable, despite somewhat declining internal sales volumes. In the Danish market, the prioritised brand Urtekram experienced a good sales trend. Export operations outside the Nordic region showed continued strong sales growth, primarily attributable to the geographical markets of the UK, Belgium and Portugal.

Two smaller distribution and sales assignments were announced during the period – one in Sweden and one in Norway. These were compensated for by a new distribution and sales assignment in Sweden, with annual net sales of approximately SEK 5 million. The new assignment began on 1 June and is more in line with the Group's focus.

January–June

Net sales amounted to SEK 1.015 million (701), an increase of 45 percent. Adjusted for structural changes, net sales were at a comparable level with the previous year. The Group's eight prioritised brands showed growth of 4 percent*.

Sales rose significantly in both Sweden and Norway, mainly driven by acquired sales volumes.

Gross profit

April–June

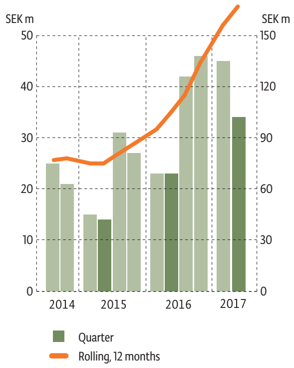
Gross profit amounted to SEK 160 million (128), corresponding to a gross margin of 32.8 percent (36.5). The gross margin was strongly affected by the increasing proportion of sales to the FMCG segment, with generally lower margins, related to the acquisition of Internatural. A general adverse exchange rate trend as well as an unfavourable customer and product mix, together with some temporary production expenses in Denmark, also had a negative impact on the gross margin.

During the period, several important Supply Chain-related projects were initiated, including co-ordination of goods purchases on a Nordic region basis. The initiatives are expected to generate both short-term and long-term savings.

January–June

Gross profit amounted to SEK 333 million (259), corresponding to a gross margin of 32.8 percent (36.9). The gross margin was affected negatively, primarily by the increased proportion of sales to the FMCG market, with lower overall margins related to the acquisition of Internatural. An adverse exchange rate trend also exerted pressure on the gross margin.

EBITDA, before non-recurring items



Operating profit

April–June

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 34 million (22), corresponding to a margin of 7.0 percent (6.3). Amortisation and depreciation for the period amounted to SEK 8 million (5), divided between SEK 6 million (3) in amortisation of intangible fixed assets and depreciation of SEK 2 million (2) on tangible fixed assets. Operating profit amounted to SEK 26 million (17), with an operating margin of 5.3 percent (4.8).

Operating profit and operating margin improved, primarily attributable to Sweden, through both higher sales volumes and realised synergies from acquisitions developing according to plan. In Sweden, a major system integration took place, which required significant internal resources and led to additional costs. In addition, there was a significant focus in the period on coordination of internal processes after completion of the reorganisation during the first quarter. For Norway also, operating profit improved as a consequence of both higher sales volumes and realised synergies from acquisitions developing according to plan. However, altered market conditions in the Norwegian FMCG segment together with some additional costs had a negative effect on operating profit. Finland continued to maintain a stable earnings trend, though with somewhat worsening margins due to an increasing share of FMCG sales . For Denmark, operating income was significantly lower compared with the previous year, due to higher fixed sales costs in the Danish market, which were not fully absorbed by a corresponding sales growth, as well as temporary start-up and logistics expenses in new exportmarkets. In addition, Denmark was burdened with temporary additional expenses linked to their own production unit replacing subcontractors to ensure continued high product quality.

In general, investments in priority brands, especially Kung Markatta and Urtekram, were at a higher level than usual in order to defend the market positions in retail against increased competition, thereby strengthening them for the long-term.

January–June

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 79 million (45), corresponding to a margin of 7.8 percent (6.4). Amortisation and depreciation for the period amounted to SEK 16 million (11), divided between SEK 11 million (7) in amortisation of intangible fixed assets and depreciation of SEK 5 million (4) on tangible fixed assets. Operating profit amounted to SEK 63 million (34), with an operating margin of 6.2 percent (4.9).

The significant improvement in operating profit and operating margin was mainly attributable to Sweden and Norway, both through higher sales volumes and synergies achieved through acquisitions.

Financial items

April–June

Net financial items amounted to SEK negative 7 million (negative 5), of which interest expenses on external loans to credit institutions amounted to SEK 4 million (2). Interest expenses to credit institutions increased as a result of higher indebtedness from completed business acquisitions in 2016. Foreign exchange differences on receivables had a negative effect on net financial items.

January–June

Net financial items amounted to SEK negative 13 million (negative 9), of which interest expenses on external loans to credit institutions amounted to SEK 9 million (4). Interest expenses to credit institutions increased as a result of higher indebtedness from completed business acquisitions in 2016.

Profit for the period

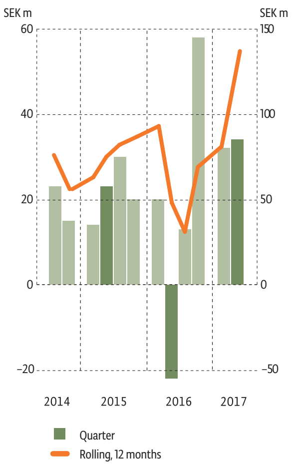
April–June

Profit for the period was SEK 15 million (11), corresponding to earnings per share of SEK 0.35 (0.39) before and after dilution. Tax on profit for the period amounted to SEK 4 million (1), of which SEK 0 million (1) consisted of current tax and SEK 4 million (0) in deferred tax. The effective tax rate for the period was 23.9 percent.

January–June

Profit for the period was SEK 39 million (22), corresponding to earnings per share of SEK 0.90 (0.77) before and after dilution. Tax on profit for the period amounted to SEK 11 million (3), of which SEK 2 million (3) consisted of current tax and SEK 9 million (0) in deferred tax. The effective tax rate for the period was 23.1 percent.

Cash flow from continuing operations



Cash flow

April–June
Cash flow from operating activities amounted to SEK 34 million (negative 22), mainly as a result of a significantly improved change in working capital compared with the previous year. Capital tied up in inventory continued to decrease in line with the measures taken. In addition, capital commitments in working receivables decreased, due to several major customer payments before the end of the period. Cash flow from investing activities amounted to a negative SEK 5 million (negative 4), consisting of net investments in tangible and intangible fixed assets. Cash flow from financing activities amounted to SEK negative 48 million (positive 27) and consisted of amortisation of leasing liabilities of SEK 1 million (0) and dividend of SEK 47 million (31). During the comparative period, loans raised amounted to SEK 425 million and amortisation of loans to 367, attributable to refinancing.

January–June
Cash flow from operating activities improved to SEK 66 million (negative 2), due to both stronger operating activities and lower capital tied up in inventory and operating receivables compared with the corresponding period the previous year. Cash flow from investing activities amounted to a negative SEK 7 million (negative 8), while cash flow from financing activities amounted to SEK negative 48 million (0).

Liquidity and financial position
Cash and equivalents amounted to SEK 75 million, (53) and there were unused credit facilities of SEK 100 million (74) at the end of the period. Net debt amounted to SEK 652 million (298) at the end of the period and increased by SEK 19 million during the quarter, mainly attributable to a dividend paid. The net debt/equity ratio was a multiple of 0.5 (0.3).
The ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 4.6 (3.3). At the end of the preceding quarter, the ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 4.9.

Shareholders' equity amounted to SEK 1,331 million (887). At the end of the preceding quarter, shareholders' equity was SEK 1,368 million. The changes consisted of profit for the period of SEK 15 million, translation differences on translating foreign operations of SEK 5 million, as well as a share issue, net after issue costs, of SEK 47 million. The equity/assets ratio was 51 percent (55) at the end of the period.

Investments

April–June
Investments in intangible and tangible fixed assets amounted to SEK 5 million (4) and consisted mainly of production-related investments.

January–June
Investments in intangible and tangible fixed assets amounted to SEK 7 million (8) and consisted mainly of production-related investments. Several smaller capacity- and efficiency-enhancing investments were made in the Danish production plant during the first half of the year.

Other information

Future prospects
Consumer demand for products in the areas of health and well-being in general, and organic produce in particular, is expected to continue increasing. Midsona is well-positioned in attractive growth segments and the assessment is that the Group will grow over the year with improved EBITDA.

Personnel
The average number of employees was 325 (284), while the number of employees at the end of the period amounted to 329 (275). The increased number of employees at the end of the period was mainly related to the acquisition of Internatural AB in July 2016. During the current quarter, the number of employees increased by three.

Parent Company

Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB (publ).

Net sales amounted to SEK 16 million (11), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to a loss of SEK 2 million (loss 7). Profit before tax included dividends from subsidiaries of SEK 65 million and impairment of shares in subsidiaries by SEK 51 million. Financial expenses increased as a result of higher debt to credit institutions, as well as the effects of an adverse exchange rate trend on financial investments. Cash and equivalents, including unutilised credit facilities, amounted to SEK 170 million (74). Borrowing from credit institutions was SEK 725 million (337) at the end of the period. On the balance sheet date, there were 11 employees (8).

For the Parent Company, SEK 16 million (11), equivalent to 100 percent (100) of sales for the period and SEK 2 million (1), corresponding to 9 percent (8) of purchases for the period pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

Three of the Board Members invoice Board remunerations via their own companies. Beyond that, there have been no loans, purchases or sales involving members of the Board or senior executives.

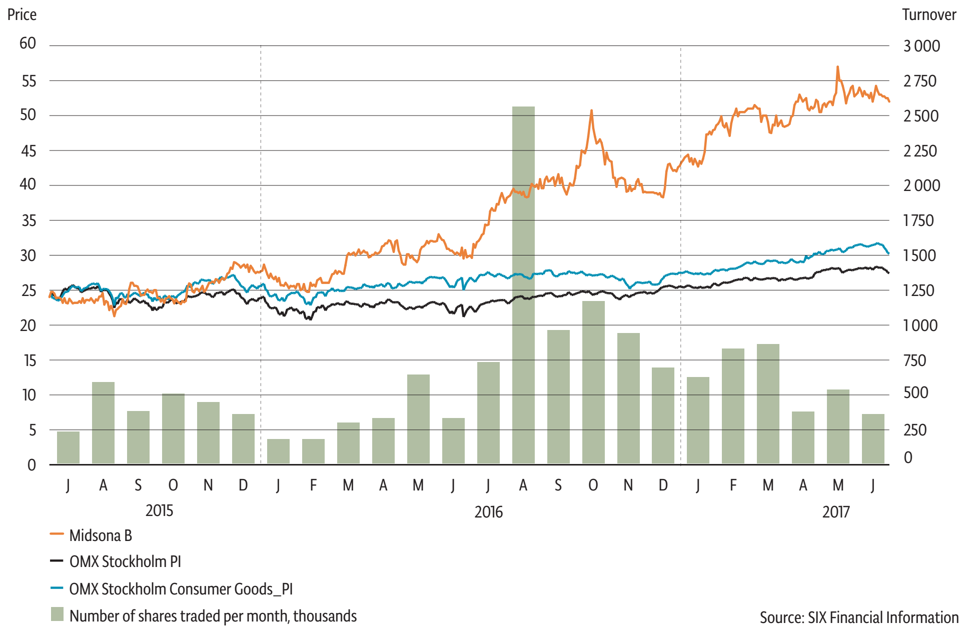
The share

Midsona's Series A and B shares are listed on Nasdaq Stockholm's Small Cap List under the symbols MSON A and MSON B respectively.

The total number of shares at the end of the period was 42,646,480 shares (28,430,987) distributed as 539,872 Series A shares (359,915) and 42,106,608 Series B shares (28,071,072). The number of votes at the end of the period amounted to 47,505,328 (31,670 222), whereby a Series A share corresponds to ten votes and a Series B share to one vote.

In the period January–June 2017, 3,628,598 shares were traded (1,964,606). The highest price paid for Series B shares was SEK 58.25 (34.74), and the lowest was SEK 42.40 (24.40). On 30 June, the most recent price paid for the share was SEK 52.00 (29.88). For the comparison year, the share price has been adjusted for the new share issue.

There was an option programme outstanding, 2016/2019, which could maximise 390,000 new Series B shares at full conversion (see Annual Report 2016). The average share price of the Series B share on the balance sheet date exceeded the subscription price for outstanding warrants, so earnings per share after full dilution were calculated.



Source: SIX Financial Information

King Markatta expanded its product range with ten new organic and Fairtrade-labelled products, two flavours in its tofu patty series, three kinds of natural sweets, three kinds of sweets and two varieties of chocolate-dipped corn crisps.

Ownership

Stena Adactum AB was the largest shareholder with 25.3 percent of the capital and 30.0 percent of the voting rights on 30 June 2017. The ten largest shareholders in Midsona AB (publ) are shown in the table.

The ten largest shareholders in Midsona AB (publ)	Number of shares	Share of capital, %	Share of votes, %
Stena Adactum AB	10,773,169	25.3	30.0
Handelsbanken funds	4,028,120	9.4	8.5
Second AP funds	2,521,257	5.9	5.3
BPSS PAR/FCP ECHIQUIER	1,785,514	4.2	3.8
Peter Wahlberg and companies	1,534,568	3.6	3.2
Cliens funds	1,501,595	3.5	3.2
LINC AB	1,444,482	3.4	3.0
Nordea Investment Funds	1,335,077	3.1	2.8
Lannebo Funds	1,325,318	3.1	2.8
Humle Kapitalförvaltning AB	993,750	2.3	2.1
Total	**27,242,850**	**63.8**	**64.7**
Other shareholders	15,403,630	36.2	35.3
Total	**42,646,480**	**100.0**	**100.0**

Source: Euroclear

Total number of shareholders (including nominee-registered) was 6,014 (4,661). During the current quarter, the number of shareholders increased by 26. Foreign ownership amounted to 19.0 percent (34.6) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

Annual General Meeting

The issues discussed at the Annual General Meeting on 26 April included share dividend, election and re-election of board members and re-election of auditing firm. A decision was made on a dividend to shareholders of SEK 1.10 per share, corresponding to SEK 47 million, paid on 4 May. Furthermore, the Annual General Meeting resolved to re-elect Ola Erici, Cecilia Marlow, Birgitta Stymne Göransson, Peter Wahlberg, Johan Wester and Kirsten Aegidius, as well as the election of Henrik Stenkvist, as Board Members. Ola Erici was re-elected Chairman of the Board. Deloitte AB was re-elected as auditing firm, with Per-Arne Pettersson as auditor in charge.

Risks and uncertainties

In its operations, the Group is subject to both operational and financial 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 discussion of risks and uncertainties, please refer to the 2016 Annual Report.

Change in Group Management

Tobias Traneborn took up the position of Supply Chain Manager on 8 May and became a member of Group Management.

Award

The new organic body care range for men, Urtekram Men Face & Body Lotion, won a prestigious award at the Natural Products trade fair in London for best male hair and body care product.

Acquisition analysis Internatural AB

The acquisition analysis for the 2016 acquisition of Internatural AB, presented as preliminary in the Interim Report January-September 2016, was adopted without being altered.

Public tender offer

On 15 May, Midsona AB (publ) initiated a public tender offer to shareholders in Bringwell AB (publ) to transfer all shares in Bringwell to Midsona. Bringwell's shares are admitted to trading on First North. Midsona considers there to be strong industrial and financial incentives for the transaction. Bringwell's product portfolio and sales channels complement Midsona well, to the benefit of consumers, customers and suppliers. Midsona offered SEK 1.00 ("Cash Consideration") or 0.0213 Series B shares in Midsona ("Share Consideration") for each share in Bringwell, or a combination of the two. The total Cash Consideration can amount to a maximum of SEK 129 million, corresponding to remuneration for 50 percent of the total number of shares in Bringwell. Bringwell was valued at a total of approximately SEK 280 million, based on shareholders choosing the Share Consideration for 63.3 percent of the shares in Bringwell and the closing price of the Midsona share on Nasdaq Stockholm, 12 May 2017. Midsona's fulfilment of the public tender offer is subject to acceptance of a sufficient number of shareholders in Bringwell for Midsona to become owner of more than 90 percent of all shares in Bringwell and that the acquisition is approved by relevant competition authorities. The term for acceptance began on 13 June 2017 and ended 4 July 2017.

The Share Consideration will be financed through an issue in kind of new Midsona shares. The Cash Consideration will be financed through existing credit facilities and an extension of existing credit facilities of SEK 60 million. On 14 May 2017, the Board resolved to issue a new share issue with the approval of the Annual General Meeting 2017.

Significant events following the end of the report period.

Midsona announced on 4 July that all terms of the offer to the shareholders of Bringwell AB (publ) were fulfilled, which meant that the offer was being completed. When the initial term of acceptance expired on 4 July, shareholders in Bringwell had agreed to transfer a total of 243,626,209 shares in Bringwell, due to the offer, corresponding to approximately 94.3 percent of the total number of shares outstanding and votes in Bringwell. Midsona also extended the term of acceptance for the offer until 18 July. After the extended term of acceptance expired, shareholders in Bringwell agreed to transfer a total of 9,925,559 shares in Bringwell, due to the offer, corresponding to approximately 3.9 percent of the total shares outstanding and votes in Bringwell. Altogether as part of the offer, 61.1 percent of the shares in Bringwell have been transferred under the Share Consideration and 37.1 percent under the Cash Consideration. After the term of acceptance expired, Midsona has initiated a compulsory redemption of remaining shares in Bringwell.

The total purchase price for 98.2 percent of the shares in Bringwell AB (publ) amounted to SEK 275 million excluding acquisition costs, which were partly paid in cash at SEK 96 million and partly with newly issued shares worth SEK 179 million. The acquisition was financed through existing credit facilities, an extension of existing credit facilities of SEK 60 million and one issue in kind of 3,361,584 shares of Series B in Midsona at the price of SEK 53.25. The expected total purchase price, excluding acquisition costs, for 100 percent of the shares is expected to amount to SEK 279 million after the compulsory redemption of shares outstanding.

Bringwell has a leading position in personal care products (dietary supplements, healthy foods, skin care and herbal medicines) and OTC medicines (prescription-free drugs) in the Nordic market. In 2016, net sales amounted to SEK 336 million and operating profit before amortisation/depreciation and impairment (EBITDA), to SEK 25 million. The majority of sales, about 92 percent, were in the Nordic market. The health and pharmacy trade are the two largest sales channels and together accounted for about 72 percent of sales, while the remainder was mainly to customers in the FMCG segment, e-commerce and other specialised retail. Through the acquisition, Midsona gains access to the brands Eskimo-3, Kan Jang and Mivitotal, which strengthens its position in the Nordic market for personal care products. In addition, Bringwell holds exclusive distribution rights in the Nordic market for several well-known brands, such as Probi Mage, Membrasin and Dr. Hauschka. Approximately 50 percent of total net sales are generated by proprietary brands. The acquisition is expected to create significant synergy effects totalling around SEK 50–60 million annually. Bringwell, which develops, markets and sells personal care products and OTC medicines, had 58 employees at the time of acquisition.

The acquired operations will be consolidated into the Midsona Group from 4 July 2017 and will be included in the business areas Sweden, Norway, Finland and Denmark, which are reported in the accounting of each respective operating segment of Sweden, Norway, Finland and Denmark. The majority of the consolidated surplus value from the acquisition will be allocated to brands and goodwill.

Information necessary for making a complete financial presentation of the acquisition was not immediately available at the time of publication of this Interim Report, so preliminary figures regarding the acquisition including other acquisition-related data will be provided in the Interim Report January–September 2017.

The Board of Directors and the CEO ensure that the Interim Report provides a true and fair view of the Parent Company and the Group's operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Malmö, 21 July 2017
Midsona AB (publ)

Ola Erici
CHAIRMAN OF THE BOARD

Cecilia Marlow
MEMBER OF THE BOARD

Henrik Stenqvist
MEMBER OF THE BOARD

Birgitta Stymne Göransson
MEMBER OF THE BOARD

Peter Wahlberg
MEMBER OF THE BOARD

Johan Wester
MEMBER OF THE BOARD

Kirsten Aegidius
MEMBER OF THE BOARD

Peter Åsberg
PRESIDENT AND CEO

Review by auditor

This Interim Report (first six months) has not been reviewed by company's auditors.

Around 140 of the Urtekram-branded goods were launched on the Portuguese market during the second quarter.

Financial statements

Summary consolidated income statement

SEK million	Note	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Net sales	3	**488**	**351**	**1,015**	**701**	**2,058**	**1,744**
Expenses for goods sold		-328	-223	-682	-442	-1,367	-1,127
Gross profit		**160**	**128**	**333**	**259**	**691**	**617**
Selling expenses		-95	-79	-195	-162	-410	-377
Administrative expenses		-39	-32	-75	-63	-161	-149
Other operating income		1	1	2	2	5	5
Other operating expenses		-1	-1	-2	-2	-14	-14
Operating profit	3	**26**	**17**	**63**	**34**	**111**	**82**
Financial income		0	0	0	0	1	1
Financial expenses		-7	-5	-13	-9	-29	-25
Profit before tax		**19**	**12**	**50**	**25**	**83**	**58**
Tax on profit for the period		-4	-1	-11	-3	-21	-13
Profit for the period		**15**	**11**	**39**	**22**	**62**	**45**
Profit for the period is divided between:							
Parent Company shareholders (SEK million)		15	11	39	22	62	45
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)		0.35	0.39	0.90	0.77	1.59	1.42
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)		0.35	0.39	0.90	0.77	1.58	1.42
Number of shares (thousands)							
On the balance sheet date		42,646	28,431	42,646	28,431	42,646	42,646
Average during the period		42,646	28,431	42,646	28,431	38,655	31,547
Average during the period, after full dilution		43,036	28,431	43,036	28,431	38,899	31,547

Summary consolidated statement of comprehensive income

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Profit for the period	**15**	**11**	**39**	**22**	**62**	**45**
Items that have or can be reallocated to profit for the year						
Translation differences for the period on translation of foreign operations	-5	9	-10	19	27	56
Other comprehensive income for the period	**-5**	**9**	**-10**	**19**	**27**	**56**
Comprehensive income for the period	**10**	**20**	**29**	**41**	**89**	**101**
Comprehensive income for the period is divided between:						
Parent Company shareholders (SEK million)	10	20	29	41	89	101

Drop-it launched two eye sprays in Sweden, one for tired eyes and one for eye cleansing.

Naturdiet launched a new flavour, pear & vanilla, in its series of shakes and a new taste, double chocolate, in its series of meal bars.

In Sweden, Friggs launched a new series of organic corn cakes, in the flavours Parmesan and Ramson/ Sour Cream.

Summary consolidated balance sheet

SEK million	Note	30 June 2017	30 June 2016	31 Dec 2016
Intangible fixed assets	4	1,921	1,082	1,940
Tangible fixed assets		54	47	55
Non-current receivables		3	2	2
Deferred tax assets		69	79	82
Fixed assets		**2,047**	**1,210**	**2,079**
Inventories		224	165	244
Accounts receivable		215	161	209
Tax receivables		3	2	1
Other receivables	5	0	0	0
Prepaid expenses and accrued income		27	20	22
Liquid assets		75	53	65
Current assets		**544**	**401**	**541**
Assets		**2,591**	**1,611**	**2,620**
Share capital		213	568	213
Additional paid-up capital		466	135	466
Reserves		21	-6	31
Profit brought forward, including profit for the period		631	190	639
Shareholders' equity		**1,331**	**887**	**1,349**
Non-current interest-bearing liabilities		686	337	696
Other non-current liabilities	5	4	–	4
Deferred tax liabilities		204	136	207
Non-current liabilities		**894**	**473**	**907**
Current interest-bearing liabilities		41	14	31
Accounts payable		205	143	212
Other current liabilities	5	33	24	38
Accrued expenses and deferred income		87	70	83
Current liabilities		**366**	**251**	**364**
Liabilities		**1,260**	**724**	**1,271**
Equity and liabilities		**2,591**	**1,611**	**2,620**

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profitbrought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity 1 January 2016	568	166	-25	168	877
Profit for the period	–	–	–	22	22
Other comprehensive income for the period	–	–	19	–	19
Comprehensive income for the period	**–**	**–**	**19**	**22**	**41**
Dividend	–	-31	–	–	-31
Transactions with the Group's owners	**–**	**-31**	**–**	**–**	**-31**
Closing shareholders' equity 30 June 2016	**568**	**135**	**-6**	**190**	**887**
Opening shareholders' equity1 July 2016	568	135	-6	190	887
Profit for the period	–	–	–	23	23
Other comprehensive income for the period	–	–	37	–	37
Comprehensive income for the period	**–**	**–**	**37**	**23**	**60**
New share issue	71	341	–	–	412
Issue costs	–	-10	–	–	-10
Reduction of share capital as resolved at the Annual General Meeting 2016	-426	–	–	426	–
Transactions with the Group's owners	**-355**	**331**	**–**	**426**	**402**
Closing shareholders' equity 31 December 2016	**213**	**466**	**31**	**639**	**1,349**
Opening shareholders' equity 1 January 2017	213	466	31	639	1,349
Profit for the period	–	–	–	39	39
Other comprehensive income for the period	–	–	-10	–	-10
Comprehensive income for the period	**–**	**–**	**-10**	**39**	**29**
Dividend	–	–	–	-47	-47
Transactions with the Group's owners	**–**	**–**	**–**	**-47**	**-47**
Closing shareholders' equity 30 June 2017	**213**	**466**	**21**	**631**	**1,331**

Summary consolidated cash flow statement

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Profit before tax	19	12	50	25	83	58
Adjustment for items not included in cash flow	4	8	10	17	45	52
Income tax paid	0	-1	-2	-3	-6	-7
Cash flow from operating activities before changes in working capital	**23**	**19**	**58**	**39**	**122**	**103**
Increase (–)/decrease (+) in inventories	6	-12	21	-11	10	-22
Increase (–)/decrease (+) in operating receivables	8	-32	-14	-36	7	-15
Increase (+)/decrease (–) in operating liabilities	-3	3	1	6	-2	3
Changes in working capital	**11**	**-41**	**8**	**-41**	**15**	**-34**
Cash flow from current operations	**34**	**-22**	**66**	**-2**	**137**	**69**
Acquisitions of companies or operations	–	–	–	–	-800	-800
Acquisitions of intangible fixed assets	-3	-2	-3	-4	-34	-35
Acquisitions of tangible fixed assets	-2	-2	-4	-4	-13	-13
Divestments of tangible fixed assets	–	0	–	0	0	0
Cash flow from investing activities	**-5**	**-4**	**-7**	**-8**	**-847**	**-848**
Cash flow after investing activities	**29**	**-26**	**59**	**-10**	**-710**	**-779**
New share issue	–	–	–	–	412	412
Issue costs	–	–	–	–	-10	-10
Loans raised	–	425	–	450	800	1,250
Amortisation of loans	-1	-367	-1	-419	-425	-843
Dividend paid	-47	-31	-47	-31	-47	-31
Cash flow from financing activities	**-48**	**27**	**-48**	**0**	**730**	**778**
Cash flow for the period	**-19**	**1**	**11**	**-10**	**20**	**-1**
Cash and equivalents at beginning of period	94	51	65	61	53	61
Translation difference in cash and equivalents	0	1	-1	2	2	5
Cash and equivalents at end of period	**75**	**53**	**75**	**53**	**75**	**65**

Summary income statement, Parent Company

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Net sales	**8**	**5**	**16**	**11**	**33**	**28**
Selling expenses	0	0	0	0	0	0
Administrative expenses	-14	-10	-24	-19	-42	-37
Other operating income	0	2	0	3	0	3
Other operating expenses	0	-2	0	-3	-1	-4
Operating profit	**-6**	**-5**	**-8**	**-8**	**-10**	**-10**
Profit from participations in subsidiaries	–	–	14	0	101	87
Financial income	6	2	11	6	24	19
Financial expenses	-10	-3	-19	-5	-33	-19
Earnings after financial items	**-10**	**-6**	**-2**	**-7**	**82**	**77**
Allocations	–	–	–	–	166	166
Profit before tax	**-10**	**-6**	**-2**	**-7**	**248**	**243**
Tax on profit for the period	0	–	0	–	-32	-32
Profit for the period	**-10**	**-6**	**-2**	**-7**	**216**	**211**

Summary statement of comprehensive income, Parent Company

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Profit for the period	**-10**	**-6**	**-2**	**-7**	**216**	**211**
Other comprehensive income for the period	–	–	–	–	–	–
Comprehensive income for the period	**-10**	**-6**	**-2**	**-7**	**216**	**211**

Summary balance sheet, Parent Company

SEK million	30 June 2017	30 June 2016	31 December 2016
Intangible fixed assets	1	1	1
Tangible fixed assets	0	0	0
Participations in subsidiaries	1,374	790	1,405
Receivables from subsidiaries	827	248	742
Deferred tax assets	3	35	3
Financial fixed assets	**2,204**	**1,073**	**2,150**
Fixed assets	**2,205**	**1,074**	**2,151**
Receivables from subsidiaries	26	9	462
Other receivables	19	7	8
Cash and bank balances	70	–	25
Current assets	**115**	**16**	**495**
Assets	**2,320**	**1,090**	**2,646**
Share capital	213	568	213
Statutory reserve	58	58	58
Profit brought forward, including profit for the period and other reserves	980	54	1,029
Shareholders' equity	**1,251**	**680**	**1,300**
Liabilities to credit institutions	685	325	695
Liabilities to subsidiaries	104	–	481
Non-current liabilities	**789**	**325**	**1,176**
Liabilities to credit institutions	40	12	30
Liabilities to subsidiaries	230	63	133
Other current liabilities	10	10	7
Current liabilities	**280**	**85**	**170**
Equity and liabilities	**2,320**	**1,090**	**2,646**

Notes to the financial Statements

Note 1 Accounting principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, recommendation RFR 1 Supplementary Accounting Rules for Groups, from the Swedish Financial Reporting Board, has been applied.

With regard to the Group, this Interim Report (first six months) has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act (ÅRL). Disclosures in accordance with IAS 34 Interim Financial Reporting are provided throughout this document. 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.

The ESMA Guidelines for Alternative Performance Measures (APM) are applied, entailing expanded disclosures on key figures and performance measures.

The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2017 had no impact on the Group's accounting for financial year of 2017. In other regards, the same accounting principles and calculation methods have been applied as in the latest annual report. For detailed information on the accounting principles, please see Note 1 on page 62 of the 2016 Annual Report.

A number of new standards, amendments and interpretations of standards enter into force for financial years beginning after 1 January 2017 and have not been applied when preparing these financial reports. One of these new standards, IFRS 15 Revenues from Contracts with Customers will replace existing standards for reporting income. IFRS 15 represents a model for revenue recognition (five-step model) based on when control of a good or service is transferred to the customer. The standard applies to financial years commencing 1 January 2018 or later, with earlier application permitted. The Group has initiated a project relating to IFRS 15 and identified the phases of impact assessment, implementation and control and monitoring for this project. An impact assessment is currently being conducted of the impact of IFRS 15 on the Group's revenue recognition principles, which includes a review of significant revenue streams based on an analysis of customer contracts, evaluation of processes and controls, and an assessment of the IT environment. The actual impact on the Group's financial reports has not yet been quantified at the time of the Interim Report, but at present it is not considered to be of a material nature. The standard will not be applied in advance.

Note 2 Significant estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions 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 assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the revision only affects that period or within the period in which the revision is made and future periods if the revision affects both current and future periods.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 on page 89 of the 2016 Annual Report.

Note 3 Operating segments

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
April–June	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net sales, external	217	126	128	90	42	40	101	95	–	–	488	351
Net sales, intra-Group	9	10	0	1	–	0	27	31	-36	-42	–	–
Net sales	**226**	**136**	**128**	**91**	**42**	**40**	**128**	**126**	**-36**	**-42**	**488**	**351**
Operating expenses (excluding depreciation/amortisation and impairment), external	-183	-107	-110	-75	-22	-20	-125	-119	-14	-8	-454	-329
Operating expenses, intra-Group	-18	-20	-6	-8	-15	-16	-1	0	40	44	–	–
Operating expenses (excluding depreciation/amortisation and impairment)	**-201**	**-127**	**-116**	**-83**	**-37**	**-36**	**-126**	**-119**	**26**	**36**	**-454**	**-329**
EBITDA, undistributed	**25**	**9**	**12**	**8**	**5**	**4**	**2**	**7**	**-10**	**-6**	**34**	**22**
Depreciation/amortisation and impairment	-1	-1	-2	0	-1	0	-1	-2	-3	-2	-8	-5
Operating profit, undistributed	**24**	**8**	**10**	**8**	**4**	**4**	**1**	**5**	**-13**	**-8**	**26**	**17**
Financial items											-7	-5
Profit before tax											**19**	**12**

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
January–June	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net sales, external	454	227	270	179	84	79	207	216	–	–	1,015	701
Net sales, intra-Group	16	22	1	2	–	1	56	50	-73	-75	–	–
Net sales	**470**	**249**	**271**	**181**	**84**	**80**	**263**	**266**	**-73**	**-75**	**1,015**	**701**
Operating expenses (excluding depreciation/amortisation and impairment), external	-382	-202	-235	-152	-43	-39	-254	-246	-22	-17	-936	-656
Operating expenses, intra-Group	-37	-29	-10	-14	-32	-32	-1	-3	80	78	–	–
Operating expenses (excluding depreciation/amortisation and impairment)	**-419**	**-231**	**-245**	**-166**	**-75**	**-71**	**-255**	**-249**	**58**	**61**	**-936**	**-656**
EBITDA, undistributed	**51**	**18**	**26**	**15**	**9**	**9**	**8**	**17**	**-15**	**-14**	**79**	**45**
Depreciation/amortisation and impairment	-3	-2	-3	-1	-1	-1	-3	-4	-6	-3	-16	-11
Operating profit, undistributed	**48**	**16**	**23**	**14**	**8**	**8**	**5**	**13**	**-21**	**-17**	**63**	**34**
Financial items											-13	-9
Profit before tax											**50**	**25**

Note 4 Intangible assets

SEK million	30 June 2017	30 June 2016	31 December 2016
Brands	833	535	840
Goodwill	1,068	527	1,082
Other intangible fixed assets	20	20	18
Total	**1,921**	**1,082**	**1,940**

Note 5 Fair value and reported in the balance sheet

SEK million	30 June 2017	30 June 2016	31 December 2016
Assets			
Financial assets measured at fair value via the income statement			
Transactions in foreign currencies	–	0	0
Financial instruments not measured at fair value			
Other receivables	0	0	0
Total other receivables	**0**	**0**	**0**
Liabilities			
Financial assets measured at fair value via the income statement			
Transactions in foreign currencies	–	–	0
Interest rate swaps	1	2	2
Financial instruments not measured at fair value			
Other non-current and current liabilities	36	22	40
Total other non-current and current liabilities	**37**	**24**	**42**

The Group holds financial instruments such as forward currency contracts that are recorded at fair value in the balance sheet. For all contracts, fair value has been determined based directly or indirectly on observable market d ata, that is, level 2 in accordance with IFRS 13. Assets at fair value are recognised as other receivables in the consolidated balance sheet. Liabilities at fair value are recognised as other long-term liabilities and other current liabilities. In all material respects, the fair value of other financial instruments is consistent with their book value. For further information please refer to Note 32 on page 86 of the 2016 Annual Report.

Note 6 Pledged assets and contingent liabilities

SEK million	30 June 2017	30 June 2016	31 December 2016
Pledged assets			
Property mortgages	–	27	–
Chattel mortgages	–	15	–
Blocked bank balances	1	3	4
Net assets in subsidiaries	1,523	768	1,394
Others	3	105	3
Total	**1,527**	**918**	**1,401**
Contingent liabilities			
Guarantees	12	–	15
Total	**12**	**–**	**15**

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 each measure not defined under IFRS, please see page 108 in the 2016 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 assets[1]

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Operating profit	**26**	**17**	**63**	**34**	**111**	**82**
Amortisation of intangible assets	6	3	11	7	20	16
Depreciation of tangible fixed assets	2	2	5	4	10	9
EBITDA	**34**	**22**	**79**	**45**	**141**	**107**
Non-recurring items[2]	–	1	–	1	26	27
EBITDA, before non-recurring items	**34**	**23**	**79**	**46**	**167**	**134**

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

[2] Specification of non-recurring items

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Restructuring costs	–	–	–	–	20	20
Acquisition-related costs	–	1	–	1	6	7
Total	–	1	–	1	26	27

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

SEK million	30 June 2017	30 June 2016	31 December 2016
Non-current interest-bearing liabilities	686	337	696
Current interest-bearing liabilities	41	14	31
Liquid assets [1]	-75	-53	-65
Net liabilities	**652**	**298**	**662**

[1] There were no current investments equivalent to cash and cash equivalents at the end of each period.

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

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Equity and liabilities	**2,591**	**1,611**	**2,591**	**1,611**	**2,591**	**2,620**
Other non-current liabilities	-4	–	-4	–	-4	-4
Deferred tax liabilities	-204	-136	-204	-136	-204	-207
Accounts payable	-205	-143	-205	-143	-205	-212
Other current liabilities	-33	-24	-33	-24	-33	-38
Accrued expenses and deferred income	-87	-70	-87	-70	-87	-83
Capital employed	**2,058**	**1,238**	**2,058**	**1,238**	**2,058**	**2,076**
Capital employed at the beginning of the period	2,095	1191	2,076	1,196	1,238	1,196
Average capital employed	**2,077**	**1,215**	**2,067**	**1,217**	**1,648**	**1,636**

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

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Profit before tax	**19**	**12**	**50**	**25**	**83**	**58**
Financial expenses	7	5	13	9	29	25
Profit before taxes, excluding financial expenses	**26**	**17**	**63**	**34**	**112**	**83**
Average capital employed	2,077	1,215	2,067	1,217	1,648	1,636
Return on capital employed, %	**1.3**	**1.4**	**3.0**	**2.8**	**6.8**	**5.1**

Average shareholders' equity – total equity at the end of the period plus total equity at the beginning of the period divided by 2

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Shareholders' equity	**1,331**	**887**	**1,331**	**887**	**1,331**	**1,349**
Shareholders' equity at the beginning of the period	1,368	898	1,349	877	887	877
Average shareholders' equity	**1,350**	**893**	**1,340**	**882**	**1,109**	**1,113**

Return on Equity Profit for the year in relation to average shareholders' equity

SEK million	April–June 2017	April–June 2016	Jan–June 2017	Jan–June 2016	Rolling 12-month	Full year 2016
Profit for the period	**15**	**11**	**39**	**22**	**62**	**45**
Average shareholders' equity	1,350	893	1,340	882	1,109	1,113
Return on equity, %	**1.1**	**1.2**	**2.9**	**2.5**	**5.6**	**4.0**

Quarterly data

SEK million	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Net sales	**488**	**527**	**521**	**522**	**351**	**350**	**352**	**367**	**223**	**232**	**228**	**228**
Expenses for goods sold	-328	-354	-337	-348	-223	-219	-219	-226	-121	-133	-124	-123
Gross profit	**160**	**173**	**184**	**174**	**128**	**131**	**133**	**141**	**102**	**99**	**104**	**105**
Selling expenses	-95	-100	-108	-107	-79	-83	-84	-95	-69	-75	-65	-64
Administrative expenses	-39	-36	-42	-44	-32	-31	-31	-27	-21	-24	-22	-20
Other operating income	1	1	3	0	1	1	5	0	3	1	1	1
Other operating expenses	-1	-1	-5	-7	-1	-1	0	-8	-2	0	-1	0
Operating profit	**26**	**37**	**32**	**16**	**17**	**17**	**23**	**11**	**13**	**1**	**17**	**22**
Financial income	0	0	0	1	0	0	1	0	0	0	1	0
Financial expenses	-7	-6	-7	-9	-5	-4	-2	-4	-2	-2	-3	-2
Profit before tax	**19**	**31**	**25**	**8**	**12**	**13**	**22**	**7**	**11**	**-1**	**15**	**20**
Tax on profit for the period	-4	-7	-9	-1	-1	-2	-6	32	1	0	10	-2
Profit for the period	**15**	**24**	**16**	**7**	**11**	**11**	**16**	**39**	**12**	**-1**	**25**	**18**
Non-recurring items												
Non-recurring items included in operating profit	–	–	7	19	1	–	-2	14	-2	10	–	–
Operating profit before non-recurring items	**26**	**37**	**39**	**35**	**18**	**17**	**21**	**25**	**11**	**11**	**17**	**22**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating income	8	8	7	7	5	6	6	6	3	4	4	3
EBITDA	**34**	**45**	**39**	**23**	**22**	**23**	**29**	**17**	**16**	**5**	**21**	**25**
Depreciation/amortisation, impairment and non-recurring items												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	8	8	14	26	6	6	4	20	1	14	4	3
EBITDA, before non-recurring items	**34**	**45**	**46**	**42**	**23**	**23**	**27**	**31**	**14**	**15**	**21**	**25**
Cash flow from current operations	34	32	58	13	-22	20	20	30	23	14	15	23
Number of employees as per the balance sheet date	329	326	322	341	275	285	294	284	156	163	167	152

Financial calendar

OCT	NOV	DEC	JAN	FEB	MAR	APR	MAJ	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Interim Report January–September 2017 *20 October 2017*				Year-end Report 2017 *9 February 2018*		Interim Report January–March 2018 *25 April 2018*			Interim Report January–June 2018 *20 July 2018*			Interim Report January–September 2018 *25 October 2018*		

This is Midsona

Strong brands with a focus on organic

Midsona is one of the leading consumer goods companies in the Nordic region operating in a growing market for health and well-being. Our attractive product portfolio, with well-known products, focuses on making it easier for all people to make their own contribution to a healthier everyday life. A growing proportion of the product portfolio has an organic profile. The business model is based on strong brands with good market positions, innovation and an effective marketing and distribution structure. Midsona series A and B share have been listed on the Nasdaq Stockholm exchange since 1999, in the FMCG sector.

Clear vision

Our vision is to become the Nordic region's leading company in health and well-being.

Clear strategies

- *We prioritise strong proprietary brands together with a select number of licenced brands, on which we are focusing in the primary markets of Sweden, Denmark, Norway and Finland.* Our brands are to hold the first or second position in their categories. The main reason for this is the existence of internal brands within the retail industry, private-label, which will have a leading brand that drives sales within a category.
- *Cost-efficient value chain We work continuously to adapt and streamline the organisation.* We continually evaluate our product range in terms of profitability. In recent years, the range has been reduced by a large number of products that do not fit into the Group's strategy or that are not deemed able to meet the profitability requirements.
- *Selective acquisitions* }– Acquisitions are an integral part of our operations. In recent years, we have played a major role in consolidating the market in the Nordic region – and we will continue to do so. We will continue to make acquisitions, and with those that we have made we have shown that we can integrate and develop them with great credibility.
- *We offer products that contribute to helping people achieve a healthier life, and we strive to promote healthy ideals, both internally and externally.* We want to further develop our position as the expert in the health and well-being in our markets. Our brands and products obviously play a key role in this work. Being sustainable is becoming increasingly important, and our consumers are continually placing increasing demands on us. There is a strong link between customers' and consumers' interest in organic products and their interest in sustainability and the environment. Effective from 2017, we will report on our sustainability efforts.

Long-term financial targets

Long-term financial targets set by the Board of Directors of Midsona AB (publ) in the second quarter of 2013.

- Net sales growth of 10 percent through organic growth and acquisitions.
- Operating margin >10 percent.
- A ratio between net debt/operating profit before amortisation/depreciation of intangible and tangible fixed assets (EBITDA) of a multiple <2.
- A dividend over time of >30 percent of profit after tax.

This report is available in Swedish and English. In case of any discrepancies between the Swedish and English versions, the Swedish version is considered the official version.

Eight priority brands

Midsona's operations are based on strong proprietary brands. Five of these play a very central role in the Group's growth and account for a large portion of sales. These are Urtekram, Friggs, Dalblads, Naturdiet and Kung Markatta. The Tri Tolonen, Helios and Miwana brands are also prioritised.

Urtekram
A leading brand in organic food and organically certified body care products, with a broad product portfolio, available primarily through supermarkets in the Nordic region.

Friggs
A broad health product brand with a clear food profile, which is mainly available in supermarkets in Sweden, Finland and Norway.

Dalblads
A series of sports-related products for those who train regularly, as well as elite athletes – sold primarily in supermarkets and by other specialist retailers in Sweden and Norway.

Naturdiet
A series of meal alternatives for a healthy lifestyle – sold mainly in supermarkets in Sweden, Finland and Norway. The products are full of vitamins and minerals that the body needs, but always have a low energy content.

Kung Markatta
A leading brand in organic foods, with a broad product portfolio, available primarily through supermarkets in Sweden.

Tri Tolonen
A series of high-quality dietary supple-ments, including vitamins, minerals and antioxidants – sold in supermarkets, healthfood shops and pharmacies in Finland.

Helios
A leading brand in organic food, with a product portfolio, available primarily through supermarkets and healthfood retailers in Norway.

Miwana
A series of natural products for the whole family for cold-related nose and throat problems – sold mainly through pharmacies in Sweden and Norway.

Midsona AB (publ) · Corporate identity number: 556241-5322 · Visiting address: Dockplatsen 16, Malmö, Sweden · Postal address: Box 210 09, SE-200 21 Malmö, Sweden
Telephone: +46 40 601 82 00 · info@midsona.com · www.midsona.com