ANNUAL REPORT

Midsona 2015
So organic. So Nordic.

midsona

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Information about the Annual General Meeting
The Annual General Meeting of Midsona AB (publ) will be held on 27 April 2016 at 3.00 p.m. at Malmö Börshus, Skeppsbron 2, Malmö, Sweden. Registration of voting rights will commence at 2.00 p.m. Before the meeting, the company will offer light refreshments.

Right to participate
To be entitled to participate in the Annual General Meeting, shareholders must be included in the share register maintained by Euroclear Sweden AB no later than 21 April 2016, and shall have registered their intention to participate by 21 April 2016 at 4.00 p.m. at the latest.

Shareholders whose shares are nominee registered must temporarily re-register the shares in their own name at Euroclear Sweden AB in order to be permitted to participate in the meeting. Such registration must be completed by 21 April 2016 at the latest and should be requested of the nominee in good time before this date.

Notification of participation
Notification can be submitted in writing to Midsona AB, Box 21009, SE-200 21 Malmö, by e-mail to anmalan.stamma@midsona.com, via the company's website at www.midsona.com or during office hours by telephone at +46 (0)40-601 82 03 or +46 (0)40-601 82 00. Notification should include the name, address, personal or corporate identity number, daytime phone number of the participant and, if applicable, the number of assistants (maximum two). Admission cards will be distributed a few days before the meeting and shall be presented at the entrance to the meeting.

Dividend
The Board has decided to propose to the Annual General Meeting that a dividend of SEK 1.10 per share be paid for the 2015 financial year.

Naturally!

Urtekram establishes Midsona in the rapidly growing market for organic food.

For Midsona the most significant event of 2015 was the acquisition of Urtekram of Denmark, a leading supplier of organic products in the Nordic region. In 2014, Urtekram generated sales of about SEK 460 million.

The acquisition is in line with Midsona's strategy of establishing new growth areas. Urtekram is a trademark in the market for organic products, primarily in the Nordic countries, a market that is showing strong growth. Growth is driven by increasing consumer interest in products with fewer additives and greater respect for the environment.

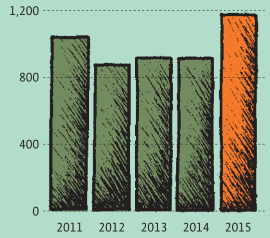
Urtekram holds a very strong position in the Danish market. More than 30 percent of end consumers have heard about the products through friends or acquaintances. Buying Urtekram products signals certain values, a stance.

Through the acquisition, Midsona gains a strong position in the Danish market and we have derived, or will be deriving, the anticipated cost synergies, totalling about SEK 20 million. In addition, the acquisition will cause an increase in sales, partly through sales of Midsona's existing products in the attractive Danish market, and partly through increased exposure of Urtekram's products in Sweden, Norway and Finland. At the same time, Midsona gains access to new market openings in other parts of Europe.

The year in brief

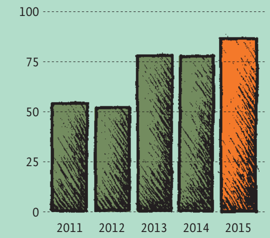
- Acquisition of Urtekram International A/S, a Danish company with a leading position in organic food in the Nordic region. In 2014, Urtekram generated sales of about SEK 460 million. The acquisition was completed on 1 July 2015. The purchase price was DKK 215 million (about SEK 266 million) on a debt-free basis.
- New share issue for approximately SEK 122 million was oversubscribed.
- On 1 September 2015, the composition of Group Management was changed. Lars Børresen was appointed head of the newly formed Business Area Denmark and Markku Janhunen was appointed head of Business Area Finland. From 1 September 2015, Group Management consists of Peter Åsberg (CEO and Sweden), Lennart Svensson (CFO) Lars Børresen (Denmark), Vidar Eskelund (Norway) and Markku Janhunen (Finland).
- Friggs launched new corn cakes that in early 2016 received the award Best Healthfood of the Year from *MåBra* magazine. The jury's motivation said: "A great alternative to rice cakes. Crispy and delicious – enjoy with a little low-fat cheese and capsicum or by itself as a snack. Gluten-free and organic."
- A decision was made to close the production unit in Stenkullen, outside Gothenburg, where some of the Dalblads brand products were produced. The cost of the closure was SEK 10 million and was charged against the first quarter of 2015. The savings were estimated at SEK 7 million on an annual basis with full effect from the beginning of the fourth quarter of 2015.

Net sales (SEK million)



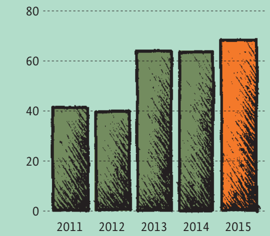
EBITDA (SEK million)

before non-recurring items



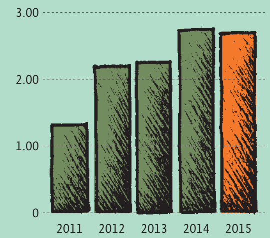
Operating profit, EBIT (SEK million)

before non-recurring items



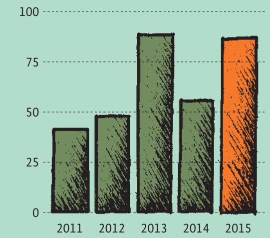
Earnings per share (SEK)

before and after dilution



Cash flow (SEK million)

from continuing operations



An image of strong brands

Midsona's success builds on developing and acquiring competitive brands.

A selection of proprietary brands

Urtekram
Friggs
Naturdiet
Dalblads
Supernature
MyggA
Tri Tolonen
Miwana
Soma
Elivo
Nutana
Drop-it
FästinG
Vitalas
Catzy
Rene Hender

A selection of represented brands

Atkins
Biopharma
Efalex
Efamol
Esberitox
Glucosanol
Liposinol
Nature's Sunshine
Remifemin
RFSU
Philips Avent
Salus
Udo's Choice

This is Midsona

MIDSONA DEVELOPS, produces and markets products that make it easier for people to make their own contribution to a healthier everyday life. The company's vision is to be the Nordic leader in health and well-being.

A Nordic company

The acquisition of Danish Urtekram in 2015 brings Midsona considerable operations in four Nordic countries. The company now has strong positions in Sweden, Norway, Finland and Denmark alike, which means that Midsona has placed the last piece in its Nordic puzzle. Through the acquisition, Midsona also gains access to new market openings in other parts of Europe.

Strong brands

Midsona focuses on developing and marketing powerful brands. Operations are based on a portfolio of proprietary brands plus international clients' brands which we represent in all or parts of the Nordic region. The proprietary brands form the backbone of the operations and, together with client brands, they form a strong and broad brand portfolio that is marketed both through various sales channels and to end-consumers.

Midsona has chosen to prioritise eight selected brands: Dalblads, Friggs, Miwana, MyggA, Naturdiet, Supernature, Tri Tolonen and Urtekram.

High growth ambitions

Midsona's growth target is to grow by more than an average 10 percent annually through a mix of organic and acquisition-driven growth, as well as through new partnerships or alliances.

Initiative in the rapidly growing organic market

The acquisition of Urtekram entails a strong presence in the rapidly growing market for organic products. According to Ekoweb, organic food accounted for 7.7 percent of the total food market in Sweden following growth of 39 percent in 2015. In Denmark, organic food accounts for 8.3 percent of the food market and growth in 2015 was 10 percent. In Finland and Norway too, growth was significantly greater than for the market as a whole. The total world market is growing by about 10 percent, limited by the availability of raw materials.[1]

[1] Source: Ekoweb.

The European market for organic bodycare products is growing by about 10 percent and the Nordic market for gluten-free products by about 30 percent.


LAKRITS

A word from the CEO

Increased focus on strong brands in the growing segments of health and well-being

MIDSONA'S MISSION AND VISION stand firm, that is, we shall help people achieve a healthier everyday life and be the Nordic market leader in health and well-being.

Even today, we are among the leaders in the Nordic region, a position we have achieved by working consistently according to our brand strategy. We have gradually advanced our brands' positions in health and well-being in the Nordic countries, particularly in supermarkets. We have built up a broad and strong portfolio of brands, including Friggs, Naturdiet and Dalblads. And we will continue with that.

For Midsona, the most important event in 2015, and one of the most important in recent years, is the acquisition of Urtekram of Denmark, today our largest brand.

Well-positioned in attractive segments

Consumer interest in products that are organic and "free from" (mainly gluten and lactose) is increasing. Urtekram's brand holds strong positions in these areas, with the emphasis being on organic products.

With sales of approximately SEK 460 million in 2014, the acquisition of Urtekram means that Midsona grows by 50 percent pro forma. In 2015, Midsona's sales rose to SEK 1,174 billion (920), of which, Urtekram accounted for SEK 283 million. Operating profit improved to SEK 68 million (64), before non-recurring items, corresponding to an operating margin of 5.8 percent (7.0). Reported profit after tax was SEK 66 million (63), corresponding to earnings per share of SEK 2.71 (2.75).

The acquisition of Urtekram was completed in mid-2015 and means that Midsona now has significant operations in all four Nordic countries, and that the Group is organised into an equal number of business areas. Urtekram holds a very strong position in Denmark and has in recent years invested and established itself strongly in Sweden and Finland.


Muesli

Food plays a role in personal profiling

There is considerable interest in health among today's consumers, with a greater awareness and knowledge of products in the areas of health and well-being than just a few years ago. Many opt out of the major established brands, which often offer processed foods, and make their own personal choices. People create their own personal profiles, not only through the clothes they wear, the cars they drive and where they live, but also through what they eat and drink.

From our perspective, this is a positive trend. The more customers know about health and well-being, the better it is for us. As a company, Midsona has a broad base and can satisfy various areas of focus. We are at the forefront, continuously developing our brands and adding new ones to meet shifting consumer demands and needs.

The organic food market is growing rapidly, and among the Nordic markets, Sweden is the one that is growing fastest. According to Ekoweb, growth was 39 percent in 2015 and that followed an increase of 38 percent in 2014. Denmark is one of the most developed organic markets in the world, and organic food products grew by double digits there in 2015.

Consumers buying organic food products are also interested in related areas, such as organic bodycare products. In this area, Urtekram has a number of interesting products that have already gained strong market positions in both Denmark and Sweden.

Both cost synergies and increased growth from Urtekram

Our acquisition of Urtekram was conducted in the summer of 2015 and we can already confirm that we have achieved the cost synergies that we expected. In addition, we estimate that the expected contribution to our growth will be higher in the long term. The main reason is the very strong organic trend among consumers throughout the Nordic region. The acquisition has also entailed our customers showing increased interest in conducting joint marketing partnerships and campaigns.

In the autumn, we have worked to integrate Urtekram into Midsona's existing organisation. The objective is to identify a common model and structure, bringing together the best from both sides: Midsona's muscle and strength in the market and Urtekram's fast, flexible and entrepreneurial approach.

I can affirm that the integration has progressed very well to date and that we are united by common values and a common culture.

Together towards the objective of becoming the Nordic leader

We have many knowledgeable and dedicated employees who make great efforts every day to develop Midsona and together we are working towards our objective of becoming the leading company in the Nordic region.

In developing proprietary own brands, it is important to have a customer-oriented and efficient internal innovation process. Through our product range council (read more on pages 22-23), we have an established and structured process, through which we can quickly develop new products demanded by the market. We are now developing that process further to increase the pace of innovation.

We also faced challenges during the year. In the fourth quarter, sales of rice cakes decreased as a result of the National Food Agency's report on maximum levels for arsenic in rice. For those consumers who still have doubts about rice products, we therefore developed new alternative corn products as a complement. The corn cakes were launched in the autumn and additional products will be added during the first half of 2016.

Our financial targets remain

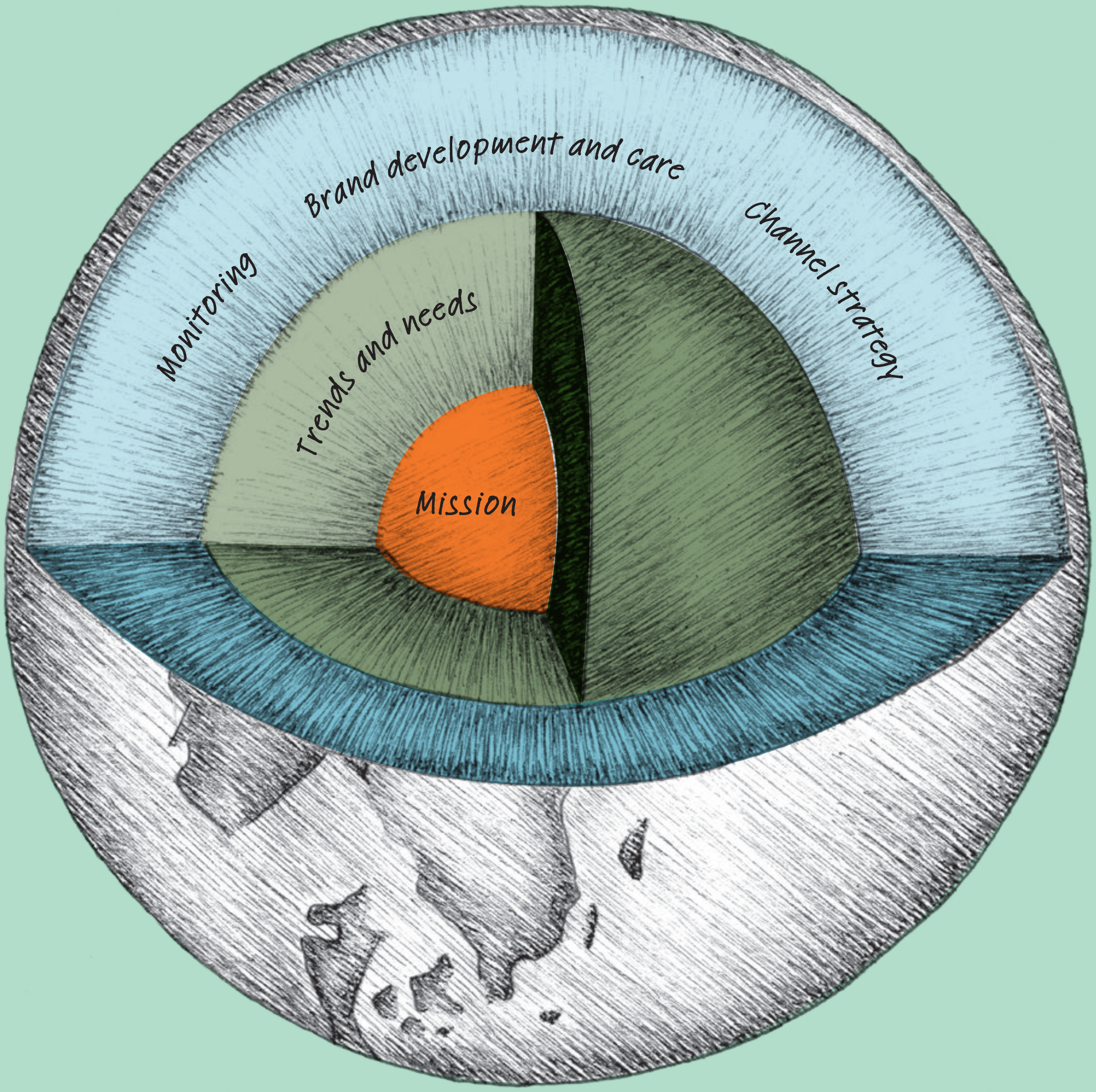
Midsona's financial targets stand firm. In 2015, they were affected by the acquisition of Urtekram. The acquisition meant that we surpassed the growth target by a very good margin. In total, growth was 28 percent in 2015. The operating margin before non-recurring items was 5.8 percent and the ambition of reaching a targeted 10 percent remains. Net debt often rises when major acquisitions are made and at the end of the year it was a multiple of 3.9, while the target is to remain at a multiple of less than 2. For the past four years we have surpassed the dividend policy of distributing more than 30 percent of profit after tax – and the policy remains.

Acquisition activity in the Nordic market for health products has been high in recent years , with Midsona being one of the most active players. We carried out a handful of major acquisitions between 2010 and 2015. These acquisitions have generally been successful since we have a clear model for integrating the acquired companies and thereby realising synergies. We intend to participate actively in the continued consolidation of the market.

For the future, the most important thing for Midsona is for our prioritised brands to grow and become even stronger. We will accomplish this by taking our existing brands into new growth segments, by continuing to acquire operations and establishing strategic alliances with the aim of becoming the leading company in the Nordic region.

Malmö, March 2016

Peter Åsberg
President and CEO


Brand development and care
Monitoring
Channel strategy
Trends and needs
Mission

Midsona's strategic model

The core of Midsona's operations is its clear mission to make it easier for people to make their own contribution to a healthier everyday life. In this area, Midsona observes how existing trends are changing and how new ones arise. The trends are then analysed to develop various opportunities to satisfy consumers' new desires and needs. By then developing, acquiring and nurturing successful brands and choosing the best channel strategy for each product, Midsona captures strong positions in selected geographic markets.

Towards a leading position in the Nordic countries

Mission
We want to make it easier for people to make their own contribution to a healthier everyday life.

Vision
Nordic leader within health and well-being.

THE ACQUISITION OF URTEKRAM takes Midsona a major step closer to its vision of becoming the Nordic leader in health and well-being.

Through a growth-oriented and well-defined strategy, Midsona has been streamlined in recent years towards developing and marketing products that contribute to better health and increased well-being. The company has a clear ambition and strategy to drive growth both by developing existing and new proprietary brands, as well as through complementary acquisitions.

Midsona continuously assesses Nordic companies with complementary product segments and clear cost and growth synergies. Through careful analysis of potential acquisitions, a clear acquisition agenda and a well-developed process of integration, the company has succeeded in realising the planned synergies in all companies acquired in recent years. The acquisitions have contributed to building a stronger Midsona and the ambition is to continue assuming a leading role in the ongoing consolidation in the market.

Logic of the Urtekram transaction

There is a strong transaction logic behind the acquisition of Urtekram, involving primarily:

- The establishment of new growth area
- An enhanced product portfolio
- A strong position in the Nordic market
- A strengthened financial profile
- Anticipated growth and cost synergies

Acquisitions since 2011

Year	Company	Country	Sales*	Products
2011	Bio-Vita Oy	Finland	EUR 6.4 million	Nutritional supplements
2012	Nordsveen AS	Norway	NOK 74 million	A number of leading brands in health and well-being
2012	Dalblads Nutrition AB	Sweden	SEK 51 million	Sports nutrition
2013	Supernature AS	Norway	NOK 49 million	Superfoods
2013	Elivo**	Finland	EUR 1.3 million	Nutritional supplements, skin care and intimate care
2014	Soma Nordic AS	Norway	NOK 51 million	Organic healthfoods
2015	Urtekram Intl A/S	Denmark	DKK 368 million	Organic foods and bodycare products

* Latest annual profit at the time of acquisition ** Midsona acquired the trademark from Tamro Oy

Financial targets

Growth: more than 10 percent on average

The growth target is to be achieved by focusing on the vision and strategies that have been set out. Growth will be achieved organically, through acquisitions and through new partnerships or alliances. For the long term, the target entails Midsona expecting to grow significantly faster than the underlying market's growth of 2-4 percent annually.
Target achievement: 28 percent, largely due to the acquisition of Danish company Urtekram.

EBIT margin: more than 10 percent

The target has been set to be able to develop the operations in the long term and to provide a stable return to shareholders. As a focused brand company, Midsona achieves economies of scale in all functions, from purchasing to sales, which will strengthen the EBIT margin. In addition, an improved product mix is expected to affect the margin positively. Synergies from implemented and future acquisitions are also expected to increase the EBIT margin.
Target achievement: 5.8 percent before non-recurring items.

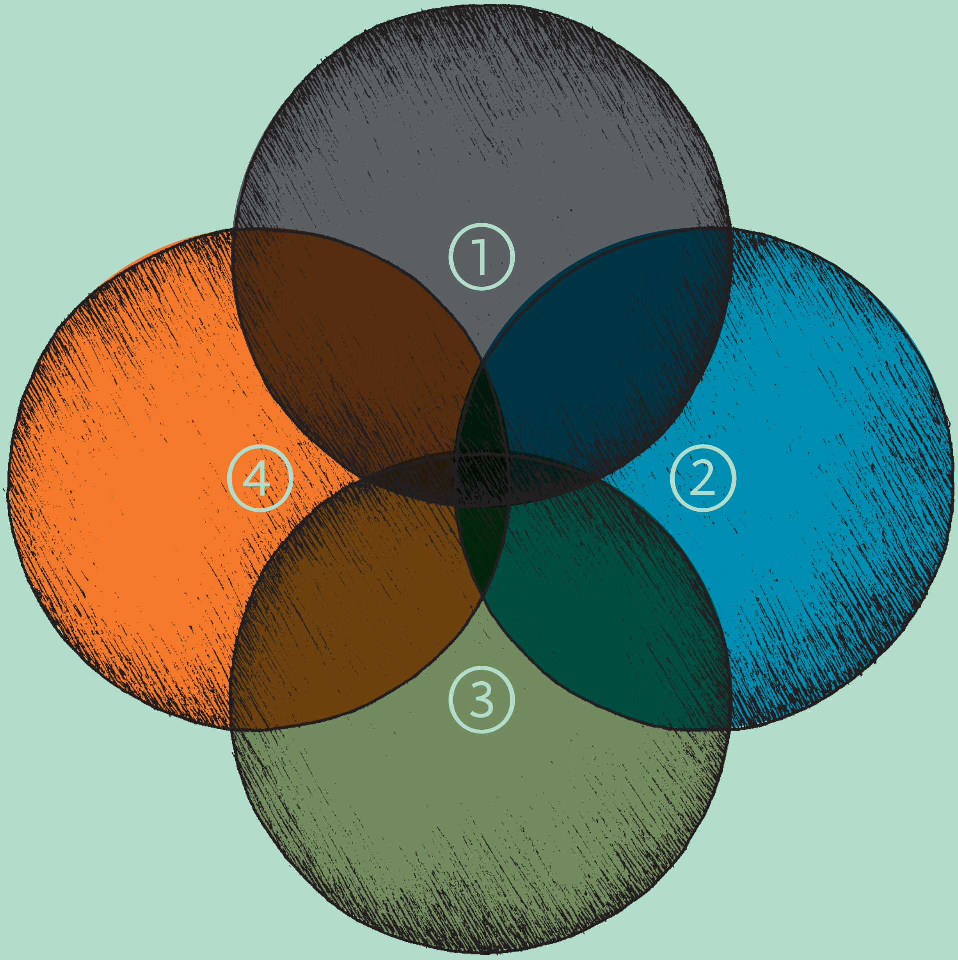
Net debt/EBITDA: a multiple of less than 2

The target links borrowing to earning capacity and has been set to define a reasonable level of risk. The target is to be achieved through active but responsible investments and a clear focus on operating cash flow.
Target achievement: multiple of 3.9. Periodically, the ratio between net debt and EBITDA on a rolling 12-month basis can be significantly higher than the target during the period following an acquisition, since the results of the acquisition have yet to reach full impact. For the period prior to the acquisition of Urtekram at the end of June 2015, net debt/EBITDA was a multiple of 2.3.

Dividend: more than 30 percent of profit after tax

The target is a well-considered proportion that provides shareholders with a reasonable return while ensuring that the company has the funds necessary to develop its operations aggressively.
Target achievement: The Board's proposal of SEK 1.10 corresponds to just over 47 percent, meaning that the dividend target has been surpassed over the past four years.

Four steps towards profitable growth



Midsona focuses on developing strong brands to become the Nordic leader in health and well-being. To achieve this objective, the Group works actively and consistently according to a growth strategy based on four well-defined parts.

1

Growth in prioritised brands

Midsona prioritises strong proprietary brands together with a select number of licensed brands, which the Group is developing in its principal markets of Sweden, Denmark, Finland and Norway.

In recent years, and often in the context of the Group's well-established brands, Midsona has launched numerous new product variations and innovations. In addition, the Group has renewed its packaging so that products are more visible and meet both consumers' and retailers' requirements. Midsona is also increasing its visibility and image in a number of ways through well-planned marketing.

In 2015, among other things, we:

- Increased the pace of innovation and launched more new products than ever. Most under the Urtekram, Friggs and Naturdiet brands.
- Developed new and clearer brand platforms for Naturdiet and Friggs, making it possible to broaden the product ranges.
- Developed a broader product range under the Friggs and Naturdiet brands.
- Launched new packaging design for Friggs and Naturdiet that better communicates the brands' values and highlights product families.

2

New growth areas

Midsona invests actively to establish itself in adjacent product areas, including through acquisitions.

To continue to maintain an attractive product range, Midsona is actively developing its offering through, for example, structured business intelligence where consumers and customers are central sources. Other sources are the trade fairs that are frequently visited and contacts with sector colleagues and the trade press. Often, acquiring a company with a developable brand within an existing or new and attractive product area is a more effective way to grow than starting from scratch. In recent years, Midsona has acquired a number of operations to complement its portfolio.

In 2015, among other things, Midsona:

- Acquired Danish company Urtekram, a pioneer in organic food, with sales of about SEK 460 million.
- Consolidated and integrated Urtekram and Norwegian company Soma – brands that were key drivers of growth in 2015.
- Continued to seek out suitable acquisition opportunities in priority areas.

3

Optimising the profitability of the product portfolio

Midsona continuously analyses its brand portfolio. These efforts are aimed at maintaining the focus on those products that deliver the best margin and, in parallel, developing or phasing out products not deemed able to achieve an acceptable gross margin.

Midsona continually evaluates its product range from the perspective 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.

Midsona also works proactively with product adaptations to increase revenue or reduce costs without compromising on quality. To streamline operations, Midsona has been working for several years to outsource production to national or international suppliers. Existing suppliers are evaluated on an ongoing basis to ensure the best terms and quality. This provides cost-efficient, flexible production that can be adjusted to trends and demand, without compromising on quality.

In 2015, among other things, Midsona:

- Launched more new products and product upgrades than ever. In its development process, Urtekram has maintained a very high pace of new product launches.
- Phased out of a number of unprofitable items and a number of smaller sales assignments.
- Worked actively to reduce costs for raw materials.

4

Efficient organisation

Midsona works continuously to adapt and streamline its organisation. To focus on its core operations, the Group has, for several years, basically had no production of its own. Instead, Midsona works closely with its suppliers, with a multifaceted quality assurance process and various types of support. In addition, the internal processes are improved continuously.

The acquisition of Urtekram represents a departure from that principle, but with the kind of organic products that Urtekram sells, it is important to maintain total control of production.

In 2015, among other things, we:

- Continued the integration of the acquired companies to realise cost and revenue synergies.
- Initiated the outsourcing of Dalblads' production, with the result that the production unit for these products was discontinued.
  Further strengthened the innovation organisation.
- Continued to coordinate the administrative functions to improve communication and thereby accelerate internal processes.
- Intensified central processing by strengthening the key account organisation.
- Created a new internal sales force in Sweden.

Trends and external development

UNDERSTANDING AND CAPTURING contemporary trends is crucial for Midsona's capacity to fulfil its mission: to make it easier for people to make their own contribution to a healthier everyday life. Consumers' needs, combined with the urge to contribute to a healthier everyday life is the fundamental driving force. Fulfilling the mission requires extensive knowledge of trends, consumer behaviour and how different products can contribute to a healthier life. Midsona has well developed methods for actively monitoring the external environment, for detecting new trends early and developing products that meet consumer needs. Demand for Midsona's products is benefiting from a generally strong global trend: interest in health.

Better health is a global challenge

Health and well-being are linked to development, prosperity and growth. Among others, this has been stated by the World Economic Forum, which in 2015 highlighted the importance of health for the economy as one of the most important global issues. In pace with growing prosperity and rapid urbanisation, the proportion of the population able to pursue a modern lifestyle is increasing. This is a fundamentally positive trend, although it also gives rise to new challenges. By 2020, over half of the world's cases of disease may be linked to chronic conditions such as cardiovascular disease, obesity and diabetes ❶. At the same time, there is increasing recognition of the value of a balanced diet, as well as the willingness to pay for various health products. Midsona's market is affected positively by these trends: in particular by the increased willingness among individuals to invest in their own health.

❶ Strategic trends in a global perspective. Office of Strategic Analysis, Swedish Government Offices

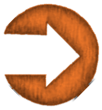
Interest in health and well-being can be broken down into several trends that guide consumption patterns, for example, the desire to live an active life, the rise of the organic and the sustainable, for products to be natural, fresh and preferably locally produced, and free from additives. Although the trends mentioned above are strong, particularly in a Nordic perspective, they are not entirely clear-cut. Polarisation is increasing: while record numbers are signing up for health runs, the number of people suffering from obesity is also rising.

We are what we eat

Increased awareness of the importance of food is a major global trend. This manifests itself partly in the form of an increased distrust of processed foods, as well as an increased interest in the origins of raw ingredients, what food contains and what a balanced and healthy diet entails.

Research firm Nielsen has studied consumers' opinions on health and eating in the report, "We are what we eat – healthy eating trends around the world". This shows, among other things, that growth at the global level is higher for healthy products than for the sweets and treats category. Consumers are looking for fresh, natural and minimally processed foods. Sound ingredients that promote good health are also valued highly. It is

Trends

	Characteristics	Percentage of global consumers stating "very important"	Nordic perspective	Development in the Nordic countries
Natural ingredients without additives	Natural raw ingredients, free from genetically modified substances, no artificial colours and flavours, preferably natural flavours.	36–43%	"Natural" and "free from" are very strong in the Nordic countries	
Less is more	Products with, for example, low cholesterol, fat and calories, and that are caffeine and gluten free.	21–38%	Important trend, particularly lactose and gluten free	
Enriched products	Whole-grain, fibre or protein-enriched; calcium, vitamin and mineral supplements more polyunsaturated fats.	25–36%	Whole-grain and fibre strong trend	
Sustainable products	Organic/organic raw ingredients, fairtrade-labelled.	26–35%	The eco-trend is strong, locally produced is also important	

Source: Nielsen 2015: We are what we eat – healthy eating trends around the world (www.nielsen.com/us/en/insights/reports/2015/we-are-what-we-eat.html).

the younger consumers who show the greatest willingness to pay more for healthy ingredients.

The strongest global trends are natural ingredients without additives, which are considered very important by four in ten consumers. Other trends affecting consumption decisions are products with lower levels of unhealthy substances, or that have been enriched with beneficial ingredients, or products that are in line with the philosophy of sustainability.

Nordic consumers are generally trend-sensitive and thus pioneers who embrace new trends early. Sustainability and organic products in particular are an especially powerful trend in the Nordic region. In Sweden, the market for organic food has rose by 38 percent in 2014 to slightly more than SEK 15 billion. In Denmark, the corresponding increase was estimated at 8 percent in 2014, while the global market for organic food grew by 10 percent.

According to Nielsen, six out of ten Swedes are prepared to pay more for organic products and natural ingredients, while five out of ten are willing to pay more to avoid artificial colours and flavours ❶. The eco trend is gaining intensity – half of Swedes always or often buy organic alternatives ❷.

In Urtekram's home market of Denmark, organic foods account for about 8 percent of the food market, the highest figure in Nordic countries. It is, however, the Swedish market that is growing fastest. In Norway too, the market is growing quickly, with growth of about 25 percent in 2015.

❶ www.nielsen.com/se/sv/press-room/2015/sex-av-tio-betalar-gaerna-mer-foer-ekologiskt.html

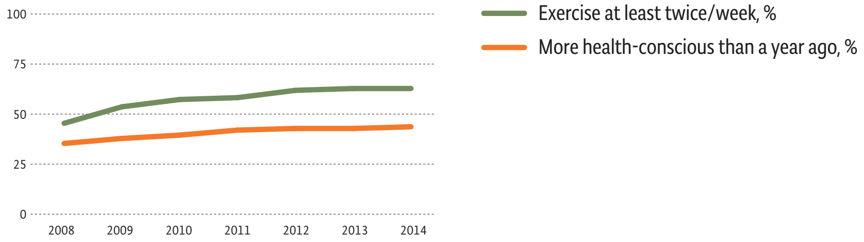
❷ www.ekoweb.nu/attachments/67/27.pdf

Increased interest in exercise and activity

Over the past decade, the number of applicants to the Vasaloppet ski race and the Göteborgsvarvet 21 km run have basically doubled. This reflects a growing interest in health and well-being that benefits Midsona, both directly in the form of increased demand

Swedes' exercise habits

Source: Swedish Sports Confederation



for sports nutrition and indirectly through increased interest in exercise normally also leading to changes in dietary habits.

Among Swedes, 64 percent exercise at least twice a week and as few as 17 percent exercise rarely or never, according to the Swedish Sports Confederation. Interest in everyday exercise – such as cycling to work – is increasing. The sector organisation Frisk estimates that wellness companies in Sweden generated sales of SEK 3.6 billion in 2013 and this is growing fast. According to the sector, more than 1.1 million Swedes trained at a gym during the same year, a doubling since 2000.

According to a study by the Swedish Trade Federation, nearly 75 percent of consumers surveyed consider themselves to be health conscious when shopping and nearly 45 percent say they are more health conscious than they were a year ago.

Identifying trends is a priority

Watching out for shifts in trends and for entirely new trends is a priority in Midsona's work. All employees working in sales and marketing attend as many events as they can to monitor trends, including the major food fairs. It is important to monitor what is written, both by people in the sector, but also of course by end users, to keep abreast of their thinking on health, well-being and organic products. It is important that such monitoring be carried out internationally, both in other European countries and the US, where many of the trends reaching Europe and the Nordic region originate.

Increased interest from the retail sector

The increased interest in products related to health and well-being has stimulated the retail sector's interest in this area. The key channels to consumers are supermarkets, healthfood retailers, pharmacies, and e-commerce sites.

Supermarkets, with their major consumer flows, continue to increase their sales of non-prescription drugs. This is also expected to gain added importance as healthfoods increase their relative share of sales of products for health and well-being.

Pharmacies in the Nordic region are increasing their sales of non-prescription products that promote health and well-being. The strength of the pharmacies lies in their mix of pharmaceutical knowledge and broad expertise in health.

Healthfood retailers have undergone a process of consolidation in recent years. They see active counselling as an important part of their offer. This attracts groups that follow lifestyle trends at an early stage and make informed choices.

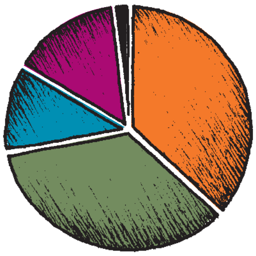
E-commerce will increase product availability and customer convenience. E-commerce is primarily driven by the traditional channels, although there are now a number of specialised e-commerce companies.

How Midsona is winning in the market

THE FOUNDATION OF MIDSONA'S STRATEGY is to develop and acquire brands, currently-focusing on the Nordic countries. Through the acquisition in 2015 of the Urtekram brand, based in Denmark, the company took a major step into the growing area of organic healt-hfood, an area in which growth is expected to be very strong in the Nordic region over the next few years.

Midsona will continuously strengthen its product portfolio with the objective of increasing the proportion of proprietary brands. These activities serve to strengthen the company's position in the Nordic market, where the interim objective of becoming a Nordic company has been achieved through the acquisition of Urtekram.

Sales by geographic market



Sweden, 37%
Norway, 35%
Finland, 11%
Denmark, 15%
Other countries, 2%

The strength of a Nordic group

The Nordic countries remain relatively diverse in terms of consumer preferences and the brands that are available in the different countries. Midsona hair now gained Nordic strength with the addition of Urtekram and has established the brand and its products in the Nordic countries.

Many international companies that would like to be represented in the Nordic region seek a common contact for the entire region. Over time, Midsona aims to be able to secure international sale contracts of this kind.

Continuous innovation

In winning the war in the stores, innovation plays a key role. Midsona is a coordinated group with brands that bridge the Nordic borders. Our marketing functions work closely with the product development department on an ongoing basis. Efforts are organised through a product range council that includes representatives of the marketing, product development and purchasing functions. Purchasing is included to be able to make contact with suppliers quickly, since Midsona has no proprietary production. The process has changed somewhat with the acquisition of Urtekram, which does have proprietary production.

The process of developing a new product starts with an idea being presented to the product range council, after which the process of further developing the idea ensues. The product range council is a meeting at which decisions are made to initiate projects to develop a product. Work then progresses in different project teams whose composition is determined by which brand the product involves. When the idea is presented, it is important that market trends and the competitive situation are mapped out, to best describe and explain why Midsona should develop the product.

The food companies work continuously to meet the windows in which the FMCG and specialist retail sectors revise their product ranges to be able to launch new products. The

retail sector determines the time at which Midsona has the opportunity to launch a new product. Accordingly, the organisation is constantly subject to demands that projects should progress quickly and for the pace at which new products are introduced to increase.

Many factors have an impact

Numerous different factors determine whether or not there will be a new product. The cost scenario must be right, and the right suppliers must be found who can provide the required quality. The market analysis might suggest that there is no scope for the new idea, unless it can be modified, possibly niching the product by, for example, making it gluten-free or as pure and natural as possible, i.e. organic. It's all about the right timing, both internally and externally.

Midsona launches a large number of products

Midsona's recently acquired Danish organic trademark Urtekram is known for its high rate of innovation. Each year, about 100 new Urtekram products are launched. The expectation on the brand's innovations are high and the company is expected to deliver new products that respond to the most recent trends. Consequently, it is important that Urtekram always comprehends what is going on in the market and what needs consumers have. The retail sector also expects Urtekram to be innovative and to continuously present new products .

To be able to launch 100 products a year, Urtekram aims for a straightforward innovation process. The company reacts quickly to trends and has the advantage of having proprietary production, which makes it easier to develop new products quickly.

Through a successful innovation process, a series of new product variations and innovations were also launched under the Friggs and Naturdiet brands over the year.

Our brands are our sharpest weapon

MIDSONA OFFERS A very wide range of products in health and well-being and is able to meet many specific needs in the area. The ambition is to be at the forefront and develop existing brands while also bringing in new brands that meet current and emerging trends. The trend is driven by increased interest in health, focusing on what we put into our bodies and why we should or should not do this.

What consumers eat helps create or strengthen their personal brand. Those who eat organicly have a conviction that this is healthy and beneficial, not only for them, but also for the planet. The personal branding trend also encompasses what stores we shop at. Shopping at stores such as Whole Foods in the US or Paradiset and other shops emerging in Stockholm's Södermalm district represents a lifestyle and is an aspect of personal identification.

Strategic focus on distinct brands

A few years ago, Midsona made a strategic choice to focus on becoming a company with distinct brands. In 2015, the proprietary brands accounted for a total approximately 63 (55) percent of the Group's sales of products. Several of these brands hold strong or leading positions in selected segments within each product area. This generates opportunities for increased exposure in stores and for these products to then be chosen by customers. Today, Midsona prioritises eight proprietary brands: Dalblads, Friggs, MyggA, Miwana, Naturdiet, Supernature, TriTolonen and Urtekram. In addition, Midsona represents a number of client brands and retains a number of other profitable proprietary brands.

Midsona actively protects its brands through structured registration at the national and European levels. The company works continuously to develop its brands to create opportunities for continued growth. This is safeguarded by monitoring upcoming market trends consumer behaviours.

To improve its product offering, Midsona has, in recent years, often within the framework of established brands, launched a number of new product variations and innovations.

Seeking "personal" brands

Consumers increasingly seek "personal" brands, deselecting major, established brands. People build their own personal brands, not only by what they wear or where they live, but also by what they eat and drink. Fundamental to this development is that there is much greater interest in health today, a greater awareness, but also increased knowledge of the products and their contents compared with just a few years ago.

Midsona's acquisition of Urtekram in 2015 has many dimensions. Foremost among these is the strength and clear niche of the brand. For this reason, Urtekram fits well with Midsona's strategy, based on strong brands. Choosing products from Urtekram is a clear way to tell your surroundings what kind of person you are or want to be. It shows that you are a conscious consumer, who eats organicly and takes responsibility for the future.

Broader FMCG range

Another successful brand is Dalblads, which was acquired in 2012. Midsona made the acquisition primarily because it perceived potential for the brand in supermarkets. In just a few years, Dalblads has become number one in its category and it is the brand that has established sports nutrition in Swedish supermarkets.

Friggs is one of Midsona's strongest brands. Many associate the Friggs brand with nutritional supplements, tea and rice and corn cakes. The company has recently further developed the brand strategy that it launched in the spring of 2015. Among other things, the strategy included a new product design. Regardless of where you are in the store, you should recognise Friggs products. In 2015, Friggs' launches included superfoods and bars containing super seeds – evidence of the brand's great potential and very broad prospects.

Eight priority brands

Urtekram

Urtekram is a leading brand within organic colonial and frozen foods, certified organic care products and products aimed at people with allergies, including lactose and gluten-free products.

The product portfolio, which is mainly available through supermarkets, is very broad and includes nuts, snacks, fruit, dairy products, bread, frozen foods, oil, vinegar, cereals, spices, grain, rice, pasta and juices. Urtekram also has a broad product portfolio in body, face and hair care and oral hygiene.

Friggs

Friggs is a broad health brand since it always contains ingredients with documented health effects. Frigg attaches great importance to making its products attractive. Accessibility, product design and custom packaging convey simplicity. Under this brand, we primarily develop and market products with a clear food profile. The range is primarily available in supermarkets and includes corn cakes, rice cakes, nutritional supplements, juices, crispbreads, bars and teas.

Dalblads

Dalblads has been a pioneer in the sports nutrition market in Sweden since 1998. Dalblads sports nutrition products target people who exercise on a daily basis, as well as elite athletes, whether they practise strength training or endurance sports. The products can be used before, during and after exercise. Dalblads' most popular product is SWEBAR, a protein bar in 15 different flavours and Sweden's best-selling protein bar. The products are marketed through e-commerce sites, other specialist retailers and supermarkets. Other products include protein powders, sports drinks and energy gel.

Naturdiet

Naturdiet offers alternative meals for a healthy lifestyle whether these are eaten for breakfast, lunch or as a snack. The products are full of vitamins and minerals that the body needs, but always have a low energy content. Several of the products are also high in protein, suitable for an active lifestyle. Under the Naturdiet brand, Midsona develops and markets nutritious but low-calorie drink mixes, bars, smoothies and shakes, adapted to different weight control programmes. There are also lactose-free, low-calorie, high-protein products. The products are mainly found in supermarkets.

Midsona’s operations are based on strong proprietary brands. At the end of the year, the Group had some 20 proprietary brands and, among these, work with eight brands: Urtekram, Friggs, Dalblads, Naturdiet, Tri Tolonen, Supernature, MyggA and Miwana is prioritised. Four of these play a very central role in the Group’s growth. These are Urtekram, Friggs, Dalblads and Naturdiet, which accounted for a large proportion of total Group sales in 2015.

Tri Tolonen

Under the brand name Tri Tolonen, Midsona provides high-quality dietary supplements, including vitamins, minerals and antioxidants. Some of these are unique, such as E-EPA, Carnosine, Berberine and Q10. The range also includes vitamin D, melatonin and magnesium. The products, which are primarily sold through Finnish healthfood retailers, pharmacies and supermarkets, have been developed as an alternative to pharmaceuticals for strengthening both health and physical and mental well-being.

Supernature

Superfoods are simple foods from nature with a naturally high concentration of key nutrients. Superfoods are natural food. Because it is so concentrated, it is only necessary to eat small amounts. Supernature offers products containing, for example, algae, goji berries, cocoa and other raw ingredients containing nutrients that are beneficial to our health. They can be used as individual dietary supplements or to form a more complete diet. The products are primarily available in healthfood shops.

MyggA

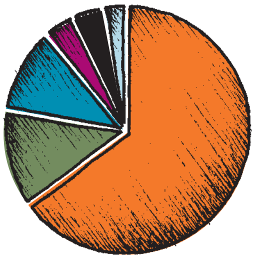
For many years, MyggA has been Sweden’s leading mosquito repellent and several variants are available to suit different needs and requirements. MyggA is a repellent that prevents mosquitoes and other bloodsuckers from biting and stinging. The same family also includes FästinG which reduces the risk of tick bites. The products are available from pharmacies, healthfood shops and supermarkets, as well as from e-commerce sites.

Miwana

Miwana/Renässans is the natural choice for the entire family for cold-related nose and throat problems. The products contain a natural salt solution and were developed in close cooperation with physicians and other medical experts. The range includes nasal drops and sprays that are sold under the name Renässans in Sweden. They alleviate nasal congestion, rinse and moisturise, treat, and prevent symptoms and the cause of the common cold. The products are non-addictive and gentle and are marketed primarily through pharmacies.

How we secure sales

Product sales by sales channel, Group



- Supermarkets, 65%
- Healthfood retailers, 13%
- Pharmacies, 10%
- Other specialist retailers, 5%
- e-commerce/post order, 4%
- Other sales channels, 3%

MIDSONA'S FOUNDATION is its proprietary brands. The primary function of Midsona's sales work is to generate the distribution of the brands, that is, to ensure a flow of products at customers' outlets that continuously meets the effects of the marketing department's activities directed at consumers. The more channels Midsona has and the more aggressive its marketing communications, the higher the demands on sales and distribution.

Sales channels

Midsona should be where the consumers are. Accordingly, the Group does not exclude any channels, although some are prioritised based on size. The sales department is structured according to the size of each customer or channel – or the scope of the potential.

Midsona has a well-defined structure for the sales processes in all business areas. The basis entails working centrally with large customers in FMCG and healthfood retail. Other significant channels are pharmacy chains and other specialist retailers. In addition to these, e-commerce is a rapidly growing channel, with sales virtually doubling every year.

Introducing products

Developing customer relations and introducing new products to them is handled centrally. The supply chain then makes sure that the products reach the shops with Midsona's help. This means that both central processing, as well as development of customer relations at shops out in the field are necessary.

To achieve optimal distribution, clear planning and structure are important. Midsona works on the basis of seven sales cycles per year, with each cycle lasting six to eight weeks. The year commences with a sales conference, including education and training in sales calls, as well as the planning of the sales cycle.

Shelf exposure

In parallel with activities to introduce new products, salespeople also work on good shelf exposure. Ultimately, this is a matter of supporting the stores in how they sell the products. The traditional approach is to introduce the products – to sell them to shops and websites. However, what is of most interest to the shops – and also to Midsona of course – is selling to end consumers. It is important to maintain a steady flow of creative ideas, great displays and good exposure on the shelves.

Since mid-December 2015, Midsona has a dedicated sales force in Sweden, streamlining control of the sales process. Information paths are becoming simpler and shorter, meaning that salespeople can change or refocus their sales activities more quickly.

How we assure quality

MIDSONA APPLIES A QUALITY POLICY that, at a comprehensive level, states that Midsona is to maintain a high level of quality in its products, as well as being a serious and honest company. the company has a large number of suppliers, both Nordic, and European , as well as a few non-European companies. In addition, Midsona has a number of suppliers involved in ongoing development projects, where the Group is working on development with several suppliers in parallel for as long as possible, providing various options to choose between. The process may end with Midsona choosing a completely different supplier – an exchange process that is always in progress. This is a meticulous and extensive process that can extend over a longer period.

The first selection

The first question for a potential supplier is whether it is even able to manufacture the new product that Midsona wants to develop and if the supplier meets the quality and cost requirements. Other basic questions include whether the supplier has the appropriate capacity and can meet the schedule.

Midsona then selects two or three suppliers that the company believes can cope with the ongoing detailed quality control. Midsona's quality department will then send a questionnaire regarding, for example, what quality certifications the supplier has, but also questions such as how long the company has been in business and its financial status. The supplier must also agree to live up to Midsona's Code of Conduct.

The specification to suppliers for production of all products, generally states demands regarding packaging, recycling and the necessary certificates for the origins of raw materials. For a product to be considered organic, for example, it must have as few additives as possible.Colours may not be used and the flavourings that are permitted are based on natural aromas.

Design is important

It is often the design of the product itself that determines what suppliers are to be used. This is because although Midsona may be able to find a good and reliable supplier, it may not be able to provide the right packaging format – such as jars or specially designed bags. A high-quality supplier might not be able to fulfil a specific detail at that particular moment and is therefore excluded.

In this way, Midsona builds a comprehensive picture of the supplier. There is often a previously established contact, perhaps Midsona has met the supplier at a trade fair. The suppliers that Midsona chooses to proceed with are paid a follow-up visits by Midsona's Quality and Purchasing Manager.

Systematic quality assurance

During the visit , Midsona focuses on systematically reviewing various parameters , such as volume, price and logistics, to ensure that the supplier meets Midsona's requirements. The entire production process is analysed in detail – opportunities for traceability are important. Various quality agreements are also gone through to clarify issues regarding deviations for example.

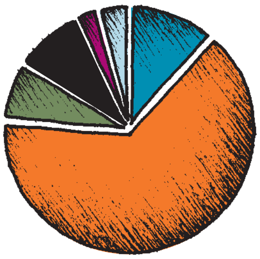
Midsona's objective is to visit all existing suppliers at least every three years.

Business areas

Sweden

Sales channels

external product sales



- Supermarkets, 65 %
- Pharmacies, 11 %
- Healthfood retailers, 8 %
- e-commerce/post order 9 %
- Other specialist retailers, 3 %
- Other sales channels, 4%

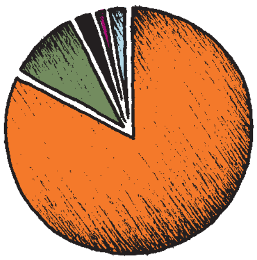
Key figures	2015	2014
Net sales, SEK m	421	439
Net sales growth, %	–4.1	0.9
Operating profit before non-recurring items, SEK m	36	37
Non-recurring items included in operating profit, SEK m	–15	2
Operating profit, SEK m	21	39
Operating margin, %	5.0	8.9

- Continued strong underlying market trend.
- The business area's existing brands developed well over the year and the number of innovations has held at a good level.
- Systematic and long-term marketing has deepened existing customer relationships and strengthened positions among major retail customers.
- The integration of Urtekram and Soma has required resources, although these have, at the same time, been the greatest growth engines.
- Dalblads' production unit in Stenkullen closed in early 2015. A new supplier, new formulations and new packaging have been established.
- The business area has established a sales force entirely of its own, which began work on 15 December 2015. The change entails more focused marketing and sales efforts that can be controlled more effectively.
- The National Food Agency published a report on the possible presence of inorganic arsenic in rice products, which impacted sales of rice cakes negatively in the fourth quarter.

Denmark

Sales channels

external product sales



- Supermarkets, 82%
- Pharmacies, 0%
- Healthfood retailers, 10%
- e-commerce/post order 3%
- Other specialist retailers, 1%
- Other sales channels, 4%

Key figures	2015[1]	2014
Net sales, SEK m	284	–
Net sales growth, %	–	–
Operating profit before non-recurring items, SEK m	13	–
Non-recurring items included in operating profit, SEK m	17	–
Operating profit, SEK m	30	–
Operating margin, %	10.6	–

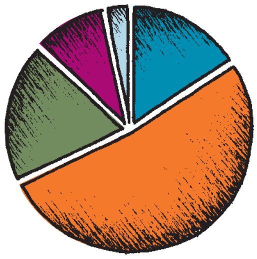
[1]Pertains to 1 July – 31 December. Sales include sales by Urtekram in Sweden, Finland and Norway.

- Urtekram was acquired on 1 July 2015 and the Denmark business area was thus established.
- Sales developed very strongly in 2015, particularly in the Swedish and Finnish markets.
- The integration of the business area's Swedish, Finnish and Norwegian operations will achieve full effect during the first quarter of 2016.
- Urtekram was founded in 1972 as a pioneering company in organic food products. Today, the product portfolio including nuts, snacks, fruit, dairy products, bread, frozen food, oil, vinegar, cereals, spices, grain, rice, pasta and juices. There is also a broad product portfolio in body, face and hair care and oral hygiene.

Norway

Sales channels

external product sales



- Supermarkets, 53%
- Pharmacies, 15%
- Healthfood retailers, 19%
- Other specialist retailers, 10%
- Other sales channels, 3%

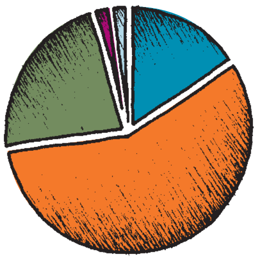
Key figures	2015	2014
Net sales, SEK m	401	395
Net sales growth, %	1.5	0.8
Operating profit before non-recurring items, SEK m	41	45
Non-recurring items included in operating profit, SEK m	4	3
Operating profit, SEK m	45	48
Operating margin, %	11.2	12.2

- Acquisition of Soma at the end of 2014/start of 2015.
- Rapid integration of Soma.
- In supermarkets, two major changes have had an impact. Coop in Norway acquired ICA AB's subsidiary in that country, reducing the number of major players to three. In addition, Norgesgruppen, with about 40 percent of the market, implemented a project resulting in a changed sales process.
- Over the year, the business area strengthened its position in most of its brands. Partners' brands have also been strengthened.
- The market for organic food constitutes about 1.5 percent of total sales within the food market.
- The acquisition of Soma brings additional strength in superfood concept together with Udo's Choice and Supernature.

Finland

Sales channels

external product sales



- Supermarkets, 57%
- Pharmacies, 16%
- Healthfood retailers, 23%
- Other specialist retailers, 2%
- Other sales channels, 2%

Key figures	2015	2014
Net sales, SEK m	102	114
Net sales growth, %	-10.5	-0.9
Operating profit before non-recurring items, SEK m	7	12
Non-recurring items included in operating profit, SEK m	0	–
Operating profit, SEK m	7	12
Operating margin, %	6.9	10.5

- The market remained cautious, with retailers postponing orders and reducing their inventories. Accordingly, sales declined for several priority brands.
- However, Friggs continued to show good growth in FMCG retail. Salus also showed good growth.
- US magazine *Readers' Digest* named Tri Tolonen as the third most reliable dietary supplement in Finland. Tri Tolonen sees considerable opportunities for growth, despite fierce competition in the category.
- The sales force has been strengthened, focusing on supermarkets.

Sustainable business

MIDSONA OPERATES in a society that we depend on and contribute to in various ways. With our experience, expertise and innovations, we seek to contribute to society and the development of our own sector.

Midsona imposes stringent demands on business ethics and works according to the Code of Conduct that it has designed in accordance with the principles of the UN Global Compact, and which provides a framework for our operations. Among other things, this entails that we apply fair business, marketing and advertising methods in all contexts, . Because we have signed up to the UN Global Compact, we report annually on our progress in relation to the ten principles of human rights, labour law, the environment and anti-corruption.

Midsona applies quality and environmental policies that pervade the operations. With the acquisition of Urtekram, these efforts will be further developed.

Midsona's products fall under the categories of food, pharmaceuticals, medical devices, cosmetics and chemical technology products, all of which are subject to rigorous safety requirements. The products under the Urtekram brand are 100 percent organic foods and organic hygiene products. Midsona is the guarantor for the brands and products included in the company's operations being safe to use. The company complies with current European legislation for the various product groups and at least equally extensive legislation on marketing and production. Practical supervision is exercised by authorities in the relevant countries.

Midsona observes the EU's regulation regarding health claims for dietary supplements. The regulation aims to ensure that consumers are able to rely on the health effects that companies state on their products and in their marketing. This means that the companies may only use the health claims listed in the EU regulation.

Midsona's environmental responsibility

Caring for the environment and the world around us is an obvious and natural part of Midsona's work. To be able to make it easier for people to make their own contribution to a healthier everyday life, it is of considerable importance to work for a sound and sustainable environment. By gradually adapting our operations, the aim is to prevent or minimise the impact of products and processes on the environment. The ambitions are set out in Midsona's environmental policy. Our objectives are to:

- Integrate environmental work into day-to-day operations and to take the environment into account to the greatest extent possible in every decision.
- To use adapted products to the greatest extent possible.
- Our employees shall always consider whether travel is necessary and make use of the possibilities offered by videoconferencing equipment and conference telephones.
- Reduce the use of consumable and office materials and to reduce our energy consumption.
- Sort our waste.

Some of our certifications *

Coeliac
Crossed Grain Symbol Licence Europe. License used for gluten-free products. Renewed annually. Issued by Coeliac UK.

Krav
Renewed annually. Issued by Kiwa, Uppsala, Sweden.

Eco-cert
Used only for bodycare products, new approval each year. Issued by Ecocert Group, France.

Svanen (the Swan)
Environmental label Issued by Miljømærkning, Denmark.

* Pertains to Urtekram's products

- Meet the requirements of customers, authorities and the general public with regard to environmental issues.
- Continuously be prepared to reassess previous approaches and to update our environmental targets.

Production

Midsona accepts its social and environmental responsibility by only using suppliers who accept and live by the terms of Midsona's environmental policy and code of conduct. The vast majority of Midsona's products are categorised as foodstuffs. Midsona ascertains that existing or prospective suppliers are certified in accordance with one of the approved standards of the GFSI (Global Food Safety Initiative) for the production of food. ISO 22000 is the generally accepted standard in food production. For organic products in the range, organic raw materials and handling are to be corroborated by the appropriate documentation/certificates and the company devotes considerable energy and time into mapping out its supply chain. The company continuously visits its suppliers to review production and cement a mutually beneficial relationship.

In particular, Midsona seeks to understand and map out the production process – from the way in which raw ingredients are cultivated, to how completed products are shipped to customers. For the Urtekram brand especially, which is 100 percent organic, it is important to clarify all the steps in the process to be able to perform a correct risk assessment and to identify where problems arise, enabling Midsona to provide better support and assure the quality of products. In addition, the company wants to ascertain whether there are any stages at which there is a risk of foreign substances contaminating products. During the visit, the supplier must answer a questionnaire asking, for example, how long the company has had organic operations, how long it has been a supplier and if there are any specific risks associated with its products. The supplier's control organisation is also reviewed and an assessment made of how committed the supplier is with regard to ecology. All parameters are summarised, producing a total value that indicates the supplier's risk level.

Other standards apply for pharmaceuticals, including production according to GMP (Good Manufacturing Practice).

Social responsibility

Most of Midsona's products are produced in Europe, where there is generally considered to be relatively good control of working conditions. Midsona works based on a certification for social responsibility (SA 8000), which focuses on employees and their working conditions, as well as on suppliers. The standard is based on the ILO's core conventions, the UN's Universal Declaration of Human Rights and the UN's Convention on the Rights of the Child. The body behind the standard is Social Accountability International (SAI), a non-governmental initiative by multiple parties.

SA8000 certification is achieved by companies meeting a series of specific demands in terms of management, procedures and performance in nine areas.

The control of the companies' commitment to these areas is carried out by a number of accreditation and certification bodies headed by SAI. Environmental work is an important element in the specification of requirements when Midsona procures transport services. The hauliers with whom Midsona Sweden has agreements are ISO 14001 certified and have appended their environmental policies to the agreements. Midsona monitors suppliers' development through regular visits and inspections. In the rare cases where deficiencies are identified, improvement is sought through a specific plan of action. In those cases where this is not possible, the business relationship is terminated. To ensure responsible, continuous and undisrupted operation, Midsona continuously visits and assesses alternative suppliers.

Activities in 2015

During 2015, Midsona was among the companies sponsoring the SOS Children's Villages in Bouar in the Central African Republic. Among other things, this annual support has helped provide education, a home and a secure childhood.

In Finland, Midsona supports Helsinki's new children's hospital for seriously ill children, which is scheduled for completion in 2017.

Continuous quality work

Midsona works continuously with quality assurance according to a management system that includes quality and environmental management. These continuous efforts safeguard the development of the business while maintaining compliance with relevant laws and guidelines. In the day-to-day operations, the management system, which has been approved by the CEO, is handled by the company's regulatory department.

The acquisition of Urtekram has brought knowledge and expertise in the area of sustainability to the company. It is Midsona's intention to use these skills to further develop the company's sustainability work.

High ethical demands

Midsona imposes stringent demands on good business ethics and operates according to the Code of Conduct it has formulated in accordance with the UN's framework. Among other things, this entails that the company applies fair business, marketing and advertising methods in all contexts. Midsona has also joined the UN Global Compact and reports annually on progress with regard to ten principles of human rights, labour, the environment and anti-corruption. Together with the Code of Conduct, these principles provide a framework for the entire operations, including employees, suppliers and partners.

Midsona's Code of Conduct

- We respect the rights of all individuals.
- In all contexts, we strive to apply fair business, marketing and advertising methods.
- We respect current legislation and lead our company with integrity and honesty.
- We do not, in any way, involve ourselves in illegal operations.
- We undertake to conduct operations in a manner that contributes to a sound and sustainable environment.
- We do not permit bribes to be offered or accepted.
- We encourage our personnel to report illegal or unethical behaviour.

Risks and risk management

ALL BUSINESS OPERATIONS must manage uncertainty regarding future events that could affect the operations positively, bringing opportunities to generate increased value, or negatively, incurring a risk that targets will not be reached, with reduced value being generated for shareholders and other stakeholders as a consequence. Consequently, risk management is an important element in the governance and control of the operations.

Midsona is affected by the general economic situation, currency exchange fluctuations and other company-specific external factors. This section details the most significant risks affecting the capacity to achieve set operational and financial targets for the Group, as well as the management of each risk. Midsona actively seeks to minimise risks through preventive efforts and, where this is not possible, to hedge or insure against the risk in as cost-efficient and balanced a manner as possible, with well-considered risk taking within set limits.

Risk management is governed at an overarching level by the Board of Directors and the Audit Committee, as well as at an operational level by the CEO, management team and other employees.

The account of risk factors presented below does not claim to be exhaustive, nor is it ranked by order of importance. Not all factors are described in detail, and a complete assessment must include other information and a general assessment of external conditions.

Operational risks

DISTRIBUTION AGREEMENT

Description	Risk management	Exposure/comment
A considerable proportion of the Group's sales of goods derives from distribution agreements, according to which Midsona holds an exclusive right to market, sell and distribute other companies' products in a defined market. Normally, such distribution agreements extend over a period of one to five years and can, under certain circumstances, be cancelled prematurely if, for example, agreed minimum sales volumes cannot be achieved. There is always a risk that Midsona will not manage to extend distribution agreements or enter new distribution agreements with acceptable terms.	Midsona has extensive experience of marketing, selling and distributing products on customers' behalf in the Nordic health and personal care market. In such partnerships, relations with the customer are built up in the long term through continuous follow-up meetings and other joint activities at different levels in the organisation, generating mutual trust. With access to the Group's market expertise, licensed products are afforded favourable opportunities for growth and favourable profitability, which normally provides a good foundation for long-term cooperation.	Three distribution agreements were terminated in 2015. They were terminated at the end of 2015. Proportion of sales of goods from proprietary and licensed brands:  Proprietary brands, 63 % (55) Licensed brands, 37% (45)

SUPPLIERS

Description	Risk management	Exposure/comment
Midsona conducts proprietary production of goods and also uses external suppliers, primarily within Europe. Supplier disruptions are a risk for the Group, taking its commitment to customers into account.	The Group works actively with sourcing issues, with close cooperation with suppliers being necessary for reliable deliveries. Where possible, the Group also works with alternative suppliers for critical products.	Through its relations with suppliers and measures it has implemented with regard to alternative suppliers, the Group has not suffered delivery disruptions affecting its relations with customers.

CUSTOMER DEPENDENCY AND CUSTOMER CREDIT RISK

Description	Risk management	Exposure/comment
Midsona has some 200 active customers, of whom the ten largest account for 54 percent (52) of net sales. If Midsona is unable to live up to the demands imposed by its largest customers, and if customers fail to meet their payment obligations, Midsona could be negatively affected.	Customers are primarily pharmacies, FMCG chains and healthfood retailers with whom customer relations are generally rather long term. Increasingly, Midsona offers its products directly to the end consumer through e-commerce/post order, as well as other specialist retailers. By extending its customer base, Midsona can reduce its dependency on a small number of customers. Customer credit risk is managed on an on-going basis by each subsidiary through credit checks and internal credit limits for each customer. Bank guarantees or other sureties are required for customers with low creditworthiness or insufficient credit history.	At the end of the year, accounts receivable, trade amounted to SEK 131 million (100), corresponding to an average customer credit period of 48 days (49). Customer losses amounted to SEK 1 million (2) and have, over the years, remained at a relatively low level.

PRODUCT RESPONSIBILITY

Description	Risk management	Exposure/comment
Handling foods imposes rigorous demands on traceability, hygiene and handling. Poor control can lead to contamination, allergic reactions or various kinds of injuries. Deficiencies in food handling could lead to confidence in Midsona and its brands decreasing and defective products having to be recalled or repurchased. Recalls can be costly and damage the Group's reputation while preventing inventories from being sold. Midsona could also be subject to product responsibility demands if its products are claimed to have caused personal injury.	Midsona applies rigorous quality requirements in all processes to minimise the risk of all types of faults, product recalls or other damage claims. Agreements with suppliers impose requirements for documentation and traceability to safeguard the quality of products. Suppliers are scrutinised through inspections in accordance with a rolling schedule and all raw ingredients and semi-manufactured goods undergo laboratory testing to ensure that they are the right raw ingredients of the right quality before being used in the products. In Midsona's quality assurance system, possible complaint flows can be captured at an early stage for proactive purposes. In addition, Midsona adheres to relevant legislation, regulations and industry guidelines that are applicable to each of its product categories. Midsona also holds insurance against possible product responsibility demands.	During 2015 Midsona experienced two unplanned product recalls (2), which were minor in nature. These recalls, did not significantly affect the company's earnings and financial position. The National Food Agency's report 16-2015, on the possible presence of inorganic arsenic in rice and rice products, was published in the autumn of 2015. According to the National Food Agency's analyses, the rice cakes sold by Midsona were below the EU's proposed limits, which came into force on 1 January 2016. Sales of rice cakes were nonetheless impacted very negatively.

PRODUCTION

Description	Risk management	Exposure/comment
Midsona has a production facility in Denmark for the production of organic foods and bodycare products. The production unit is certified for organic production. The risk is purely in terms of the production technology. That is to say, an unplanned interruption to production could directly affect deliveries to customers, since a large part of production is conducted to order.	For the large volume products, production can be transferred to other machines. Machines are maintained continuously in accordance with established schedules and larger maintenance measures are normally scheduled during the summer months. Investments in new machines or to replace older ones are made continuously as needed.	No production disruptions occurred in 2015. New machines for the production of organic bodycare products were brought on line, contributing to increased capacity. Certain capacity investments are planned for 2016.

PRICES FOR RAW MATERIALS

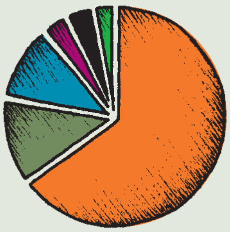
Description	Risk management	Exposure/comment
Trends in prices for raw materials depend largely on supply and demand, which are beyond Midsona's control. The prices of certain raw materials that Midsona purchases are also affected by agricultural policy decisions, subsidies, trade barriers and activity on commodity exchanges.	Midsona continuously monitors price trends in all key raw materials. To safeguard both availability and price, supplier agreements are normally signed, covering the need for essential raw materials over a horizon of 6-12 months. Midsona's guiding principle is to offset increased prices for raw materials through price increases to customers.	It is often difficult for Midsona to achieve price increases to customers immediately following a demonstrable rise in prices for raw materials. Price revisions normally take place once a year. In certain special cases, discussions are also held with the customer during the year if there is a drastic change in the price of a raw material.

COMPETITORS – AND, AT THE SAME TIME, CUSTOMERS

Description
Customers are primarily pharmacy, FMCG and healthfood retail chains. To a varying extent, these players offer competing products that they sell under their own brands (private label), which are growing stronger each year and that occupy an increasingly large share of the product range on shop shelves. If these players continue to broaden their product ranges under their own brands, this could lead to further competition and increased price pressure, which would affect Midsona's sales and results negatively.

Risk management
Midsona works actively with continuous development and innovation in its brands and products to earn its shelf place in shops and, at the same time, to convey a clear and accurate message to consumers at the point of sale. Customers' and end-consumers' confidence in Midsona's products have very considerable importance for to the company's long-term development. Without strong confidence in the company's brands, it would be difficult to capture markets shares and to grow. Thorough development, innovations and sustainability processes enhance conditions for winning and retaining the confidence of customers and end-consumers.

Exposure/comment
Proportion of sales of goods for each sales channel:



- Supermarkets, 65% (58)
- Healthfood retailers, 13% (10)
- Pharmacies, 10% (15)
- Other specialist retailers, 5% (10)
- e-commerce/post order, 4% (5)
- Other sales channels, 3% (2)

RENEWAL OF PERMITS, CERTIFICATIONS AND LICENCES

Description
Midsona conducts operations requiring permits and holds permits that must be renewed at regular intervals. In addition, a number of important certifications and licenses are held that must be continuously renewed. Operations could be adversely affected in the event that Midsona fails to meet the set requirements in inspections by the authorities or other organisations, with permits, certifications and licenses being revoked as a result.

Risk management
Midsona works continuously with quality assurance according to a management system that includes quality and environmental management. The purpose of the management system includes continuously addressing quality and the development of operations while adhering to relevant legislation and guidelines to maintain official permits, certifications and licences. The management system is authorised by the President and CEO.

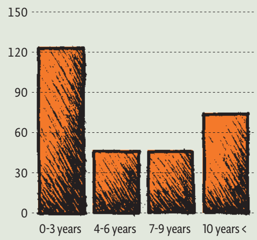
Exposure/comment
During 2015, all permits, certifications and licenses were renewed after inspections were carried out.

COMPETENCE – A CRITICAL RESOURCE

Description
The operations require both business and product-specific expertise. The Group's development is affected by the availability of competent and motivated employees, as well as the knowledge, experience and commitment of management and other key individuals. Development could be negatively affected if one or more of these key individuals were to leave the Group or if the Group is unable to recruit and retain qualified employees.

Risk management
By placing considerable emphasis on a good working environment, health-promoting measures and good leadership, Midsona nurtures its brand as an employer and maintains effective procedures to mitigate such negative consequences. It is the company's view that it can attract and retain qualified employees.

Exposure/comment
Number of employees by number of years of employment:



Financial risks

FINANCING RISK

Description	Risk management	Exposure/comment
Financing risk refers to the risk that future capital procurement and refinancing of maturing loans could be difficult or costly.	To ensure that the Group always has access to necessary external financing at a reasonable expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.	Current financing agreements extend until 31 December 2016, with an opportunity to be extended by one year at a time until 31 December 2018. At the end of the year, the average remaining maturity on the Group's confirmed loan commitments was 17 months (24).

LIQUIDITY RISK

Description	Risk management	Exposure/comment
Liquidity risk means the risk that the Group cannot meet its payment obligations as a consequence of inadequate access to cash and equivalents.	According to the finance policy, the Group's liquidity reserve, consisting of unutilised credit facilities, cash and equivalents, shall, at any given time, exceed the Group's loan maturities for the next six months.	At the end of the year, the liquidity reserve amounted to SEK 128 million (170). It was divided between SEK 61 million (50) in cash and cash equivalents, an unutilised portion of a credit facility amounting to SEK 14 million (72) and an unutilised portion of an overdraft facility of SEK 53 million (48). Loan maturities on financial liabilities to credit institutions, including principal and interest, over the next six months amount to SEK 13 million (2).

CURRENCY RISK – TRANSACTION EXPOSURE

Description	Risk management	Exposure/comment
The Group's sales of goods are conducted primarily in the currencies SEK, NOK and EUR, while procurement of goods is made primarily in SEK, NOK, EUR, GBP and USD. The net exposure in EUR is considerable because purchases exceed sales.	The forecast net exposure in the currencies involved can, according to the financial policy, be hedged for up to 24 months. The currency hedged portion normally comprises 50 percent but can be increased to 75 percent of the net exposure for the defined period if this is deemed appropriate. To mitigate the consequences of changed exchange rates, up to 50-75 percent of forecast net flows in EUR, and where appropriate USD, are hedged using currency forward agreements covering periods of up to nine months.	At the end of 2015 , 50 percent (53), or nominally EUR 5 million (3), of estimated net flows for the first half of 2016 were hedged. The change in the market value of the outstanding currency forward contracts was SEK 1 million (1) as per 31 December 2015 and was recognised in profit for the year. An isolated shift in exchange rates against the SEK by ± 5 percentage points for the four currencies with the largest estimated net flows is calculated to have an effect on profit after tax of ± SEK 6 million (4). Because hedge accounting is not applied, all the effect is recognised in the income statement.

INTEREST RATE RISK

Description	Risk management	Exposure/comment
Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the periods of fixed interest on loans and investments. Since the Group is a net borrower and does not invest funds in listed instruments, it is primarily the Group's loans that are affected by changes in interest rates.	The guideline is that the average period of fixed interest for the Group's interest-bearing liabilities to credit institutions should be three months. Midsona also uses interest rate hedging in the form of interest rate swaps to ascertain how great the interest expense is over a particular period.	The average period of fixed interest for the Group's interest-bearing liabilities to credit institutions was three months (3) at the end of the year. If the Group's entire loan portfolio were to mature with a variable interest rate, a change in interest of ± 1 percentage point would lead to an effect on profit of SEK ± 3 million (2) calculated on the debt to credit institutions of SEK 318 million (200) at the end of the year. At the end of 2015, loans of SEK 100 million were interest-hedged, of which SEK 50 million over three years and SEK 50 million over five years.

FINANCIAL CREDIT RISK

Description	Risk management	Exposure/comment
Financial credit risk refers to the risk of losses if the counterparties with whom the Group has placed cash and equivalents, financial investments or derivative instruments are unable to meet their payment obligations.	Midsona's finance policy defines how possible liquid surpluses can be invested. As long as the Group is a net borrower, any surplus liquidity shall be used to reduce loan debt. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the finance function.	The financial credit risk regarding cash and equivalents in bank accounts amounted to SEK 61 million (50) at the end of the year.

Employees

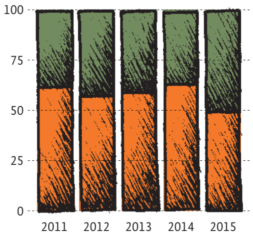
294

Employees per business area

- Sweden, 58
- Denmark, 124
- Norway, 78
- Finland, 25
- Others, 9

Gender distribution

on the balance sheet date, %



- Men
- Women

THE MORE EMPLOYEES thrive in their workplace, the better the prerequisite conditions are created for attracting and retaining employees able to deliver strong performance. The Group conducts regular employee surveys to map employees' views and job satisfaction. The survey then forms the basis for improving job satisfaction. For Midsona, it is important to be able to offer a good working environment, further training, an inspiring corporate culture, health-enhancement measures and leadership based on open communications and dialogue.

At the end of the year, the number of employees in the Midsona Group was 294 (167), the average number of employees in 2015 was 220 (154). The increase in the number of employees is mainly due to the acquisition of Urtekram.

A welcoming company

A well-planned introduction is important to new recruits feeling welcome and appreciated and quickly being able to perform well. All new employees are informed of Midsona's, vision, mission, strategy, the key core areas of the operations and different policies. In addition, each manager provides an introduction to his/her business area and/or departments. This introduction is made partly in accordance with the procedures that have been developed and a model appropriate to each department.

A developing company

Midsona shall be an attractive company to work at, employees shall feel appreciated and that they have opportunities for development. This is central to generating motivation and commitment. The company encourages employees to develop their competence in relevant areas, based on Midsona's needs.

An equal-opportunities company

Midsona shall be a company that promotes equal opportunities and inclusiveness. The Group has a diversity policy stating that discrimination of employees based on gender, ethnicity, age, disability, religion or sexual orientation is not acceptable. There is also a plan of action to quickly resolve cases of harassment and discrimination.

The proportion of women in the Group, was 49 percent (63) at year-end. The proportion of women on the Boards of companies was 26 percent (25), while the proportion of women senior executives was 48 percent (35) at the end of the year.

A healthy company

For us, systematic work environment efforts mean creating a work environment that helps employees develop and where there is no risk of becoming ill or injured. This is a natural and integrated part of the continuous, ongoing operations. Midsona works active-

ly for employees to have a working environment that is as healthy, creative and developing as possible, with a favourable balance between work and leisure.

In various ways, Midsona provides health-promoting activities that improve conditions for employees to remain healthy in the long term. Absence due to illness is generally at a low level and has been so for a long time. Absence due to illness during the year was 4.3 percent (4.5).

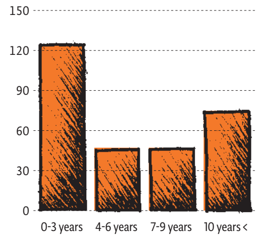
A clear company

Ultimately, the responsibility for employees rests with Group Management, which, aided by a number of policies and plans, delegates the task of attracting, developing and retaining employees to the relevant managers. This imposes considerable demands on the Group's leadership, which shall be pervaded by security and clarity with regard to targets and assignments.

Management shall support employees' inherent problem-solving skills, acceptance of responsibility and development. All employees are offered annual performance reviews that follow a structured procedure for both interviews and follow-up.

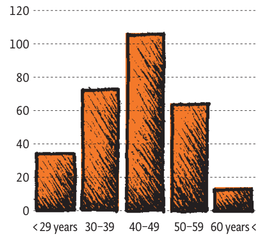
Length of employment

number of employees

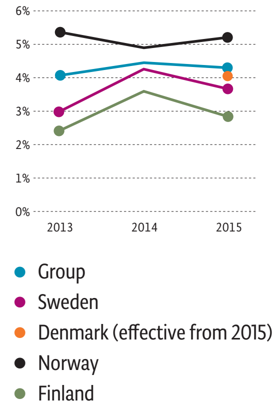


Age structure

number of employees



Absence due to illness



Administration Report

The Board of Directors and President of Midsona AB (publ)*, corporate identity number 556241-5322, headquartered in Malmö, Sweden, hereby presents its annual and consolidated accounts for the 2015 financial year.

Operations

Midsona is one of the leading consumer goods companies in the Nordic region in health and well-being, with tried-and-tested products in the areas of healthfood, hygiene and beauty care. Products are focused on making it easier for all people to make their own contribution to a healthier everyday life. The Group focuses on developing and marketing strong brands.

Operations build on a portfolio of proprietary brands and international clients' brands that are represented. The proprietary brands form the backbone of the operations and, together with client brands, these form a strong and broad brand portfolio that is marketed to both customers and end-consumers. Customers are primarily chains in the FMCG, pharmacy and healthfood shop chains and other specialist retailers. In addition, the Group also sells to a large number of private individuals, therapists and smaller, independent shops via on-line sales and post-order.

Midsona is represented in four countries through wholly-owned subsidiaries, with sales predominantly in the Nordic market for health and well-being. Operations are divided into four operating segments: the geographical areas Sweden, Norway, Finland and Denmark, which bear the operational responsibility for marketing, sales and distribution to customers. Group-wide management, administration and IT are conducted as Group functions in the Parent Company Midsona AB. For more information on the four operating segments, see Note 3 Operating Segments, page 68.

Significant events

First quarter

The Board of Directors decided to close down the Group's production unit in Stenkullen, outside Gothenburg, where certain products under the Dalblads brand are produced. Production was outsourced in the same way as for Dalblads' other products. The cost of the closure amounted to SEK 10 million, which was charged against profit for the first quarter of 2015. The savings were estimated at SEK 7 million on an annual basis with full effect from the beginning of the fourth quarter of 2015.

Second quarter

Midsona agreed to acquire Urtekram International A/S, a Danish company with a leading position in organic food in the Nordic countries, for a purchase consideration of DKK 215 million (about SEK 266 million) on a debt-free basis. Midsona took control on 1 July 2015. For further information on the acquisition, please see Note 4 Acquisitions of operations on page 72.

Third quarter

The acquisition of Urtekram International A/S was implemented on 1 July 2015. On the same date, the Board of Directors of Midsona AB (publ) called an extraordinary general meeting to decide on a new share issue with preferential rights for shareholders, for the partial financing of the acquisition. The new share issue, which was approved by the Extraordinary General Meeting on 12 August 2015, granted existing shareholders preferential rights to subscribe for four new shares for each old share at a price of SEK 21.50 per share. The new share issue brought Midsona SEK 118 million after issue costs. The new share issue was oversubscribed by 148 percent.

On 1 September 2015, the composition of Group Management was changed. Lars Børresen was appointed head of the newly formed Business Area Denmark and Markku Janhunen was appointed head of Business Area Finland. From 1 September 2015, Group Management consisted of Peter Åsberg, Lars Børresen, Vidar Eskelund, Markku Janhunen and Lennart Svensson.

The National Food Agency's report 16-2015, on the possible presence of inorganic arsenic in rice and rice products, was published. According to the National Food Agency's analyses, rice cakes sold by Midsona under Friggs and Urtekram brands were below the proposed EU limits, which came into force on 1 January 2016. Rice cakes account for about 6 percent of consolidated net sales.

Fourth quarter

A new series of thin cakes was launched in a square format – Corn, Buckwheat, Oats and Lightly Salted. The corn cakes consist 99 percent of organic corn.

Net sales and profit

Financial overview	2015	2014
Net sales, SEK million	1,174	920
Net sales growth, %	27.6	0.4
Operating profit before amortisation, depreciation and impairment (EBITDA), SEK million	67	81
Operating profit, SEK million	48	67
Operating margin, %	4.1	7.3
Profit for the year, SEK million	66	63
Profit for the year per share, SEK	2.71	2.75

Net sales amounted to SEK 1,174 million (920), an increase of 28 percent. The Urtekram acquisition contributed net sales of SEK 283 million. In general, sales to FMCG retailers strengthened in each market, not least due to the acquisition of Urtekram, while other sales channels face certain challenges. Both sales assignments discontinued in 2014 and completed product range rationalisations negatively impacted the period compared with the year-earlier period.

Operating expenses amounted to SEK 1,126 million (853), an increase of 32 percent, to which the acquisition of Urtekram contributed net operating expenses of SEK 271 million. Non-recurring items were charged to operating expenses by a net of SEK 20 million (negative 3) consisting of restructuring costs of SEK 18 million, acquisition expenses of SEK 6 million and the reversal of an additional consideration by SEK 4 million (3). Adjusted for non-recurring items, operating expenses amounted to SEK 1,106 million (856) net. The unfavourable trend for the SEK and NKK against the EUR and USD resulted in increased costs for purchasing of goods, which have yet to be offset by price increases at the next level.

Operating profit before depreciation, EBITDA, amounted to SEK 87 million (78), before non-recurring items, representing a margin of 7.4 percent (8.5). Operating profit amounted to SEK 68 million (64), before non-recurring items, with an operating margin of 5.8 percent (7.0). Operating profit amounted to SEK 48 million (67), with an operating margin of 4.1 percent (7.3). Profit before tax was SEK 39 million (59), including net financial items of a negative SEK 9 million (negative 8). Tax on profit for the period amounted to SEK 27 million (4) , of which SEK 3 million (2) consisted of current taxes. A reassessment of tax loss carryforwards attributable to the Group's Swedish operations generated deferred tax income of SEK 31 million in the third quarter of 2015, equivalent to the tax value of loss carryforwards for which no deferred tax asset had been recognised as at 31 December 2014. Profit for the year was SEK 66 million (63), corresponding to earnings per share of SEK 2.71 (2.75).

Cash flow, liquidity and financial position

Cash flow from continuing operations improved to SEK 87 million (56), due to a stronger change in working capital compared with the year-earlier period.

Cash flow from investing activities was negative in the amount of SEK 254 million (54), which consisted of acquisitions of operations for SEK 235 million (36), net investments in tangible and intangible assets of SEK 3 million (2) and an additional purchase consideration of SEK 16 million (16) relating to the preceding year's business combinations.

Cash flow from financing activities amounted to SEK 183 million (negative 14), as a result of a share issue of SEK 118 million after issue expenses, borrowings of SEK 120 million, repayment of bank loans by SEK 5 million (–), a change in use of existing overdraft facilities by a negative SEK 23 million (positive 9), amortisation of lease liabilities by SEK 2 million (0) and dividends of SEK 25 million (23). Completed new share issue and loans raised financed acquisitions of operations. Cash and equivalents amounted to SEK 61 million (50) and there were unutilised credit facilities of SEK 67 million (120) at the end of the year.

Capital structure, summary	31 December 2015	31 December 2014
Average capital employed, SEK million	1,074	927
Net debt, SEK million	258	151
Shareholders' equity, SEK million	877	751
Net debt/equity ratio, multiple	0.3	0.2

Net debt increased to SEK 258 million (151), as a result of a business combination that was paid in cash on the completion date of 1 July 2015. The net debt/equity ratio was 0.3x (0.2) at the end of the year. The ratio between net debt/equity and EBITDA on a rolling 12-month basis was 3.9x (1.9).

Shareholders' equity rose to SEK 877 million (751). The change in shareholders' equity over the year consisted of translation differences from the translation of foreign operations totalling a negative SEK 33 million, profit for the year of SEK 66 million, dividends of SEK 25 million and a new share issue of a net SEK 118 million. The debt/equity ratio was 56 percent (63) at the end of the year.

Investments

Investments in intangible and tangible fixed assets amounted to SEK 3 million (3). Amortisation and depreciation for the year amounted to SEK 19 million (14), divided between SEK 13 million (11) in amortisation of intangible fixed assets and depreciation of SEK 6 million (3) on tangible fixed assets.

Business areas

For the business areas, please see page 30.

Risks and risk management

For risks and risk management, refer to page 36.

Guidelines for remunerations to senior executives

The Board of Directors' proposed guidelines for remunerations to senior executives to be presented for approval by the Annual General Meeting of 27 April 2016 agree to all intents and purposes with the previous year's guidelines. For information on the guidelines for remunerations to senior executives adopted by the 2015 Annual General Meeting, see Note 9 Employees, personnel expenses and senior executives' remunerations on page 75.

Share and shareholders

The new share issue was completed in September 2015, upon which, share capital increased by SEK 113,723,944 to SEK 568,619,759 with 94,983 new series A shares and 5,591,214 new series B shares being issued.

At the end of the year, the total number of shares was 28,430,987 (22,744,790), divided between 474,915 series A shares (379,932) and 27,956,072 series B shares (22,364,858). At the Annual General Meeting, each series A share conveys ten votes and each series B share conveys one vote. The number of votes at the end of the year was 32,705,222 (26,164,178).

All shares convey equal rights to the company's net assets and profits. Neither the company nor its subsidiaries hold any treasury shares. The Articles of Association contain no restrictions on the transferability of shares.

The largest shareholder in the company was Stena Adactum AB, which held 214,419 series A shares (136,625) and 6,810,019 series B shares (5,206,603), representing 24.7 percent of the capital (23.5) and 27.4 percent of the voting rights (25.1) on 30 December 2015. No other shareholder held 10 percent or more of the total number of shares as per 30 December 2015. To the company's knowledge, there are no agreements between shareholders that could entail limitations to the right to transfer shares.

The Annual General Meeting appoints and dismisses members of the Board of Directors and amends the Articles of Association.

The company has no commercial agreements that could be affected if control of the company were to change as a consequence of a public takeover bid.
However, there are agreements between the company and senior executives that prescribe compensation if these individuals are dismissed without due cause or if their employment is terminated as a consequence of a public takeover bid for shares in the company. Agreements between the company and other employees regulating resignations or dismissal by the company follow normal practices in the labour market.

For more information on the share and shareholders, please see page 110.

Significant events following the end of the financial year

Ulrika Palm has been appointed President of Business Area Sweden. She will start work in this position by 29 March 2016 and will, from that date, be a member of Group Management.

Corporate Governance Report

For the Corporate Governance Report, please see page 101.

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.

Parent Company

Net sales amounted to SEK 23 million (23), and related primarily to invoicing of services provided internally within the Group.

Profit before tax amounted to SEK 17 million (41). Profit before tax included impairment of shares in subsidiaries of SEK 1 million (–) and dividends from subsidiaries of SEK 40 million (46), of which SEK 39 million (39) comprised anticipated dividends. The previous year's profit before tax also included the Group contributions of SEK 2 million and a capital gain of SEK 2 million regarding disposals of intangible assets.

Investments in tangible and intangible fixed assets amounted to SEK 0 million (1). Depreciation and amortisation for the year on tangible and intangible fixed assets amounted to SEK 2 million (1).

Cash and equivalents, including unutilised credit facilities, amounted to SEK 72 million (121). At the end of the year, borrowing from credit institutions amounted to SEK 257 million (147). Bridge financing of SEK 120 million was raised in connection with the acquisition of Urtekram International A/S, and was repaid in September following the new share issue.

Shareholders' equity in the Parent Company rose over the year from SEK 131 million to SEK 718 million, of which unrestricted shareholders' equity was SEK 92 million (75). The increase of SEK 118 million consisted of profit for the year of SEK 38 million, dividends of SEK 25 million and the new share issue.

At the end of the year, the Parent Company had nine employees (eight).

Proposed appropriation of profit or loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 119,680,915
Fair value fund	SEK 22,500,585
Accrued loss	–SEK 88,032,200
Profit for the year	SEK 37,552,139
Total	**SEK 91,701,439**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, amounting to SEK 91,701,439 be appropriated as follows:

Dividend, SEK 1.10 per share	SEK 31,274,085
Carried forward in new account	SEK 60,427,354
Total	**SEK 91,701,439**

Statement by the Board of Directors regarding the proposed dividend

At the 2016 Annual General Meeting, shareholders shall take a position regarding matters including the dividend proposed by the Board of Directors.

The proposed dividend decreases the equity/assets ratio in the Parent Company to 64 percent and the consolidated equity/assets ratio to 54 percent. The proposed measure does not affect the company's capacity to meet current and foreseen payment obligations in a timely manner. The company's liquidity forecast includes contingencies for managing variations in on-going payment obligations. The company's financial position does not give rise to any assessment other than that the company can continue its operations and that it can be expected to meet its obligations in both the short and long term.

It is the assessment of the Board of Directors that the scope of the shareholders' equity as reported in the latest annual report is in reasonable proportion to the scope of the company's operations and the risks associated with the conduct of the operations taking the proposed dividend into account.

With reference to the above and to information that has otherwise come to the attention of the Board of Directors, it is the Board's view that a comprehensive assessment of the financial position of the company and the Group indicates that the dividend is defensible in accordance with Chapter 17, Section 3, paragraphs 2 and 3 of the Companies Act, that is, with reference to requirements imposed by the nature, scope and risks of the operations on consolidated shareholders' equity, as well as the Group's consolidation needs, liquidity and position in other regards.

The financial accounts were approved for publication by the Board of Directors of the Parent Company on 30 March 2016.

With regard to the company's profits and position in other regards, please see the ensuing financial accounts and associated notes to the financial statements.

Financial statements

Consolidated income statement

SEK million	Note	2015	2014
Net sales	2, 3, 4	1,174	920
Expenses for goods sold		–699	–499
Gross profit		**475**	**421**
Selling expenses		–323	–271
Administrative expenses		–103	–87
Other operating income	5	9	6
Other operating expenses	6	–10	–2
Indirect expenses, net		**–427**	**–354**
Operating profit	3, 4, 7, 8, 9, 14, 15, 16, 26	**48**	**67**
Financial income		1	1
Financial expenses		–10	–9
Net financial items	10	**–9**	**–8**
Profit before tax		**39**	**59**
Tax	12	27	4
Profit for the year		**66**	**63**
Attributable to			
Parent Company shareholders (SEK million)		66	63
Earnings per share to Parent Company shareholders, before and after dilution (SEK)	13	2.71	2.75
Number of shares (thousands)	13		
On the balance sheet date, before and after dilution		28,431	22,745
Average for the period, before and after dilution		24,419	22,745

Consolidated statement of comprehensive income

SEK million	Note	2015	2014
Profit for the year		**66**	**63**
Items that cannot be reallocated to profit for the year			
Revaluation of defined benefit pension plans		–	0
Tax attributable to items that cannot be reallocated to profit for the year		–	0
Items that cannot be reallocated to profit for the year		**–**	**0**
Items that have or can be reallocated to profit for the year			
Translation differences for the year on translation of foreign operations		–33	1
Items that have or can be reallocated to profit for the year		**–33**	**1**
Other comprehensive income for the year		**–33**	**1**
Comprehensive income for the year		**33**	**64**
Attributable to			
Parent Company shareholders (SEK million)		33	64

Consolidated balance sheet

SEK million	Note	31 December 2015	31 December 2014
Assets			
Intangible fixed assets	14	1,067	875
Tangible fixed assets	15, 16	47	9
Non-current receivables	19	2	0
Deferred tax assets	12	79	48
Fixed assets		**1,195**	**932**
Inventories	20	151	100
Tax receivables		3	2
Accounts receivable	21	131	100
Other receivables	19	2	3
Prepaid expenses and accrued income	22	12	12
Cash and equivalents	29, 33	61	50
Current assets		**360**	**267**
Assets	3, 4, 32	**1,555**	**1,199**
Shareholders' equity			
Share capital		569	455
Additional paid-up capital		165	186
Reserves		−25	8
Profit brought forward, including profit for the year		168	102
Shareholders' equity	23	**877**	**751**
Liabilities			
Non-current interest-bearing liabilities	24, 29	250	148
Other non-current liabilities	25	–	4
Deferred tax liabilities	12	135	80
Non-current liabilities		**385**	**232**
Current interest-bearing liabilities	24, 29	69	53
Accounts payable		132	88
Other current liabilities	25	28	35
Accrued expenses and deferred income	28	61	40
Other provisions	27	3	0
Current liabilities		**293**	**216**
Liabilities		**678**	**448**
Shareholders' equity and liabilities	3, 4, 32	**1,555**	**1,199**
Memorandum items	30		
Pledged assets		796	751
Contingent liabilities		–	–

Changes in consolidated shareholders' equity

Note 23 SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the year	Total shareholders' equity
Opening shareholders' equity 1 January 2014	**455**	**209**	**7**	**39**	**710**
Comprehensive income for the year					
Profit for the year	–	–	–	63	63
Other comprehensive income for the year	–	–	1	–	1
Comprehensive income for the year	–	–	**1**	**63**	**64**
Transactions with the Group's owners					
Dividend	–	–23	–	–	–23
Transactions with the Group's owners	–	**–23**	–	–	**–23**
Closing shareholders' equity 31 December 2014	**455**	**186**	**8**	**102**	**751**
Opening shareholders' equity 1 January 2015	**455**	**186**	**8**	**102**	**751**
Comprehensive income for the year					
Profit for the year	–	–	–	66	66
Other comprehensive income for the year	–	–	–33	–	–33
Comprehensive income for the year	–	–	**–33**	**66**	**33**
Transactions with the Group's owners					
New share issue	114	8	–	–	122
Issue costs	–	–4	–	–	–4
Dividend	–	–25	–	–	–25
Transactions with the Group's owners	**114**	**–21**	–	–	**93**
Closing shareholders' equity 31 December 2015	**569**	**165**	**–25**	**168**	**877**

Consolidated cash flow statement

SEK million	Note	2015	2014
Continuing operations			
Profit before tax		39	59
Adjustments for items not included in cash flow	33	28	16
Income tax paid		–3	–2
Cash flow from continuing operations before changes in working capital		**64**	**73**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventories		6	1
Increase (–)/decrease (+) in operating receivables		11	1
Increase (+)/decrease (–) in operating liabilities		6	–19
Changes in working capital		**23**	**–17**
Cash flow from continuing operations		**87**	**56**
Investing activities			
Acquisitions of companies or operations	33	–251	–52
Acquisitions of intangible fixed assets		–2	–1
Acquisitions of tangible fixed assets		–1	–2
Divestments of tangible fixed assets		–	1
Disposal/reduction of financial assets		0	–
Cash flow from investing activities		**–254**	**–54**
Cash flow after investing activities		**–167**	**2**
Financing activities			
New share issue		122	–
Issue costs		–4	–
Loans raised		120	–
Amortisation of loans	33	–30	9
Dividend paid		–25	–23
Cash flow from financing activities		**183**	**–14**
Cash flow for the year		**16**	**–12**
Cash and equivalents			
Cash and equivalents at beginning of year		50	62
Translation difference in cash and equivalents		–5	0
Cash and equivalents at end of year	33	**61**	**50**

Parent Company income statement

SEK million	Note	2015	2014
Net sales	2	23	23
Selling expenses		0	0
Administrative expenses		–34	–34
Other operating income	5	4	6
Other operating expenses	6	–4	–4
Operating profit	8, 9, 14, 15, 16, 26	**–11**	**–9**
Profit from participations in subsidiaries	10	39	46
Financial income	10	5	8
Financial expenses	10	–16	–6
Profit after financial items		**17**	**39**
Allocations	11	–	2
Profit before tax		**17**	**41**
Tax	12	21	3
Profit for the year		**38**	**44**

Parent Company statement of comprehensive income

SEK million	Note	2015	2014
Profit for the year		**38**	**44**
Items that have or can be reallocated to profit for the year			
Other comprehensive income for the year		–	–
Comprehensive income for the year		**38**	**44**

Parent Company balance sheet

SEK million	Note	31 December 2015	31 December 2014
Fixed assets			
Intangible fixed assets	14	1	2
Tangible fixed assets	15, 16	0	1
Participations in subsidiaries	17	790	482
Receivables from subsidiaries	18, 31	185	242
Deferred tax assets	12	36	15
Financial fixed assets		**1,011**	**739**
Fixed assets		**1,012**	**742**
Current assets			
Accounts receivable		–	0
Receivables from subsidiaries	18, 31	44	48
Other receivables	19	1	1
Prepaid expenses and accrued income	22	3	3
Current receivables		**48**	**52**
Cash and bank balances	29, 33	5	1
Current assets		**53**	**53**
Assets	32	**1,065**	**795**
Shareholders' equity			
Restricted shareholders' equity			
Share capital		569	455
Statutory reserve		57	57
Restricted shareholders' equity		**626**	**512**
Unrestricted shareholders' equity			
Share premium reserve		119	140
Fair value fund		22	22
Accrued loss		-87	-131
Profit for the year		38	44
Unrestricted shareholders' equity		**92**	**75**
Shareholders' equity	23	**718**	**587**

Parent Company balance sheet, cont.

SEK million	Note	31 December 2015	31 December 2014
Non-current liabilities			
Liabilities to credit institutions	24, 29	190	95
Liabilities to subsidiaries	18, 31	0	2
Non-current liabilities		**190**	**97**
Current liabilities			
Liabilities to credit institutions	24, 29	67	52
Accounts payable		3	1
Liabilities to subsidiaries	18, 31	84	53
Other current liabilities	25	0	1
Accrued expenses and deferred income	28	3	4
Other provisions	27	–	–
Current liabilities		**157**	**111**
Shareholders' equity and liabilities	32	**1,065**	**795**
Memorandum items	30		
Pledged assets		468	418
Contingent liabilities		50	56

Changes in equity for the Parent Company

Note 23	Restricted shareholders' equity		Unrestricted shareholders' equity			
SEK million	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Fair value fund**	**Accumulated losses, incl. profit for the year**	**Total shareholders' equity**
Opening shareholders' equity 1 January 2014	**455**	**57**	**163**	**22**	**-131**	**566**
Profit for the year	–	–	–	–	44	44
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	–	–	–	–	**44**	**44**
Dividend	–	–	-23	–	–	-23
Closing shareholders' equity 31 December 2014	**455**	**57**	**140**	**22**	**-87**	**587**
Opening shareholders' equity 1 January 2015	**455**	**57**	**140**	**22**	**-87**	**587**
Profit for the year	–	–	–	–	38	38
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	–	–	–	–	**38**	**38**
Dividend	–	–	-25	–	–	-25
New share issue	114		8			122
Issue costs	–	–	-4	–	–	-4
Closing shareholders' equity 31 December 2015	**569**	**57**	**119**	**22**	**-49**	**718**

Parent Company cash flow statement

SEK million	Note	2015	2014
Continuing operations			
Profit after financial items		17	39
Adjustments for items not included in cash flow	33	–38	–47
Cash flow from continuing operations before changes in working capital		**–21**	**–8**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		43	25
Increase (+)/decrease (–) in operating liabilities		1	–4
Changes in working capital		**44**	**21**
Cash flow from continuing operations		**23**	**13**
Investing activities			
Acquisitions of companies or operations	33	–243	–
Acquisitions of intangible fixed assets		0	–1
Divestments of intangible fixed assets		–	2
Acquisitions of tangible fixed assets		0	–
Investments in financial assets		7	14
Cash flow from investing activities		**–236**	**15**
Cash flow after investing activities		**–213**	**28**
Financing activities			
New share issue		118	–
Loans raised		136	–
Amortisation of loans	33	–12	–4
Dividend paid		–25	–23
Cash flow from financing activities		**217**	**–27**
Cash flow for the year		**4**	**1**
Cash and equivalents			
Cash and equivalents at beginning of year		1	–
Cash and equivalents at end of year	33	**5**	**1**

Notes to the financial statements

Note 1 Accounting principles

Group accounting principles

Compliance with standards and regulations

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases listed below under "Parent Company accounting principles".

Basis of valuation applied in the preparation of the financial statements

Assets and liabilities are reported at historical cost except for certain financial assets and liabilities measured at fair value or amortised cost. Financial assets and liabilities measured at fair value consist of derivatives and financial assets classified as financial assets at fair value through profit for the year.

Functional and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded off to the nearest million.

Estimates and assumptions in the financial statements

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.

Assumptions made by management in the application of IFRS that have a significant impact on the financial statements and estimates that can result in significant adjustments in future financial statements are described in more detail in Note 35 Significant estimates and assumptions.

Accounting principles applied

With the exceptions described in closer detail, the following accounting principles have been consistently applied in the reporting consolidation of the Parent Company and subsidiaries in the consolidated financial statements.

Changes in accounting principles due to new or amended IFRS

The new standards and the amendments and revisions to standards and new interpretations that came into effect on 1 January 2015 have had no impact on the Group's accounting for the 2015 financial year.

New IFRS that have yet to begin being applied

The new and amended standards and interpretations that have been issued but that come into effect for financial years commencing after 1 January 2015 have not yet been applied by the Group and it is not planned to apply them prematurely. The following describes the new and amended standards and interpretations that are deemed to affect the consolidated financial statements in the initial period of application.

- IFRS 9 Financial instruments, issued on 24 July 2014 and will replace IAS 39 Financial instruments: Classification and Measurement. IFRS 9 contains new principles for how financial assets are to be classified and valued. Crucial to the valuation category to which a financial asset is allocated are both the company's intentions with its ownership of that asset (that is, the company's business model) and the contractual cash flows associated with the financial asset. The new standard also contains new rules for impairment testing of financial assets whereby the former *incurred* loss method is replaced by a new anticipated loss method. The purpose of the new rules for hedge accounting is that risk management should be reflected in the financial statements. The standard entails expanded opportunities to hedge risk components of non-financial items and for additional types of instruments to be included in a hedging relationship. Furthermore, the quantitative efficiency requirement has been removed. IFRS 9 applies to financial years beginning 1 January 2018 and has yet to be adopted by the EU.

- IFRS 15 Revenue from contracts with customers, was issued on 28 May 2014, and will replace IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 represents a model for revenue recognition for almost all revenues arising from contracts with customers, except for leases, financial contracts and insurance. The basic principle for revenue recognition under IFRS 15 is that an entity should recognise revenue in a manner that reflects the transfer of the promised goods or services to the customer, in the amount that the company expects to be entitled to receive in exchange for goods or services. Revenue is recognised when the customer gains control of the goods or service. There is considerably more guidance in IFRS 15 for specific areas and the disclosure requirements are extensive. IFRS 15 applies to financial years commencing 1 January 2018 or later, with earlier application permitted. The standard has yet to be adopted by the EU.

- IFRS 16 Leases, was issued on 13 January 2016 and will replace IAS 17 Leases. IFRS 16 introduces a *right of use model* and entails, for the lessee, that virtually all leases be recognised in the balance sheet and that the classification into operating and financial leases should not be made. The exceptions are leases with a lease period of 12 months or less and leases amounting to smaller values. Depreciation of the asset and the interest expenses on the debt are included in the income statement. The standard contains more extensive disclosure requirements compared with the current standard. For lessors, IFRS 16 entails no real differences compared with IAS 17. IFRS 16 applies to financial years commencing 1 January 2019 with earlier application permitted, provided that IFRS 15 is applied simultaneously. The standard has yet to be adopted by the EU.

Management has not yet completed a detailed analysis of the effects of applying IFRS 9, IFRS 15 and IFRS 16 and, accordingly, cannot quantify the impact.

Other new and amended standards and interpretations are not deemed to have any effect on the consolidated financial statements in the initial period of application.

Classification

Fixed assets and non-current liabilities essentially consist of amounts expected to be recovered or settled after more than 12 months from the balance sheet date.

Current assets and liabilities essentially consist of amounts expected to be recovered or settled within 12 months from the balance sheet date.

Consolidated accounts

Subsidiaries are all companies over which Midsona AB (publ) has a controlling influence. A controlling influence exists if Midsona AB (publ) has influence over the object of investment, is exposed or entitled to variable returns from its commitment and can exert its influence over the investment to affect yield.

In assessing whether a controlling influence exists, shares conveying potential voting rights are taken into account, as is the existence of de facto control. All subsidiaries within the Group are wholly owned subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from the consolidated financial statements from the date on which that controlling influence ceases.

The acquisition method is applied for the accounting of business combinations. The cost of an acquisition is measured as the fair value of the transferred assets, liabilities and shares issued by the Group. The purchase consideration includes the fair value of all assets or liabilities that are the result of an agreement on conditional purchase consideration. Transaction expenses that are directly attributable to an acquisition are expensed in consolidated profit for the year. Identifiable acquired assets and liabilities assumed in a business combination are initially measured at their fair value on the acquisition date.

In the case of acquisitions where the transferred consideration exceeds the fair value of the identifiable acquired net assets, the difference is recognised as goodwill. When the difference is negative – a bargain purchase – this is recognised directly in profit for the year. Group-internal receivables and liabilities, income and expenses, as well as unrealised gains and losses arising from Group-internal transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

Where valuations of assets and liabilities differ at the Group and company levels, the tax effect is taken into account and recognised as a deferred tax asset or deferred tax liability. However, deferred tax is not taken into account with regard to goodwill at the Group level.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing performance of the operating segment's results. In the Group, this function has been identified as Group Management. The principal basis for the division is geographical areas. See Note 3 Operating Segments for further details of the division and a presentation of the operating segments.

Foreign currency

Transactions in foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on translation are recognised in profit for the year. Exchange gains/losses on operating receivables/liabilities recognised in other operating income/expenses and gains/losses on financial assets and liabilities are recognised in financial income/expenses.

Foreign operations' financial statements

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from their functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses in foreign operations are translated to SEK at an average rate that approximates the exchange rates prevailing on the respective transaction dates. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income as a translation reserve. On divestment of a foreign operation, the accumulated translation differences attributable to the operations are realised in profit for the year.

Income

Goods

Income is recognised in profit for the year after the significant risks and rewards of ownership have been transferred to the buyer and no disposition or possibility of effective control over the goods remains. If there is considerable uncertainty surrounding the payment, associated expenses or the risk of returns, no income is recognised. In most cases, this means that income is recognised upon delivery of goods to the customer in accordance with the agreed terms of delivery. Income is recognised at fair value after deducting VAT, chain discounts or other discounts, returns and shipping.

Services

Income from sales assignments and other similar services are recognised in profit for the year as the work is performed.

Operating expenses

Expenses for goods sold

Expenses for goods sold encompass direct and indirect expenses for functions attributable to generated income (manufacturing, warehousing, inventory coordination).

Selling expenses

Selling expenses encompass both expenses for activities and functions connected directly to the consumer (marketing, product manager, marketing coordinator), and expenses for activities and functions connected with customers (sales, key account manager, order reception).

Administrative expenses

Administrative expenses encompass expenses for functions such as purchasing, IT, finance and administration, product and packaging development, quality systems and quality assurance, as well as Group Management.

Other operating income and expenses

Other operating income and expenses include income and expenses not normally considered to belong to the actual business, for example, exchange gains/losses on operating assets/liabilities and capital gains/losses on disposal of assets. Exchange rate gains/losses are reported net.

Non-recurring items

Non-recurring items comprise significant items that, because of their size or incidence, are reported separately to enable a better understanding of the Group's financial development. Non-recurring items reported in the function to which they are attributable, depending on the nature of the item.

Leasing

Operating leases
Expenses associated with operating leases are recognised in profit for the year over the lease term. Benefits received in connection with the signing of a contract are recognised in net income as a reduction of the lease payments over the lease agreement.

Financial leases
Minimum lease fees are allocated between interest expense and amortisation of the outstanding liability. The interest expense is distributed across the leasing period so that each accounting period is burdened by an amount equal to a fixed interest rate for the liability reported in each period. Variable expenses are expensed in the period they are incurred.

Financial income and expenses

Financial income comprises interest income on funds invested, dividend income, gain on changes in the value of financial assets at fair value through profit and gains on hedging instruments that are recognised in profit for the year.

Interest income on financial instruments is recognised using the effective interest method (see below). Dividend income is recognised when the right to receive payment is established. Profit from sale of financial instruments is recognised when the risks and rewards associated with ownership are transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, commitment charges on borrowing limits, revaluation losses on financial assets at fair value through profit, impairment of financial assets, and losses on hedging instruments that are recognised in net income. Borrowing expenses are not recognised in profit to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete for their intended use or sale. In these cases, they are included in the cost of the assets. The Group currently has no assets duly qualified. Foreign exchange gains/losses on financial assets/liabilities are recognised net.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts during a financial instrument's expected life at the reported net value of the financial asset or liability. The calculation includes all fees paid or received between parties that are a part of the effective interest rate, transaction expenses and all other premiums or discounts.

Taxes

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or in shareholders' equity.

Current tax
Current tax is the tax payable or refundable for the current year using the tax rates that have been enacted or substantively enacted as per the balance sheet date. Current tax also includes adjustments of current tax attributable to previous periods.

Deferred tax
Deferred tax is calculated using the balance sheet method, providing for temporary differences between the reported values and tax bases of assets and liabilities. Temporary differences are not recognised in consolidated goodwill, or for differences arising on the initial recognition of assets and liabilities that are not business combinations that, at the time of the transaction, affect neither accounting nor taxable profit. Nor are temporary differences taken into account that relate to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The assessment of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and regulations in force or substantively approved on the balance sheet date.

Deferred tax is reported together with current tax in profit for the year. Deferred tax assets are recognised among fixed assets and deferred tax liabilities are recognised among non-current liabilities in the consolidated balance sheet.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are recognised only to the extent that it is probable that they will be utilised. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.
Any additional income tax incurred on payment of dividends is recognised at the same time as the dividend is recognised as a liability.

Financial instruments

Financial instruments recognised in the balance include cash and equivalents, loans receivable, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, borrowings and derivatives.

Recognition in and derecognition from the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the contractual terms. A receivable is recognised when the company has performed and a contractual obligation exists for the other party to pay, even if the invoice has not been sent. Accounts receivable are recognised when invoiced. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognised when invoices are received.

A financial asset is derecognised when the rights according to the agreement are realised, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise extinguished. The same applies to part of a financial liability.

Financial assets and financial liabilities are offset and the net amount is recognised in the balance sheet only when there is a legally enforceable right to offset the amounts and there is an intention to settle the items by a net amount or to simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the transaction date, that is, the date on which the company commits to acquiring or divesting the asset.

Classification and measurement
Financial instruments that are not derivatives are initially recognised at cost, representing fair value plus transaction expenses for all financial instruments except those classified as financial assets at fair value through profit for the year, which are recognised excluding transaction expenses.

On initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below. Derivatives are initially recognised at fair value, meaning that transaction expenses are charged to profit for the period. After initial recognition, the derivative is recognised as income or expense in operating profit or in net financial items based on the intended use of the derivative instrument and whether the use is related to an operating item or a financial item.

The Group does not apply hedge accounting under IAS 39.

Financial assets at fair value through profit for the year
This category includes the Group's derivatives with a positive fair value. Financial assets in this category are measured at fair value with changes in value recognised in profit for the year.

Derivatives included in the sub-category are held for trade. No assets are administered in accordance with the Fair Value Option.

Loans and accounts receivable
Loans and accounts receivable are financial assets that are not derivatives, that have fixed or determinable payments and that are not listed in an active market.

These assets are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated at the time of acquisition, although accounts receivable normally have a short expected duration and are therefore recognised at their nominal amounts without discounting.

Accounts receivable are recognised at the amount expected to be received, that is, exclusive of impairment based on individual testing of each customer. Such impairment losses are recognised in operating expenses in profit for the year.

Cash and equivalents
Cash and equivalents consist of cash and immediately available balances with banks and similar institutions, as well as current, highly-liquid investments with maturities of less than three months, which are subject to only an insignificant risk of fluctuations in value.

Financial liabilities at fair value through profit
This category includes the Group's derivatives with negative fair value. Financial liabilities in this category are measured at fair value with changes in value recognised in profit for the year.

Derivatives included in the sub-category are held for trade. No assets are administered in accordance with the Fair Value Option.

Other financial liabilities
Borrowings, accounts payable and other liabilities are included in this category.

Borrowings are measured at amortised cost, net after transaction expenses. Amortised cost is determined using the effective interest rate calculated when the liability was incurred. This means that surplus and deficit values, as well as direct issue expenses are periodised over the maturity of the liability. Non-current borrowings have an expected duration of more than one year and current borrowings have a maturity of less than one year.

Accounts payable are measured at amortised cost. However, accounts receivable have a short expected maturity and are therefore normally measured at nominal value without discounting.

Derivatives

The Group's derivative instruments have been acquired to financially hedge the risks of exchange rate exposures to which the Group is exposed. The Group does not apply hedge accounting under IAS 39.

Receivables and liabilities in foreign currencies

To hedge receivables or liabilities against exchange rate risk, currency futures are used. Hedge accounting is not applied to provide protection against exchange rate risk, since a financial hedge is reflected in the accounts in that both the underlying asset or liability and the hedging instrument are recognised at the exchange rate on the balance sheet date and exchange rate fluctuations are recognised in profit for the year.

Exchange rate differences arising pertaining to operating receivables and liabilities are recognised in operating profit, while exchange rate differences pertaining to financial assets and liabilities are recognised in net financial items.

Management of exchange rate risk in forecasted sales in foreign currencies

Currency futures are used to hedge probable forecast sales in foreign currencies. Hedge accounting is not used to provide protection against exchange rate risk in forecast sales. These forward exchange contracts are instead measured at fair value on each reporting date with changes in value being recognised in profit for the year. This means that profit for the year will be charged with changes in the value of the forward exchange contracts, despite the hedged transaction not yet having taken place.

Changes in the value of forward exchange contracts are recognised in operating profit.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised as assets in the consolidated balance sheet if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenses directly attributable to the acquisition of the asset to put it in place and bring it to such a condition that it can be used in accordance with the purpose of the acquisition. Such expenses include purchase price, shipping and handling, installation, registration of title, consulting and legal services.

Tangible fixed assets consisting of components with different useful lives are treated as separate components of tangible assets.

Leased assets

Leases are classified as either financial or operating leases. Financial leasing is when the risks and rewards associated with ownership are substantially transferred to the lessee. Where this is not the case, the lease is considered to be an operational lease.

Assets leased under finance leases are recognised as fixed assets in the balance sheet and are initially measured at the leased asset's fair value or the present value of the minimum lease payments at the start of the contract, whichever is lower. The obligation to pay future lease payments is recognised in the balance sheet under non-current interest-bearing liabilities and current interest-bearing liabilities.

Assets leased under operating leases are generally not recognised as assets in the balance sheet. Nor do operating leases give rise to a liability.

Additional expenses

Additional expenses for acquiring replacement components are added to the fixed asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised. All other types of repairs and maintenance are expensed in profit for the year in the period in which they arise.

Amortisation principles

Depreciation is applied on a linear basis over the asset's estimated useful life. Land is not depreciated because its useful life is considered indefinite. Leased assets are also depreciated over their estimated useful life or, if shorter, over the agreed lease period.

In calculating depreciation, tangible fixed assets are classified on the basis of their expected useful life according to the following groups:

Operating properties 10–40 years
Plant and equipment 8–12 years
Equipment, fixtures and fittings 3–10 years
Leasing 3–10 years
Land improvements 10–20 years
Expenses for improvements to property owned by another 3–5 years

The depreciation methods, residual values and useful lives of the assets are reviewed annually and adjusted if necessary. The assets are typically depreciated without any remaining residual value.

Capital gains and losses on divestments of intangible fixed assets are determined by comparing the proceeds with the carrying amount of the asset, less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Intangible fixed assets

Intangible assets are classified into two groups, with assets with a determinable useful life being amortised over a predetermined useful life and assets with an indeterminate useful life not being depreciated.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting principle Impairment).

Expenses incurred for internally generated goodwill are recognised in profit for the year or when incurred.

Brands

Brands with a determinable useful life are recognised at cost less accumulated depreciation and any accumulated impairment losses. Brands with an indeterminate useful life are tested for impairment annually and carried at cost less accumulated impairment losses.

Expenses incurred for internally generated brands are not recognised in the balance sheet but in profit for the year when incurred. The reason for this is that such expenditures cannot be distinguished from expenditures for the development of the entire business.

Other intangible assets

Other intangible assets with a finite useful life are carried at cost less accumulated depreciation and any accumulated impairment.

Other intangible assets consist of customer relations, software and other intangible assets. Expenses incurred for internally developed customer relations are not recognised in the balance sheet but in profit for the year when incurred. Software has been capitalised based on the costs incurred when the software in question was acquired and put into operation.

Additional expenses

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are expensed as they are incurred.

Amortisation principles

Amortisation is applied on a linear basis over the asset's estimated useful life, unless the useful life is indeterminate.

Goodwill and trademarks with an indeterminate useful life are tested for impairment annually or whenever circumstances indicate that the asset concerned may be impaired. Intangible assets with determinable useful lives are amortised from the date on which they become available for use.

For the calculation of amortisation, intangible fixed assets are classified on the basis of their expected useful life in accordance with the following groups:

Trademarks 5–20 years
Customer relations 8 years
Software 5 years
Other intangible assets 3–5 years

The residual values and useful lives of the assets are reviewed annually and adjusted if necessary. The assets are typically amortised without any remaining residual value.

Capital gains and losses on divestments of intangible fixed assets are determined by comparing the proceeds with the carrying amount of the asset, less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Inventories

Inventories are valued at cost or net realisable value, whichever is lower, with cost being calculated using the first-in, first-out method (FIFO). In calculating cost, a weighted average value is normally applied to approximate FIFO.

The net realisable value is the estimated normal selling price less estimated expenses for completion and the achievement of a sale. For raw materials, replacement expense is applied as the best measure of net realisable value. Raw materials are depreciated below cost if the finished products in which they are included are expected to be sold at a price that exceeds the expense of production. Products in progress and inventories of finished goods are valued at production cost or net realisable value, whichever is lower. Necessary provisions for the risk of obsolescence are made on a continuous basis.

The cost of inventories includes all expenses for purchases, manufacturing and other expenses to bring the inventories to their present location and condition.

Impairment

The Group's recognised assets are assessed on each balance sheet date to determine whether there is any indication of impairment. IAS 36 is applied for the impairment of assets other than financial assets, which are recognised in accordance with IAS 39, assets held for sale, inventories and deferred tax assets. For the exempt assets in accordance with the above, the carrying amount is assessed according to the relevant standard.

Impairment of tangible and intangible assets

If an indication of impairment exists, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use, the recoverable amount is calculated annually or as soon as there is an indication that impairment is necessary. If it is not possible to determine significant independent cash flows for an individual asset and its fair value less sales expenses cannot be used, assets are grouped, when testing for impairment, at the lowest level where it is possible to identify significant independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognised as an expense in profit for the year. When impairment has been identified for a cash-generating unit (group of units) the impairment need is primarily allocated to goodwill. Other assets included in the unit (group of units) are then impaired proportionally.

The recoverable amount is the higher of fair value less sales expenses and value in use. In calculating the value in use, future cash flows are discounted applying a discount rate that reflects a risk-free interest rate and the risk associated with the specific asset.

The Group's cash-generating units consist of the operating segments, since their incoming payment flows are considered independent of other assets in all material regards.

Impairment of financial assets

On each reporting date, the Group assesses whether there is any objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable events that have occurred and that have a negative impact on the ability to recover the cost, and a significant or prolonged decline in the fair value of an investment in a financial instrument classified as a financial asset available for sale.

The decrease in value recognised in profit for the year is the difference between cost and current value, less any previously recognised impairments.

The recoverable amount of assets in the category loan receivables and accounts receivable, which are recognised at amortised cost is calculated as the present value of future cash flows discounted at the effective rate applicable when the asset was initially recognised. Assets with short maturities are not discounted. Impairment is recognised as an expense in profit for the year.

Reversal of impairment

Impairment of assets within the scope of application of IAS 36 are reversed if there is an indication that the need for impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is applied only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised (less depreciation where applicable) if no impairment loss been recognised.

Impairment losses on loan receivables and accounts receivable carried at amortised cost are reversed if the previous reasons for the impairment no longer exist, and full payment is expected from the customer.

Payment of capital to shareholders

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share is based on consolidated profit attributable to Parent Company shareholders and the weighted average number of shares outstanding during the year. There are no outstanding stock option programmes or similar that could entail effects from dilutive potential shares.

Employee benefits

Pensions

Employees in Sweden and Norway are covered by both defined benefit pension plans and defined contribution pension plans, while employees in Finland and Denmark are only covered by defined benefit pension plans.

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. Such insurance comprises a defined benefit plan covering several employers.

For the 2015 financial year, there has been no access to information making it possible to report this as a defined benefit plan. Consequently, this pension obligation is reported as a defined contribution plan.

In Norway, a special pension agreement is in place, the AFP scheme, which has been agreed between the social partners as a supplement to retirement pension. Such insurance comprises a defined benefit plan covering several employers. For the 2015 financial year, there has been no access to information making it possible to report this as a defined benefit plan. Consequently, this pension obligation is reported as a defined contribution plan. Additionally, in Norway there was an immaterial defined benefit pension plan, the AFP scheme, which was discontinued in 2014.

A defined contribution pension plan is one whereby the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if this legal entity lacks sufficient assets to pay all employee benefits relating to employees' service in current and prior periods.

A defined benefit pension plan is one that is not a defined contribution plan. Typically, defined benefit pension plans state an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary retirement from employment in exchange for these benefits. The Group reports severance pay when it is demonstrably committed either to terminate employees in accordance with a detailed formal plan without the possibility of revocation, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due after more than 12 months from the balance sheet date are discounted to their present value.

Short-term benefits

Short-term employee benefits are calculated without discounting and are recognised as an expense when the relevant benefits are paid.

A provision is recognised for the expected expense of bonus payments when the Group has a present legal or informal obligation to make such payments as a result of services rendered by employees and the obligation can be estimated reliably.

Provisions

Provisions are recognised when the Group has an obligation as a result of a past event, and it is probable that payments will be required to settle that obligation. A further requirement is that it should be possible to reliably estimate the amount to be paid.

Restructuring

Provisions for restructuring measures are made when a detailed formal plan of the measures exists and well-founded expectations have been engendered among those who will be affected by the measure, and this has occurred before the balance sheet date.

Contingent liability

A contingent liability is recognised when a possible obligation is incurred on the basis of events that have occurred and whose existence can only be confirmed by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions entailing receipts and disbursements.

Parent company accounting principles

Compliance with standards and regulations

The Parent Company has prepared its financial statements in accordance with the Annual Accounts Act (1995:1554) and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Financial Reporting Board's statements relating to listed companies are also applied. RFR 2 entails the Parent Company applying, in the annual accounts of the legal entity, all EU-approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking into account the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS apply.

Differences between the accounting principles of the Group and Parent Company

The differences between the accounting principles of the Group and Parent Company are described below. The accounting principles of the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Amended accounting principles
The amendments to RFR 2 Accounting for legal entities that have entered into force for the 2015 financial year have had no impact on the Parent Company's financial statements.

Classification and presentation
The Parent Company's income statement and balance sheet are presented in accordance with the Annual Accounts Act, while the statement of comprehensive income, changes in shareholders' equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated accounts that are evident in the Parent Company's income statement and balance sheet consist primarily of the accounting of financial income and expenses, fixed assets, shareholders' equity and the inclusion of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised according to the cost method. This means that transaction expenses are included in the carrying value of holdings in subsidiaries. In the consolidated accounts, transaction expenses are recognised directly in profit or loss as they are incurred.

Conditional purchase considerations are measured based on the probability that the purchase consideration will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated financial statements, conditional purchase considerations are measured at fair value with changes in value in profit for the year.

Bargain acquisitions equivalent to expected future losses and expenses are dissolved over the anticipated periods in which the losses and expenses are incurred. Bargain acquisitions for other reasons are recognised as provisions to the extent they do not exceed the fair value of acquired identifiable non-monetary assets. The part exceeding this value is immediately recognised as income. The part that does not exceed the fair value of acquired identifiable non-monetary assets is systematically recognised as income over a period calculated as the remaining weighted average useful life of those acquired identifiable assets that are depreciable. In the consolidated accounts, bargain acquisitions are recognised immediately in net income.

Financial instruments
Because of the connection between accounting and taxation, the rules for financial instruments in IAS 39 are not applied to the Parent Company as a legal entity.

In the Parent Company, financial fixed assets are measured at cost less impairment and financial current assets are measured at the lower of cost or market.

Financial guarantees
The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries. Financial guarantees entail the company having an obligation to compensate the holder of a debt instrument for losses that holder incurs because a specified debtor fails to make payment when due in accordance with contractual terms. In the reporting of financial guarantee contracts, the Parent Company applies a relief rule permitted by the Financial Reporting Board compared with the rules in IAS 39. The relief rule pertains to financial guarantees issued on behalf of subsidiaries. The Parent Company recognises financial guarantees as provisions in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company alone is entitled to determine the size of the dividend and does so before publishing its financial statements.

Segment reporting
The Parent Company does not report segments according to the same division as the Group nor to the same extent, but instead discloses the distribution of net sales according to the Parent Company's business lines.

Tangible fixed assets
Tangible fixed assets are recognised at cost less accumulated depreciation and any impairment in the same manner as the Group, albeit with the addition of any revaluations.

Leased assets
In the Parent Company, all leases are recognised in accordance with the regulations for operating leases.

Borrowing expenses
In the Parent Company, borrowing expenses are charged against profit in the period to which they relate. No borrowing expenses are capitalised on assets.

Intangible fixed assets
Goodwill and other intangible assets with indeterminate useful lives that, within the Group are not subject to amortisation, are amortised in the Parent Company in accordance with the Annual Accounts Act. This normally

entails amortisation over a period of five years. In specific cases, the amortisation period may be longer than five years.

Employee benefits
The Parent Company applies a different basis for the calculation of defined benefit plans than that specified in IAS 19. The Parent Company complies with the provisions of the Pension Protection Act and the Finansinspektionen's regulations (Swedish Financial Supervisory Authority) since these is a condition for tax deductibility. The most significant differences compared to IAS 19 is how the discount rate is determined, the fact that the calculation of the defined benefit obligation is based on current salary level without taking future salary increases into account, and the fact that all actuarial gains and losses are recognised in the income statement as they occur.

Taxes
In the Parent Company balance sheet, untaxed reserves are recognised without being divided between shareholders' equity and deferred tax liabilities, in contrast to the Group. Similarly, the Parent Company income statement does not specify any part of appropriations as deferred tax expenses.

Shareholder contributions
Shareholder contributions are recognised directly in the shareholders' equity of the recipient and are capitalised in the shares and participations of the contributor, to the extent that no impairment is required.

Group contributions
Group contributions are recognised as appropriations.

Note 2 Net sales by major income category

	Group		Parent Company	
SEK million	**2015**	**2014**	**2015**	**2014**
Sale of goods	1,145	888	–	–
Service assignments	28	31	–	1
Other income	1	1	23	22
Total	**1,174**	**920**	**23**	**23**

No income is included, neither in the Group nor the Parent Company, that is attributable to the exchange of goods or services.

Note 3 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing performance of the operating segment's results. In the Group, this function has been identified as Group Management.

The division is based on geographical areas. Until 30 June 2015, there were three identified segments. In connection with the acquisition of Urtekram International A/S on 1 July 2015, the number of identified segments was extended with the geographical area Denmark. Until the integration of the acquired Urtekram International A/S has been completed, the segment's sales and the earnings from the Swedish, Norwegian and Finnish geographical markets are recognized the operating segment Denmark. The integration is expected to be completed during the first quarter of 2016, following which sales and earnings will be reported in the geographic segments to which they are attributable.

The acquired business Soma Nordic AS, including subsidiaries, is included in the operating segment Norway effective from 30 December 2014.

For more information regarding the acquired operations, see Note 4 Acquisitions of operations.

Four geographic segments have currently been identified.

Sweden
Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce/post-order, specialist healthfood retailers and other specialist retailers in the Swedish market. E-commerce/mail order operations are conducted in the form of direct sales to consumers through direct mail, telemarketing and Internet campaigns in the Nordic market.

Norway
Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce, specialist healthfood retailers and other specialist retailers in the Norwegian market.

Finland
Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce, specialist healthfood retailers and other specialist retailers in the Finnish market.

Denmark
Operations are conducted directly through proprietary companies in the form of production, marketing and sales of products in the categories of organic healthfood and organic personal care products to and through pharmacies, FMCG retailers, e-commerce, healthfood retailers and other specialist retailers, mainly in the Nordic and other European markets.

Segment consolidation is based on the same principles as for the Group as a whole (see table on next spread →).

The operating segments' profit, assets and liabilities include directly attributable items and items that can be allocated in a reasonable and reliable way. The items recognised in the operating segments' operating profit, assets and liabilities are measured in accordance with the operating profit, assets and liabilities followed up by Group Management. Assets and liabilities not allocated to the two segments are deferred tax assets, deferred tax liabilities, financial investments and financial liabilities.

Internal pricing policy
For the pricing of goods between the Group's sales companies, an internal pricing model is applied based on the purchasing sales company receiving a predetermined gross margin within a range that is normal for comparable companies in the market. The method, called RPM (Resale Price Method), is a generally accepted model for pricing.

For the pricing of services between Group companies, an internal pricing model is applied based on actual expenses plus a general supplement. The method, called CPLM (Cost Plus Method), is a generally accepted model for pricing.

In addition to the internal prices described above, internal interest is also charged. Each subsidiary receives interest based on a reference rate in the country concerned. The interest expense is based on a reference rate in the country concerned plus a risk supplement.

Information about major customers
In 2015, the Group's largest customer generated income totalling SEK 139 million (125). This income is recognised in the operating segments Sweden and Denmark.

Other information
The Group does not monitor its activities in such a way that sales information by product or by group of related products is immediately available. The Group has concluded that the expense of producing such information cannot be considered commensurate with its usefulness. Instead, the Group reports sales by channel.

Operating segments

SEK million	Sweden		Norway		Finland
	2015	2014	2015	2014	2015
Net sales, external	390	412	400	393	101
Net sales, intra-Group	31	27	1	2	1
Net sales	**421**	**439**	**401**	**395**	**102**
Operating expenses, external	-392	-391	-338	-330	-79
Operating expenses, intra-Group	-8	-9	-18	-17	-16
Operating expenses	**-400**	**-400**	**-356**	**-347**	**-95**
Operating profit, undistributed	**21**	**39**	**45**	**48**	**7**
Financial items					
Profit before tax					
Significant income and expense items reported in the income statement:					
Acquisition costs	–	–	–	–	–
Provision, expenses for restructuring of operations	-15	–	–	–	0
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–	4	3	–
Capital gains divestments of operations	–	–	–	–	–
Capital gains on disposals of intangible assets	–	2	–	–	–
Significant non-cash items:					
Amortisation/depreciation	-1	-2	-2	-2	-2
Impairment losses on inventories	-6	-1	–	–	–
Impairment of accounts receivable	-2	-2	1	0	–
Segment assets	693	706	696	731	106
Unallocated assets					
Total assets					
Segment liabilities	153	202	140	188	47
Unallocated liabilities					
Shareholders' equity					
Total shareholders' equity and liabilities					
Investments	0	1	2	1	0
Average number of employees	47	52	83	73	20
Number of employees as per the balance sheet date	58	52	78	87	25

		Denmark		Group functions, Group adjustments and eliminations		Group	
2014		2015	2014	2015	2014	2015	2014
114		283	–	0	1	1,174	920
–		1	–	-34	-29	–	–
114		**284**	**–**	**-34**	**-28**	**1,174**	**920**
-88		-251	–	-66	-44	-1,126	-853
-14		-3	–	45	40	–	–
-102		**-254**	–	**-21**	**-4**	**-1,126**	**-853**
12		**30**	–	**-55**	**-32**	**48**	**67**
						-9	-8
						39	**59**
–		–	–	-6	0	-6	0
–		-3	–	–	–	-18	–
–			–	–	–	4	3
–		20	–	-20	–	–	–
–		–	–	–	-2	–	–
-1		-4	–	-10	-9	-19	-14
–		–		–	–	-6	-1
–		0	–	0	0	-1	-2
98		418	–	-437	-384	1,476	1,151
						79	48
						1,555	**1,199**
43		91	–	-207	-266	224	167
						454	281
						877	751
						1,555	**1,199**
4		1	–	0	-3	3	3
21		62	–	8	8	220	154
20		124	–	9	8	294	167

Operating segments (continued)

External net sales by sales channel, SEK million	Group	
	2015	2014
Pharmacies	120	129
FMCG retailers	739	514
e-trade/post-order	44	45
Healthfood retailers	151	91
Other specialist retailers	54	93
Others	37	16
Total	**1,145**	**888**
Service assignments	28	31
Other sales	1	1
Total	**1,174**	**920**

External net sales for geographic areas[1], SEK million	Group	
	2015	2014
Sweden	437	401
Norway	411	397
Finland	134	120
Denmark	174	2
Iceland	0	0
Rest of Europe	17	0
Other countries	1	–
Total	**1,174**	**920**

[1]Income from external customers are allocated to individual countries according to the country in which the customer is domiciled.

Fixed assets by geographic area[1], SEK million	Group	
	2015	2014
Sweden	584	563
Norway	281	310
Finland	58	59
Denmark	272	–
Total	**1,195**	**932**

[1] Fixed assets by individually significant countries.

Note 4 Acquisitions of operations

Acquisitions in 2015

On 1 July 2015, all shares were acquired in the Danish company Urtekram International A/S, with offices in Mariager (Jutland, Denmark); Stockholm, Sweden; Helsinki, Finland; and Oslo, Norway. The total purchase consideration amounted to DKK 192 million (about SEK 238 million) and was paid in cash when Midsona gained control, equivalent to DKK 215 million (about SEK 266 million) on a debt-free basis.

Urtekram International A/S holds a leading position in organic food in the Nordic region. The company has a strong and well-established position in its home market and has in recent years expanded internationally, focusing on Sweden and Finland. The Urtekram brand is represented in 40 countries, with its base being in the Nordic region. The company develops, manufactures, markets and sells a wide range of organic food in the categories of colonial and frozen, organically certified care products and products aimed at people with allergies, including lactose and gluten-free products. Most of the company's sales are made to customers in the FMCG retail and healthfood shops segments.

Through the acquisition, Midsona gains access to the Urtekram brand, which significantly strengthens its position in the Nordic market for products in the areas of health and well-being. Urtekram will be one of the Group's priority brands. The acquisition is expected to generate synergies in the form of both increased income and reduced expenses. At the time of acquisition, the company had 138 employees, most of whom were located at the head office in Mariager.

The acquired business will be consolidated into the Midsona Group from 1 July 2015, representing a distinct geographical business areas and being reported as the Denmark operating segment in segment reporting. From the acquisition date until 31 December 2015, the operations contributed SEK 283 million to consolidated income and impacted consolidated operating profit in the amount of SEK 12 million. If the acquisition had occurred on 1 January 2015, consolidated net sales would have been an estimated SEK 1,426 million and consolidated operating income for 2015 would have been SEK 47 million.

The acquisition analysis that has been prepared is preliminary.

Effects of acquisitions

The acquiring company's net assets on the acquisition date, SEK million	Fair value
Intangible fixed assets	220
Tangible fixed assets	46
Financial fixed assets	2
Inventories	69
Accounts receivable	43
Other receivables	3
Prepaid expenses and accrued income	2
Cash and equivalents	3
Deferred tax liabilities	–54
Non-current interest-bearing liabilities	–16
Current interest-bearing liabilities	–19
Accounts payable	–47
Other current liabilities	–12
Accrued expenses and deferred income	–16
Total	224
Consolidated goodwill	14
Total	**238**
Transferred consideration	
Cash	238
Total	**238**

The fair value of identified assets and liabilities, amounted to a net SEK 238 million, of which SEK 204 million is for brands considered to have an indeterminate useful life, other intangible fixed assets of SEK 16 million, tangible and financial fixed assets of SEK 48 million, current assets of SEK 120 million, deferred tax liabilities of SEK 54 million and non-current and current liabilities of SEK 110 million. The remaining SEK 14 million represents goodwill. The goodwill recognised for the acquisition corresponds to the company's market position in organic food, its employees' skills and experience in the segment, as well as anticipated future synergies. The fair value of the accounts receivable amounted to SEK 43 million and was fully settled. Acquisition-related expenses amounted to SEK 6 million and were recognised under other operating expenses in profit for the year.

Integration

The acquired operations will be integrated gradually with the Group's existing businesses. The integration is expected to be completed during the first quarter of 2016. The integration is expected to result in restructuring expenses of at least SEK 8 million.

Acquisitions in 2014

On 30 December, all of the shares in the company Soma Nordic AS were acquired; a well-known player in organic healthfood, with offices in Moss and Malmö. The total purchase consideration amounted to SEK 45 million and was paid in cash on the transfer of control.

Through the acquisition, the Group gained access to, among other things, the Supernature brand, further strengthening the position in the Norwegian and Swedish healthfood markets. The acquisition is expected to provide both revenue and cost synergies. The company, which develops, markets and sells organic healthfoods, primarily to Norwegian and Swedish retailers, had 16 employees at the time of acquisition.

The consolidated income statement for 2014 does not include the net sales or operating profit of the acquired business. If the acquisition had occurred on 1 January 2014, consolidated net sales for 2014 would have been SEK 974 million and consolidated operating income would have been SEK 73 million.

The acquisition analysis that has been prepared has been approved.

Effects of acquisitions

The acquiring company's net assets on the acquisition date, SEK million	Fair value
Intangible fixed assets	16
Tangible fixed assets	1
Non-current receivables	0
Deferred tax assets	0
Inventories	6
Trade and other receivables	5
Cash and equivalents	8
Deferred tax liabilities	–4
Accounts payable and other current liabilities	–7
Total	**25**
Consolidated goodwill	20
Total	**45**
Transferred consideration	
Cash	45
Total	**45**

The fair value of accounts receivable amounted to SEK 5 million and was fully settled. Acquisition-related expenses amounted to SEK 0 million and were recognised under other operating expenses in profit for the year. Consolidated goodwill corresponds to the acquired operations' market position.

Integration
The acquired operations were integrated with the existing Norwegian and Swedish operations in 2015. The integration did not result in any significant restructuring expenses.

Note 5 Other operating income

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Capital gains on divestments of intangible fixed assets	–	–	–	2
Capital gains on divestments of tangible fixed assets	–	0	–	–
Rent	3	2	–	–
Exchange rate gains relating to operations	1	1	4	4
Royalty	1	–	–	–
Reversal of purchase consideration for previous years' acquisitions, previously booked as a liability.	4	3	–	–
Other	0	0	–	–
Total	**9**	**6**	**4**	**6**

Note 6 Other operating expenses

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Capital gains on divestments of intangible fixed assets	0	–	–	–
Capital loss on divestments of tangible fixed assets	–1	0	–	–
Exchange rate losses relating to operations	–2	–	–3	–3
Expenses incurred in acquisitions of operations	–6	0	–	–
Other	–1	–2	–1	–1
Total	**–10**	**–2**	**–4**	**–4**

Note 7 Operating expenses by expense category

Operating expenses are presented in the consolidated income statement using a classification based on the functions "Expenses for goods sold", "Selling expenses", "Administrative expenses" and "Other operating expenses". The sum of the expenses divided by function is distributed among the following expense categories.

SEK million	Group	
	2015	2014
Expenses for goods and materials	–672	–485
Personnel expenses	–165	–132
Selling expenses	–107	–103
Marketing expenses	–59	–50
Rental and other property expenses	–26	–17
Purchase of services	–22	–18
Amortisation/depreciation	–19	–14
Impairment	–7	–3
Other direct and indirect expenses	–48	–35
Other operating expenses	–10	–2
Total	**–1,135**	**–859**

Note 8 Fees and remunerations to auditors

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Deloitte				
Audit assignment	–1	–1	0	0
Auditing tasks beyond the audit assignment	0	0	0	–
Tax advice	0	0	0	0
Other assignments	–1	0	–1	0
Total	**–2**	**–1**	**–1**	**0**
KPMG				
Audit assignment	–	0	–	0
Auditing tasks beyond the audit assignment	–	0	–	–
Tax advice	–	0	–	0
Other assignments	0	–1	–	–1
Total	**0**	**–1**	**–**	**–1**
Other auditors				
Audit assignment	0	–	–	–
Auditing tasks beyond the audit assignment	0	–	–	–
Tax advice	0	–	–	–
Other assignments	–	–	–	–
Total	**0**	**–**	**–**	**–**
Total	**–2**	**–2**	**–1**	**–1**

Audit assignments involve the examination of the annual accounts and the accounting procedures, as well as the administration by the Board of Directors and the CEO, other tasks incumbent on the company's auditors and advice or other assistance resulting from observations made during the audit or the performance of such other tasks.

Note 9 Employees, personnel expenses and senior executives' remunerations

Employees

Number of employees at end of year	Group		Parent Company	
	2015	2014	2015	2014
Number at beginning of year	167	157	8	8
Recruitments	31	18	2	–
Intragroup transfers			-1	–
Redundancies[1]	-42	-24	–	–
Acquisitions of operations	138	16	–	–
Number at end of year	**294**	**167**	**9**	**8**

[1]The redundancies item includes both voluntary departures, as well as effects of rationalisation measures.

Average number of employees by country	Group		Parent Company	
	2015	2014	2015	2014
Sweden	55	60	8	8
of whom women	37	38	3	3
Norway	83	73	–	–
Finland	20	21	–	–
Denmark	62	–	–	–
Total abroad	**165**	**94**	–	–
of whom women	89	56	–	–
Total	**220**	**154**	**8**	**8**
of whom women	126	94	3	3

Number of women in company management teams	Group		Parent Company	
	2015	2014	2015	2014
Boards of Directors , %	26	25	43	17
President and management team, %	48	35	0	0

Personnel expenses

Personnel expenses, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Salaries and other remuneration				
Board of Directors, President and management team[1]	-30	-28	-7	-7
of which variable salary	-3	-2	0	0
of which severance pay	0	–	–	–
Other employees	-95	-71	-4	-3
of which variable salary	-1	-1	0	0
of which severance pay	0	–	–	–
Total salaries and other remuneration	**-125**	**-99**	**-11**	**-10**
Pension expenses, defined benefit plans[2]				
Board of Directors, President and management team[1]	–	0	–	–
Other employees	–	0	–	–
Pension expenses, defined contribution plans[2]				
Board of Directors, President and management team[1]	-4	-3	-1	-2
Other employees	-7	-6	-1	-1
Total pension expenses	**-11**	**-9**	**-2**	**-3**
Social security expenses				
Board of Directors, President and management team[1]	-6	-6	-3	-2
Other employees	-20	-14	-1	-1
Total social security expenses	**-26**	**-20**	**-4**	**-3**
Other personnel expenses				
Board of Directors, President and management team[1]	0	-1	0	0
Other employees	-3	-3	0	-1
Total other personnel expenses	**-3**	**-4**	**0**	**-1**
Total personnel expenses	**-165**	**-132**	**-17**	**-17**

[1] With regard to the Group, "Board of Directors" refers to all boards of Group companies. Members of the Boards of subsidiaries consist of employees who do not receive Board fees for their services. With regard to the Group, "President" refers to all persons holding the position of President in any Group company. "Management team" includes all management teams in Group companies. An individual can have more than one Board assignment while being included in more than one management team within the Group. Collectively, the Boards of Directors, Presidents and management teams consist of 91 (62) individuals in the Group and 12 (10) individuals in the Parent Company.

[2] See Note 26 Provisions for pensions.

Remuneration to senior executives

Remuneration to members of the Board of the Parent Company

Definitions
Since the Annual General Meeting of 28 April 2015, the Board of Directors has consisted of Åke Modig (Chairman of the Board), Tina Andersson, Ola Erici, Cecilia Marlow, Birgitta Stymne Göransson, Peter Wahlberg and Johan Wester.

Principles for remuneration of the Board
The 2015 Annual General Meeting resolved that fees for 2015/2016 should be paid to the Chairman in the amount of SEK 400 thousand (including committee work) and to the other members of the Board who are not employees of the company in the amount of SEK 200 thousand each. In addition, SEK 20 thousand shall be paid to each member of the Board, other than the Chairman, who is a member of a committee. Authorised fees totalled SEK 1,680 thousand. Beyond these remunerations, members of the Board are not entitled to any other compensation other than for travel and lodging. Remuneration of members of the Board is prepared by the Nominating Committee and approved by the Annual General Meeting.

Board fees
The following fees were paid to the Board of Directors over the year.

	Parent company 2015			
Board of Directors SEK thousand	**Board fees**	**Fee Remunerations Committee**	**Fee Audit Committee**	**Total**
Åke Modig (Chairman of the Board)	400	–	–	400
Tina Andersson	200	–	20	220
Ola Erici	200	20	–	220
Cecilia Marlow	200	–	20	220
Birgitta Stymne Göransson	200	–	–	200
Peter Wahlberg	200	–	–	200
Johan Wester	200	–	20	220
Total	**1,600**	**20**	**60**	**1,680**

	Parent company 2014			
Board of Directors SEK thousand	**Board fees**	**Fee Remunerations Committee**	**Fee Audit Committee**	**Total**
Åke Modig (Chairman of the Board)	400	–	–	400
Tina Andersson	200	–	–	200
Lennart Bohlin	200	–	20	220
Ola Erici	200	20	–	220
Ralph Mühlrad	200	–	20	220
Johan Wester	200	–	20	220
Total	**1,400**	**20**	**60**	**1,480**

Remuneration to senior executives

Definitions
Senior executives are those who, together with the CEO Peter Åsberg, were included in Group Management during all or part of the year. These senior executives are Lennart Svensson, Vidar Eskelund, Jukka Allos (until 1 September 2015), Markku Janhunen (from 1 September 2015) and Lars Børresen (from 1 September 2015).

Principles for remunerations to senior executives
Principles for remunerations to senior executives are determined by the Annual General Meeting. Senior executives are considered to be the CEO and other members of the management team.

The 2015 Annual General Meeting approved the following guidelines for remunerations to senior executives. Senior executives are to be offered competitive remunerations in line with the market. Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. Remunerations consist of fixed salary and pension, and shall additionally be able to include variable pay, severance pay and non-monetary benefits. Variable pay shall be based on quantitative and qualitative targets being achieved. It shall be possible for the President to earn variable pay of at most 50 percent of basic salary and for other members of Group Management to earn variable pay of at most 30 percent of basic salary. Severance pay shall amount to at most six months' salary if notice is given by the company. Salary during the period of notice and severance pay shall be limited to at most 24 months' salary. Pension benefits shall be defined contribution benefits and normally entitle the individual to pension from the age of 65. On termination of employment by the company, 6 to 12 months' salary normally applies. Remuneration and other terms of employment for the President are prepared by the Remunerations Committee and approved by the Board of Directors.

Remunerations and other terms of employment for other members of the management team are determined by the Remunerations Committee in consultation with the CEO. The Board of Directors is kept continuously up-to-date regarding remuneration levels for other senior executives.

The Board of Directors is entitled to diverge from these guidelines if there are specific reasons in individual cases.

Remuneration and other benefits

The following remunerations and other benefits were paid to senior executives over the year.

Remuneration and other benefits to the CEO and Group Management, SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expenses	Total
2015					
Peter Åsberg, CEO	3,266	205	99	1,065	4,635
Group Management (4 individuals)	6,287	234	330	700	7,551
Total	**9,553**	**439**	**429**	**1,765**	**12,186**
2014					
Peter Åsberg, CEO	3,056	187	106	1,183	4,532
Group Management (3 individuals)	5,777	553	272	528	7,130
Total	**8,833**	**740**	**378**	**1,711**	**11,662**

Comments on the table

- For the 2015 financial year, variable remuneration of SEK 505 thousand was paid to the CEO, of which SEK 300 thousand was allocated to pension benefits. The variable remuneration accounted for 15 percent of base salary.
- For the 2015 financial year, variable remuneration of SEK 234 thousand was paid to the other members of Group Management, which corresponded to 4 percent of base salary.
- For the 2014 financial year, variable remuneration of SEK 587 thousand was paid to the CEO, of which SEK 400 thousand was allocated to pension benefits. The variable remuneration accounted for 19 percent of base salary.
- For the 2014 financial year, variable remuneration of SEK 553 thousand was paid to the other members of Group Management, which corresponded to 10 percent of base salary.
- Pension expenses refer to the expenses that affected profit for the year, excluding income tax.
- Other benefits primarily refer to company cars and telephones.

Share-related benefits

At the end of 2015, there were no agreements regarding share-related benefits in accordance with IFRS 2.

Note 10 Net financial items

SEK million	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Profit from participations in subsidiaries				
Dividends from subsidiaries[1]			40	46
Impairment of shares in subsidiaries			-1	–
Total			**39**	**46**
Financial income				
Interest income[2]	0	0	–	–
Interest income, subsidiaries			5	7
Exchange rate gains	0	1	–	1
Other financial income	1	0	–	–
Total	**1**	**1**	**5**	**8**
Financial expenses				
Interest expenses[2]	-7	-6	-4	-3
Interest expenses, subsidiaries			-2	-1
Exchange rate losses	0	0	-9	–
Other financial expenses	-3	-3	-1	-2
Total	**-10**	**-9**	**-16**	**-6**
Total financial items	**-9**	**-8**	**28**	**48**

[1] The dividends from subsidiaries of SEK 40 million (46) include SEK 39 million (39) in anticipated dividends.
[2] All interest income and interest expense is attributable to financial instruments measured at amortised cost.

Note 11 Appropriations

SEK million	Parent Company 2015	Parent Company 2014
Group contributions received	–	2
Total	**–**	**2**

Note 12 Taxes

Recognised in profit for the year, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Current tax				
Current tax	-3	-2	–	–
Adjustment of tax relating to previous years	0	–	–	–
	-3	**-2**	**–**	**–**
Deferred tax				
Deferred tax relating to temporary differences	1	2	0	–
Deferred tax resulting from changes in tax rates	4	–	–	–
Deferred tax income in tax loss carryforwards capitalised during the year	40	15	21	3
Deferred tax expense resulting from utilisation of previously capitalised tax loss carryforwards	-15	-11	–	–
Adjustment of deferred tax relating to previous years	0	–	–	–
	30	**6**	**21**	**3**
Total	**27**	**4**	**21**	**3**

Current tax

Reconciliation of tax, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Profit before tax	39	59	17	41
Tax at the applicable tax rate for the Parent Company of 22.0 percent (22.0)	-9	-13	-4	-9
Non-taxable dividends from subsidiaries	–	–	9	10
Non-deductible impairment of shares in subsidiaries	–	–	0	–
Other non-deductible expenses/ other non-taxable income	2	0	1	0
Effect of other tax rates on foreign subsidiaries	-2	-2	–	–
Effect of changed tax rates	3	–	–	–
Capitalisation of previously uncapitalised loss carryforwards	31	14	15	3
Utilisation of previously uncapitalised tax loss carryforwards	0	8	–	–
Increase in tax loss carryforwards without corresponding capitalisation of deferred tax	–	-2	–	-1
Decrease/increase in deductible temporary differences without corresponding capitalisation of deferred tax	2	-1	–	–
Tax attributable to previous years	0	–	–	–
Other	0	–	0	–
Total	**27**	**4**	**21**	**3**

The applicable corporate tax rate in Sweden is 22.0 percent, while subsidiaries in Norway, Finland and Denmark apply local corporate tax rates.

Changed tax rates

In Norway, a decision was made to lower the Norwegian corporate tax rate from 27.0 percent to 25.0 percent from 1 January 2016. In Denmark, a decision was made to lower the Danish corporate tax rate from 23.5 percent to 22.0 percent from 1 January 2016. In line with these cuts in corporate tax rates, deferred tax assets/liabilities were revalued.

Deferred tax

Changes in deferred tax in temporary differences and tax loss carryforwards, SEK million	Group: Opening balance 1 January 2014	Group: Recognised in the income statement	Group: Change through acquisition of operations	Group: Closing balance 31 December 2014	Parent Company: Opening balance 1 January 2014	Parent Company: Recognised in the income statement	Parent Company: Closing balance 31 December 2014
Deferred tax liability							
Intangible fixed assets	74	23	4	101	–	–	–
Inventories	–	-1	–	-1			
Provisions	0	-1	–	-1	–	–	–
Tax loss carryforwards	–	-19	–	-19	–	–	–
Total	**74**	**2**	**4**	**80**	–	–	–
Deferred tax assets							
Intangible fixed assets	-21	24	–	3	–	–	–
Tangible fixed assets	0	0	–	0	–	–	–
Inventories	1	0	–	1	–	–	–
Provisions	1	0	–	1	–	–	–
Tax loss carryforwards	61	-16	-2	43	12	3	15
Total	**42**	**8**	**-2**	**48**	**12**	**3**	**15**
Total net deferred tax liability	**32**	**-6**	**6**	**32**	**-12**	**-3**	**-15**

	Group: 1 January 2015	Group: Recognised in the income statement	Group: Change through acquisition of operations	Group: 31 December 2015	Parent Company: 1 January 2015	Parent Company: Recognised in the income statement	Parent Company: 31 December 2015
Deferred tax liability							
Intangible fixed assets	101	-14	52	139	–	–	–
Tangible fixed assets	–	3	2	5	–	–	–
Inventories	-1	0	0	-1	–	–	–
Provisions	-1	1	–	0	–	–	–
Tax loss carryforwards	-19	11	–	-8	–	–	–
Total deferred tax liability	**80**	**1**	**54**	**135**	–	–	–
Deferred tax assets							
Intangible fixed assets	3	-1	–	2	–	0	–
Tangible fixed assets	0	0	–	–	–	–	–
Inventories	1	0	–	1	–	–	–
Provisions	1	-1	–	0	–	–	–
Tax loss carryforwards	43	33	–	76	15	21	36
Total	**48**	**31**	–	**79**	**15**	**21**	**36**
Total net deferred tax liability	**32**	**-30**	**54**	**56**	**-15**	**-21**	**-36**

Deferred tax assets and deferred tax liabilities have been measured based on the nominal tax rate. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. The amounts in the above table are reported gross.

Temporary differences

Temporary differences arise in cases where the carrying amounts and taxable values of assets and liabilities differ. Temporary differences are attributable to the balance sheet and have resulted in deferred tax assets and liabilities according to the table above.

No deferred tax is recognised regarding temporary differences attributable to investments in subsidiaries. Any future effects (withholding taxes and other deferred tax on profit taking within the Group) are recognised when Midsona is no longer able to control the reversal of such differences or it is for other reasons no longer probable that the reversal will occur in the foreseeable future.

Tax loss carryforwards

In the third quarter of 2015, a reassessment was made of the Group's tax loss carryforwards. The reassessment of tax loss carryforwards attributable to the Group's Swedish operations entailed deferred tax income of SEK 31 million being recognised. All tax loss carryforwards in the Group had been capitalised as per 31 December 2015. Management believes that, given the Group's current and future structure, the opportunities to utilise the tax loss carryforwards are well founded. At 31 December 2015, total tax loss carryforwards in the Group were SEK 373 million (405). For the comparative year, tax loss carryforwards of SEK 262 million in the Group had been capitalised as per 31 December 2014. All tax loss carryforwards have an indefinite life.

Note 13 Profit and earnings per share

Earnings per share are calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of shares outstanding during the period.

Earnings per share before and after dilution, SEK million	Group	
	2015	2014
Profit for the year, SEK million	66	63
Number of shares on balance sheet date, thousands	28,431	22,745
Average number of shares during the period, thousands	24,419	22,745
Earnings per share, SEK	2.71	2.75

The weighted average number of shares was affected by the new share issue in September 2015.

Instruments that may result in future dilution and changes after the balance sheet date

At the end of the reporting period there were no outstanding option programmes issued by the company.

Dividend

The Board of Directors proposes that a share dividend of SEK 1.10 per share (1.10) be paid for the 2015 financial year, equivalent to SEK 31,274,085 (25,019,269) in total.

Note 14 Intangible fixed assets

SEK million	Group				Parent Company
	Goodwill	Brands	Other intangible assets	Total	Other intangible assets
Accumulated cost					
Opening balance 1 January 2014	689	371	26	1,086	4
Acquired through acquisition of operations	20	16	1	37	–
Other acquisitions/investments	–	–	1	1	1
Translation difference for the year	0	2	0	2	–
Closing balance 31 December 2014	**709**	**389**	**28**	**1,126**	**5**
Accumulated depreciation, amortisations and impairment					
Opening balance 1 January 2014	-186	-37	-17	-240	-2
Acquired through acquisition of operations	–	–	-1	-1	–
Amortisation/depreciation for the year	–	-8	-3	-11	-1
Translation difference for the year	1	0	0	1	–
Closing balance 31 December 2014	**-185**	**-45**	**-21**	**-251**	**-3**
Carrying amount 31 December 2014	**524**	**344**	**7**	**875**	**2**

SEK million	Group				Parent Company
Accumulated cost					
Opening balance 1 January 2015	709	389	28	1,126	5
Acquired through acquisition of operations	18	205	16	239	–
Other acquisitions/investments	–	–	2	2	0
Sales/scrappings	-2	-1	-9	-12	–
Translation difference for the year	-40	-7	-1	-48	–
Closing balance 31 December 2015	**685**	**586**	**36**	**1,307**	**5**
Accumulated depreciation, amortisations and impairment					
Opening balance 1 January 2015	-185	-45	-21	-251	-3
Acquired through acquisition of operations	-1	-1	-2	-4	–
Amortisation/depreciation for the year	–	-9	-4	-13	-1
Sales/scrappings	1	1	9	11	–
Translation difference for the year	16	1	0	17	–
Closing balance 31 December 2015	**-169**	**-53**	**-18**	**-240**	**-4**
Carrying amount 31 December 2015	**516**	**533**	**18**	**1,067**	**1**

The carrying amount for the item "other intangible assets" includes SEK 11 million (–) for customer relations, SEK 5 million (7) for software and SEK 2 million (–) for other intangible assets.

At the end of the year, there were no material internally-generated intangible assets.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2015 or for 2014.

Amortisation/depreciation

All intangible fixed assets (other than goodwill and acquired brands that are considered to have an indeterminate useful life) are amortised. Amortisation is included in the following items in the income statement.

Amortisation for the year included in the income statement, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Selling expenses	-10	-8	–	–
Administrative expenses	-3	-3	-1	-1
Total	**-13**	**-11**	**-1**	**-1**

For information on depreciation, see Note 1 Accounting principles.

Impairment testing

Goodwill and brands with indeterminate useful lives have been allocated to cash-generating units for which there are identifiable cash flows in accordance with the commercial organisation. Identified cash-generating units agree with the Group's operating segments, see Note 3 Operating segments. Annual impairment testing is conducted for goodwill and brands of indeterminate useful lives allocated to operating segments in accordance with the following.

Goodwill and brands with indeterminate useful lives by operating segment, SEK million	Average discount rate before tax 2015 (2014), %	2015	2014
Sweden	10.2 (10.1)	458	458
Norway	10.6 (10.6)	231	252
Finland	10.5 (10.5)	27	29
Denmark	10.7 (–)	217	–
Total		**933**	**739**

The cash-generating unit Sweden includes goodwill of SEK 243 million (243) and brands with indeterminate useful lives of 215 million (215). Brands with indeterminate useful lives refers to Friggs, which is well-established in its market and which the Group intends to maintain and further develop. The cash-generating unit Denmark includes goodwill of SEK 15 million (–) and brands with indeterminate useful lives of 202 million (–). Brands with indeterminate useful lives refers to Urtekram, which is well-established in its market and which the Group intends to maintain and further develop. In the cash-generating units Norway and Finland, there are no brands of indeterminate useful lives.

The recoverable amount of each cash-generating unit has been determined based on calculations of value in use. These calculations are based on the actual performance of the operations and the business plan established by Group Management and subsequently approved by the Board for the next five years. Assumptions in the business plan based on market share, market growth, current market prices, current cost levels plus additions for real price increases and cost inflation, efficiency enhancements and the trend in the operating margin of each operating segment. Assumptions regarding volumes normally follow average growth of 3–5 percent , depending on the operating segment. The growth rate applied is consistent in reports on future market growth.

The effects of expansion investments are excluded when testing for impairment. The basis for the calculation consists of projected future cash flows in accordance with the business plan, with a sustained growth rate of 2 percent (2). Cash flows for the period beyond five years have been calculated by applying a multiple to estimated sustainable cash flow.

When calculating the present value of anticipated future cash flows, the weighted average cost of capital (WACC) is applied that has been determined for each operating segment. The discount rate applied is stated pre-tax and reflects specific risks applicable to the various operating segments. Discounted cash flows are then compared to the book value of the assets, provisions and liabilities associated with each operating segment.

Impairment testing is normally conducted in the third quarter or whenever the need arises. Impairment testing conducted for the 2015 financial year showed, with the assumptions made, there was no need to recognise impairment in brands with indeterminate useful lives.

Impairment

No impairment was applied to intangible fixed assets in 2015 or 2014, neither in the Group nor the Parent Company. For information on impairment, see Note 1 Accounting principles.

Sensitivity analysis

Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit being lower than their total carrying amount.

Note 15 Tangible fixed assets

SEK million	Group						Parent Company
	Operating properties	Plant and equipment	Equipment, fixtures and fittings	Leasing[1]	Other tangible fixed assets	Total	Equipment, fixtures and fittings
Accumulated cost							
Opening balance 1 January 2014	–	5	18	3	3	29	3
Acquired through acquisition of operations	–	–	1	–	–	1	–
Other acquisitions/investments	–	0	1	1	–	2	–
Sales/scrappings	–	–	-1	-2	0	-3	–
Translation difference for the year	–	0	0	–	0	0	–
Closing balance 31 Dec 2014	–	**5**	**19**	**2**	**3**	**29**	**3**
Accumulated amortisation/depreciation							
Opening balance 1 January 2014	–	-2	-14	-2	-1	-19	-2
Acquired through acquisition of operations		–	-1	–	–	-1	–
Amortisation/depreciation for the year	–	-1	-1	-1	0	-3	0
Sales/scrappings	–	–	1	2	0	3	–
Translation difference for the year	–	0	0	–	0	0	–
Closing balance 31 Dec 2014	–	**-3**	**-15**	**-1**	**-1**	**-20**	**-2**
Carrying amount, 31 December 2014	–	**2**	**4**	**1**	**2**	**9**	**1**

	Group						Parent Company
Accumulated cost							
Opening balance 1 January 2015	–	5	19	2	3	29	3
Acquired through acquisition of operations	40	11	40	15	4	110	–
Other acquisitions/investments	0	0	1	0	0	1	0
Sales/scrappings	0	-1	-5	0	0	-6	0
Reclassification	–	3	–	-3	–	0	–
Translation difference for the year	-1	-1	-2	0	0	-4	–
Closing balance 31 December 2015	**39**	**17**	**53**	**14**	**7**	**130**	**3**
Accumulated amortisation/depreciation							
Opening balance 1 January 2015	–	-3	-15	-1	-1	-20	-2
Acquired through acquisition of operations	-13	-10	-27	-10	-3	-63	–
Amortisation/depreciation for the year	0	-1	-3	-1	-1	-6	-1
Sales/scrappings	0	0	4	0	0	4	0
Reclassification	–	-2	–	2	–	0	–
Translation difference for the year	0	1	1	0	0	2	–
Closing balance 31 December 2015	**-13**	**-15**	**-40**	**-10**	**-5**	**-83**	**-3**
Carrying amount, 31 December 2015	**26**	**2**	**13**	**4**	**2**	**47**	**0**

[1]For further information see Note 16 Leases

The carrying amount for the item "Other tangible fixed assets" includes SEK 2 million (2) for improvements to property owned by another and SEK – million (0) for land improvements.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2015 or for 2014.

Amortisation/depreciation

All tangible fixed assets are depreciated. Amortisation is included in the following items in the income statement.

Amortisation for the year included in the income statement, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Expenses for goods sold	–3	–1	–	–
Selling expenses	–2	–1	–	–
Administrative expenses	–1	–1	–1	0
Total	**–6**	**–3**	**–1**	**0**

For information on depreciation, see Note 1 Accounting principles.

Impairment

No impairment was applied to tangible fixed assets in 2015 or 2014, neither in the Group nor the Parent Company. For information on impairment, see Note 1 Accounting principles.

Note 16 Leases

Financial leasing

The Group leases production, office and IT equipment under several financial leases. When the leases expire, there are options to purchase the equipment at an attractive price. The lease agreements include escalation clauses. On the balance sheet date, the carrying amount of the leased assets totalled SEK 4 million (1). The leased assets serve as collateral for the lease liabilities. The leases contain no restrictions on opportunities to pay dividends, raise new loans and enter into new leases. There is no subleasing of assets used under financial leases.

Depreciation of the assets leased under financial leases amounted to SEK 1 million (1). Lease fees paid amounted to SEK 2 million (0).

Future minimum lease fees and their present values under non-cancellable financial leases amounted to the following.

Due dates for future minimum lease payments, SEK million	Nominal values	Present values
Within one year	2	2
Later than one year but within five years	2	2
Later than five years	–	–
Total	**4**	**4**

The present value of future minimum lease payments is recognised as liabilities to credit institutions, partly as a current liability and partly as a non-current liability.

Operating leases

The Group leases warehouse and office space, computers and other equipment. Certain contracts include renewal options for varying periods of time. Part of a leased office and warehouse has been sub-let.

Expensed operating lease fees, SEK million	Group[1]		Parent Company	
	2015	2014	2015	2014
Expenses for operating leases	–23	–15	–4	–3
Total	**–23**	**–15**	**–4**	**–3**
Lease income for sub-let items	1	2	–	–

[1] Pertains to expensed operating lease fees.

Nominal value of future minimum lease payments under non-cancellable leases, SEK million	Group[1]		Parent Company	
	2015	2014	2015	2014
Mature for payment within a year	21	13	5	2
Mature for payment after more than one year but within five years	39	39	5	5
Mature for payment after more than five years	2	9	0	0
Total	**62**	**61**	**10**	**7**

[1] Pertains to the nominal value of future minimum lease payments under non-cancellable leases.

Note 17 Participations in subsidiaries

	Corporate identity number	Domicile	Number of shares	Proportion of capital/voting rights	Book value, SEK million
Bioglan AS	970,968,660	Oslo, Norway	1,400	100%	167
Midsona Norge AS	979,473,559	Oslo, Norway	–	100%	–
Nordisk Helseforlag AS	912,536,130	Moss, Norway	–	100%	–
Soma Nordic AB	556585-7942	Laholm, Sweden	–	100%	–
Dalblads Nutrition AB	556542-8264	Lerum, Sweden	1,000	100%	33
Midelfart Sonesson AB (in liquidation)	556576-5798	Lund, Sweden	1,000	100%	–
Midsona Finland Oy	1732881-1	Salo, Finland	16,000	100%	31
Urtekram Finland Oy	2727736-8	Helsinki, Finland	–	100%	–
Midsona Sverige AB	556420-6646	Malmö, Sweden	2,000	100%	300
Bioglan Pharma AB	556594-2025	Lund, Sweden	–	100%	–
Vitalas AB	556572-5040	Malmö, Sweden	–	100%	–
Trettiosjucorp AB	556480-0224	Malmö, Sweden	165,797	100%	–
Urtekram International A/S	31493994	Mariager, Denmark	6,000,000	100%	243
Urtekram Sverige AB	559037-5951	Malmö, Sweden	15,938	100%	16
Total book value in the Parent Company					**790**

SEK million	Parent Company	
	2015	2014
Accumulated cost		
Opening balance	1,583	1,583
Acquisitions of subsidiaries	259	–
Shareholder contributions in subsidiaries	50	–
Closing balance	**1,892**	**1,583**
Accumulated impairment		
Opening balance	-1,101	-1,101
Impairment for the year on shares in subsidiaries	-1	–
Closing balance	**-1,102**	**-1,101**
Book value	**790**	**482**

Impairment for the year on shares in subsidiaries is recognised in the income statement under "Profit from participations in subsidiaries".

Note 18 Receivables from, and liabilities to, subsidiaries

SEK million	Parent Company	
	2015	2014
Fixed assets		
Interest-bearing receivables	185	242
Total	**185**	**242**
Current assets		
Interest-bearing receivables[1]	2	1
Other receivables	42	47
Total	**44**	**48**
Total	**229**	**290**
Non-current liabilities		
Interest-bearing liabilities	0	2
Total	**0**	**2**
Current liabilities		
Interest-bearing liabilities[1]	84	52
Other liabilities	0	1
Total	**84**	**53**
Total	**84**	**55**

[1] Interest-bearing receivables and liabilities refer to the consolidated accounts with internal interest.

Note 19 Other non-current receivables and other receivables

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Other non-current receivables that are fixed assets				
Deposits	2	0	–	–
Other financial assets	0	0	–	–
Total	**2**	**0**	**–**	**–**
Other receivables that are current assets				
Currency futures	1	1	–	–
Other receivables	1	2	1	1
Total	**2**	**3**	**1**	**1**

Note 20 Inventories

SEK million	Group	
	2015	2014
Raw materials and consumables	43	5
Products in process	0	0
Completed products and goods for resale	108	95
Total	**151**	**100**

The consolidated income statement includes impairment of inventories in the following items: expenses for goods sold SEK 2 million (–), selling expenses SEK 4 million (1).

Note 21 Accounts receivable

Midsona has some 200 active customers, of whom the ten largest accounted for 54 percent (52) of net sales. Customers are primarily pharmacy chains, FMCG and healthfood retailers and other specialist retailers. In addition to these customers, the Group also makes direct sales to, among others, a large number of private individuals, therapists and smaller, independent shops via on-line sales and post-order. Most net sales derive from the Nordic market.

A large part of sales is based on a framework agreement that specifies general terms and discounts for a year at a time. Normally, assortment evaluations are performed a couple of times a year, in connection with which price levels can also be adjusted if there is evidence of this through, for example, higher commodity prices.

Accounts receivable, SEK million	Group	
	2015	2014
Accounts receivable, gross	132	100
Allocation for doubtful accounts receivable	–1	0
Total	**131**	**100**

Provision for doubtful accounts receivable, SEK million	Group	
	2015	2014
Provision at beginning of year	0	–2
Allocation for feared bad debt losses	–1	–2
Confirmed bad debt losses	0	4
Total	**–1**	**0**

Age analysis, accounts receivable, SEK million	Group	
	2015	2014
Accounts receivable not past due	120	95
Past due –30 days	10	4
Past due 31–90 days	1	1
Past due > 90 days	0	0
Total	**131**	**100**

The fair value of accounts receivable is consistent with the reported value.

Note 22 Prepaid expenses and accrued income

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Prepaid rent	2	2	1	1
Prepaid insurance	1	1	1	0
Deferred leasing expenses	1	0	0	0
Prepaid marketing expenses	1	2	–	–
Prepaid commission	1	1	–	–
Prepaid purchases of goods and services	3	2	1	1
Other prepaid expenses	3	4	0	1
Total	**12**	**12**	**3**	**3**

Note 23 Shareholders' equity

Group

Share capital
The item consists of the Parent Company's share capital.

Additional paid-up capital
The item consists of the shareholders' equity contributed by shareholders. This includes share premium reserves transferred to the statutory reserve at 31 December 2005. Provision to the share premium reserve from 1 January 2006 and onward, are also recognised as paid-up capital.

Reserves
The item consists of a translation reserve, which comprises all exchange rate differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than that in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor (SEK).

Profit brought forward/accumulated losses, including profit for the year
The item consists of earned profits/accumulated losses in the Parent Company and its subsidiaries. Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

Parent Company

Restricted shareholders' equity

Share capital
The item consists of the Parent Company's share capital.

Statutory reserve
The item consists of amounts that, prior to 1 January 2006, had been transferred to the share premium reserve when shares were issued at a premium, that is, at an amount exceeding the quota value of the shares.

Unrestricted shareholders' equity

Share premium reserve
The item consists of amounts transferred to the share premium reserve as of 1 January 2006 when shares were issued at a premium, that is, at an amount beyond the quota value of the shares.

Fair value fund
The item consists of a change in value caused by a price fluctuation arising on a monetary item forming part of the net investment in a foreign unit and recognised in shareholders' equity in accordance with Chapter 4, Section 14f of the Annual Accounts Act.

Profit brought forward/accumulated losses
The item consists of earned profits/accumulated losses in the Parent Company and, together with net income, the share premium reserve and the fair value fund forms the total unrestricted shareholders' equity, that is, the amount available for distribution to shareholders.

Change in number of shares, number	Series A shares	Series B shares	Total
Number of shares 1 January 2014	379,932	22,364,858	22,744,790
Number of shares 31 December 2014	**379,932**	**22,364,858**	**22,744,790**
Number of shares 1 January 2015	379,932	22,364,858	22,744,790
New share issue	94,983	5,591,214	5,686,197
Number of shares 12 January 2015	**474,915**	**27,956,072**	**28,430,987**
Quota value per share, SEK			20,00
Share capital on the balance sheet date, SEK			568,619,759

Holders of shares are entitled to dividends as determined by the Annual General Meeting. At the Annual General Meeting, each series A share conveys ten votes and each series B share conveys one vote. All shares convey the same rights to Midsona's net assets.

Neither the company nor its subsidiaries hold any treasury shares.

Share options
There were no incentive programmes issued by the company outstanding at the end of the year.

Note 24 Liabilities to credit institutions

Interest-bearing liabilities, SEK million	Group		Parent Company	
	2015	2014	2015	2014
Non-current interest-bearing liabilities				
Bank loans	248	148	190	95
Financial lease liabilities	2	0	–	–
Total	**250**	**148**	**190**	**95**
Current interest-bearing liabilities				
Overdrafts	47	52	47	52
Bank loans	20	–	20	–
Financial lease liabilities	2	1	–	–
Total	**69**	**53**	**67**	**52**
Total	**319**	**201**	**257**	**147**

Midsona AB holds financing agreements that extend until 31 December 2016, with an opportunity to be extended by one year at a time until 31 December 2018.

The financing agreement consists of a revolving credit facility totalling SEK 320 million, without any obligation for amortisation until the financing agreement matures on 31 December 2016. Of the facility, a maximum of SEK 100 million may be used as an overdraft facility. In connection with the acquisition of Urtekram International A/S on 1 July 2015, an addition was made to the existing financing agreement, whereby an acquisition loan of SEK 70 million and a bridge loan of SEK 120 million were raised. The bridge financing was repaid in September 2015 following the new share issue. The acquisition loan requires amortisation by SEK 5 million per quarter from 31 December 2015 until maturity on 30 June 2019.

Two financial covenants are linked to the financing agreement, which must be met during the maturity of the contract. These terms require that the key figures "net debt/EBITDA" and "interest coverage" shall not, on a rolling 12-month basis, deviate from agreed levels.

Interest on facilities is calculated at the applicable base interest rate plus a margin based on the key figure "net debt/EBITDA" on a rolling 12-month basis.

Financial lease liabilities mature with contracted interest over the lease term.

Note 25 Other non-current and current liabilities

SEK million	Group		Parent Company	
	2015	2014	2015	2014
Other non-current liabilities				
Finalised purchase consideration, acquisition of operations	–	4	–	–
Total	**–**	**4**	**–**	**–**
Other current liabilities				
VAT liabilities	20	11	0	0
Settlement, personnel taxes and fees	8	7	0	1
Finalised purchase consideration, acquisition of operations	–	14	–	–
Other liabilities	0	3	0	–
Total	**28**	**35**	**0**	**1**

No other non-current liabilities mature for payment more than five years after the balance sheet date.

Credit terms for interest-bearing liabilities, SEK million	Nominal amount	Utilised amount	Unutilised amount	Interest terms [2]	Maturity
Bank loans					
Acquisition loan	65	65	0	STIBOR + 1.63 percent	July 2015–June 2019
Facility	172	158	14	STIBOR + 1.63 percent	December 2013–December 2016
Facility [1]	48	48	0	NIBOR + 1.63 percent	December 2013–December 2016
Total	**285**	**271**	**14**		
Overdrafts					
Overdrafts	100	47	53	STIBOR + 1.63 percent	December 2013–December 2016
Total	**100**	**47**	**53**		
Total	**385**	**318**	**67**		

[1] The bank loan has a nominal value of NOK 50 million, in the table, this is converted into SEK at the closing rate.
[2] The margin represents an average percentage over the 2015 financial year for credit facilities and overdraft facility.

Note 26 Provisions for pensions

Defined benefit pension plans

In Norway, a special pension agreement is in place, the AFP scheme, which has been agreed between the social partners as a supplement to retirement pension. Such insurance comprises a defined benefit plan covering several employers. For the 2015 financial year, the Group does not have access to information making it possible to report this as a defined benefit plan. Consequently, this pension obligation is reported as a defined contribution plan.

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. According to statement UFR 10, from the Financial Reporting Board, this is a defined benefit plan that covers several employers. For the 2015 financial year, the Group does not have access to information making it possible to report this as a defined benefit plan. Pension in accordance with the ITP plan and secured through insurance with Alecta is consequently recognised as a defined contribution plan.

The year's fees for pension insurance secured through Alecta amounted to SEK 1 thousand (2) in the Group, and SEK 0 thousand (0) in the Parent Company. For the next reporting period, the charges expected for ITP 2 insurance with Alecta amount to SEK 1 million for the Group and SEK 0 million for the Parent Company.

Alecta's surplus may be distributed to policyholders and/or the beneficiaries. At the end of 2015, Alecta's surplus in the form of the collective funding ratio was 153 percent (143). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

Defined contribution pension plans

For employees in Sweden, the Group has defined contribution pension plans paid entirely by the Group companies. In other countries, there are defined contribution plans that are paid partly by the subsidiaries and that are partly covered by fees paid by the employees. Payments to these plans are on-going, in accordance with the regulations for each of the plans.

	Group		Parent Company	
SEK million	2015	2014	2015	2014
Expenses for defined contribution plans[1]	-11	-9	-2	-3

[1] The ITP plan funded in Alecta is included as an expense of SEK 1 million (2) for the Group and SEK 0 million (0) for the Parent Company.

Note 27 Other provisions

	Group		Parent Company	
SEK million	2015	2014	2015	2014
Provisions that are current				
Warranty expenses	–	0	–	–
Expenses for restructuring measures	3	–	–	–
Total	**3**	**0**	–	–
Expenses for restructuring measures				
Carrying amount at beginning of period	–	–	–	–
Provisions made during the year	18	–	–	–
Amounts utilised during the year	-15	–	–	–
Total	**3**	–	–	–
Warranty expenses				
Carrying amount at beginning of period	0	1	–	1
Provisions made during the year	1	1	1	1
Amounts utilised during the year	-1	-2	-1	-2
Total	–	**0**	–	–
Total provisions				
Carrying amount at beginning of period	0	1	–	1
Provisions made during the year	19	1	1	1
Amounts utilised during the year	-16	-2	-1	-2
Total	**3**	**0**	–	–
Amount by which the provision is expected to be paid after more than twelve months	–	–	–	–

Warranties

The agreement on volume commitments in connection with the sale of the Supply business segment in 2012 was discontinued in 2015.

Restructuring measures

A provision of SEK 10 million was made in the first quarter of 2015 for the restructuring of the Group's production unit in Stenkullen outside Gothenburg. At the end of the year, the entire provision had been utilised.

A provision of SEK 8 million was made in the third quarter of 2015 for the restructuring and coordinating of the marketing and sales organisations in Sweden and Finland. At the end of the year, SEK 5 million of the provision had been utlised.

Note 28 Accrued expenses and prepaid income

SEK million	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Accrued expenses for goods	8	7	–	–
Accrued personnel expenses	25	16	2	2
Accrued marketing costs	5	2	–	–
Accrued customer bonus expenses	12	10	–	–
Other accrued expenses	11	5	1	2
Total	**61**	**40**	**3**	**4**

Note 29 Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk refers to fluctuations in the income statement, balance sheet and cash flow due to changes in exchange rates, interest rates, credit and refinancing risks.

The management of the Group's financial risks is centralised in the Parent Company finance function. Operations are conducted based on a financial policy adopted by the Board of Directors of Midsona AB.

Financing risk

Financing risk refers to the risk that future capital procurement and refinancing of maturing loans could be difficult or costly.

To ensure that the Group always has access to necessary external financing at a reasonable expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.

Current financing agreements extend until 31 December 2016, with an opportunity to be extended by one year at a time until 31 December 2018. At the end of the year, the average remaining maturity on confirmed loan commitments was 17 months (24). The maturity structure for all of the Group's financial liabilities, including principal and interest, is shown in the table below.

Maturity profile of financial liabilities – undiscounted cash flows, SEK million	0-3 months 2015	0-3 months 2014	4-6 months 2015	4-6 months 2014	7-12 months 2015	7-12 months 2014	1-5 years 2015	1-5 years 2014
Overdrafts [1]	0	0	0	0	1	1	47	52
Bank loans [2]	6	1	6	1	12	2	248	148
Financial lease liabilities	0	0	1	0	1	1	2	0
Accounts payable	132	88	–	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–	–	–	4
Other current liabilities	0	0	0	0	–	–	–	–
Total	**138**	**89**	**7**	**1**	**14**	**4**	**297**	**204**

[1] Does not include unused portion of the overdraft.
[2] Does not include unused portion of the credit facility.

Liquidity risk

Liquidity risk means the risk that the Group cannot meet its payment obligations as a consequence of inadequate access to cash and equivalents.

In order to control and plan the Group's cash requirements, the finance function uses liquidity forecasts that the Group's subsidiaries report in on a monthly basis for the ensuing six months.

According to the finance policy, the Group's liquidity reserve, that is, the sum of unutilised credit facilities, cash and equivalents, shall, at any given time, exceed the Group's total loan maturities for the ensuing six months. At the end of the year, the liquidity reserve amounted to SEK 128 million (170). It was divided between

SEK 61 million (50) in cash and cash equivalents, an unutilised portion of a credit facility amounting to SEK 14 million (72) and an unutilised portion of an overdraft facility of SEK 53 million (48). Loan maturity, including principal and interest, to credit institutions, over the next six months amounts to SEK 13 million (2).

Currency risk

Currency risk refers to the risk that changes in exchange rates will affect the Group's income statement, balance sheet and/or cash flows negatively.

Currency risks arise in part from the operational and financial transactions that are conducted in currencies other than the functional currency (transaction exposure) and in part by the currency exposure that occurs in the translation of foreign subsidiaries' net assets to the Parent Company's functional currency (translation exposure).

Transaction exposure

The Group's sales of goods are conducted primarily in the currencies SEK, NOK and EUR, while procurement of goods is made primarily in SEK, NOK, EUR, GBP and USD. The net exposure in EUR is considerable because purchases exceed sales.

The finance function in the Parent Company makes monthly assessments of future currency exposure based on cash flow forecasts reported in. Estimated net flows for 2016 in the four currencies with the greatest net exposure are shown in the table.

	Group	
Amounts are in millions in each currency[3]	2015[1]	2014[1]
EUR	-10	-13
GBP	0	-1
NOK	1	10
USD	-1	-2

[1] zTransaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2016.
[2] Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2015.
[3] A positive net flow means that the flow in each currency exceeds outflow and a negative net flow means that the outflow in each currency exceeds inflow.

The forecast net exposure in the currencies involved can, according to the financial policy, be hedged for up to 24 months. The currency hedged portion normally comprises 50 percent but can be increased to 75 percent of the net exposure for the defined period if this is deemed appropriate.

To mitigate the effect on profit of changed exchange rates, Midsona hedges up to 50–75 percent of forecast net flows in EUR, and where appropriate USD using currency forward agreements covering periods of up to nine months. Hedge accounting under IAS 39 is not applied – instead changes in the value of derivative instruments are recognised in profit for the year. At the end of 2015, 50 percent (53), or nominally EUR 5 million (3), of estimated net flows for the first half of 2016 were hedged. The change in the market value of the outstanding currency forward agreements was SEK 1 million (1) as per 31 December 2015 and was recognised in profit for the year.

An isolated shift in exchange rates against the SEK by +/– 5 percentage points for the four currencies with the largest estimated net flows is calculated to have an effect on profit before tax of +/– SEK 6 million (4).

Translation exposure

The Parent Company has holdings in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure of net assets in the Group's subsidiaries can, for example, be managed by borrowing in the foreign currencies that are exposed.

The Group partly manages translation exposure in foreign operations through loans in foreign currencies.

Interest rate risk

Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the periods of fixed interest on loans and investments. Since the Group is a net borrower and does not invest funds in listed instruments, it is primarily the Group's loans that are affected by changes in interest rates.

The guideline is that the average period of fixed interest for interest-bearing liabilities to credit institutions should be three months. The average period of fixed interest for the Group's interest-bearing liabilities to credit institutions was three months (3) at the end of the year. If the Group's entire loan portfolio were to mature with a variable interest rate, a change in interest of +/– 1 percentage point would lead to an effect on profit of SEK +/– 3 million (2) calculated on the debt to credit institutions of SEK 318 million (200) at the end of the year. Financial lease liabilities mature with contracted interest over the lease term.

To avoid uncertainty regarding future interest rate levels and to gain knowledge of future interest expenses over a given period, the Group applies interest rate hedging in the form of interest rate swaps. At the end of 2015, loans of SEK 100 million were interest-hedged, of which SEK 50 million over three years and SEK 50 million over five years.

The average interest on the Group's bank loans and overdrafts amounted to 2.0 percent (2.6) for 2015.

Financial credit risk

Financial credit risk refers to the risk of losses if the counterparties with whom the Group has placed cash and equivalents, financial investments or derivative instruments are unable to meet their payment obligations.

The finance function has no mandate to enter into financial investments. Since the Group is a net borrower, any surplus liquidity shall be used to reduce loan debt. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the finance function.

The financial credit risk regarding cash and equivalents in bank accounts amounted to SEK 61 million (50) at the end of the year.

Capital management

The Group's objective with its capital management is to safeguard the Group's capacity to continue its operations to generate reasonable returns for shareholders and benefit for other stakeholders. The target is to pay a dividend of >30 percent of profit for the year over time. For 2015, the Board of Directors proposes a dividend equivalent to 47.2 percent of profit for the year.

The Group reviews its capital structure based on a ratio of net debt/EBITDA corresponding to a multiple of less than 2. The target, which has been set to define a reasonable risk level in the Group, links borrowing to the capacity for earnings. At the end of the financial year, the ratio between net debt and EBITDA on a rolling 12-month basis, was a multiple of 3.9 (1.9). The ratio increased due to higher debt following an acquisition of operations and the acquired operations being included in EBITDA for only 6 months.

Note 30 Pledged assets and contingent liabilities

	Group		Parent Company	
SEK million	**2015**	**2014**	**2015**	**2014**
Pledged assets				
Property mortgages	26	–	–	–
Chattel mortgages	38	–	–	–
Blocked bank balances	1	3	–	–
Shares in subsidiaries	–	–	468	418
Net assets in subsidiaries	625	746	–	–
Others	106	2	–	–
Total	**796**	**751**	**468**	**418**
Contingent liabilities				
General guarantee for subsidiaries	–	–	50	55
Guarantees, external	–	–	0	1
Total	–	–	**50**	**56**

Shares in subsidiaries have been pledged as collateral for overdrafts and bank loans. Liabilities to credit institutions are shown in Note 24 Liabilities to credit institutions. Net assets in subsidiaries pertain to shares in subsidiaries that are stated at amounts equivalent to the consolidated net assets.

The property Mariagerkloster 1 in Mariager has been pledged as collateral for property mortgages and is recognised at the property's accounting value.

Note 31 Closely-related parties

Related party relations

The Parent Company has a close relationship with its subsidiaries; see Note 17 Participations in subsidiaries.

Related party transactions

For the Parent Company, SEK 23 million (22), equivalent to 100 percent (96) of sales for the year and SEK 0 million (0), corresponding to 1 percent (1) of purchases for the year pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries primarily pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

The Parent Company has receivables from, and liabilities to, subsidiaries, see Note 18 Receivables from, and liabilities, to subsidiaries.

Related persons or companies

Salaries and remuneration to the Board and other senior executives are detailed in Note 9 Employees, personnel expenses and senior executives' remunerations.

There have been no loans, purchases or sales involving members of the Board or senior executives that have had a material impact on the profit and position of the company.

Note 32 Assessment of financial assets and liabilities at fair value and categorisation

Fair value

Fair value is consistent in all material respects with the carrying amount in the balance sheet in respect of financial assets and liabilities. The total carrying amount and fair value for each class is shown under, Fair value and carrying amount in the balance sheet, see pages 94–95.

Certain disclosures regarding financial instruments assessed at fair value through profit for the year

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 data, that is, level 2 in accordance with IFRS 13.

Netting agreements and similar agreements

The Group has no net reported balance sheet items. For derivative counterparties, there are ISDA agreements, which mean that derivative items can be reported net under certain conditions. The disclosures in the table below refer to financial instruments that are covered by legally enforceable master netting agreements or similar agreements.

Information on offsetting, SEK million	Group 2015		
	Amounts recognised in the balance sheet	Financial instruments, netting agreements	Net amount
Assets			
Derivatives	1	-	1
Total	**1**	-	**1**
Liabilities			
Derivatives	0	-	0
Total	**0**	-	**0**
Total	**1**	-	**1**

Calculation of fair value

The following summarises the methods and assumptions mainly used to determine the fair value of the financial instruments held.

Interest-bearing liabilities

Fair value of financial liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date. There are no significant differences between fair value and the carrying amounts. For a maturity analysis, see Note 29 Financial risk management.

Financial lease liabilities

Fair value is based on the present value of future cash flows, discounted at the market rate for similar leases.

Trade and other receivables

For trade and other receivables with a remaining life of less than 12 months, the carrying amount is considered to reflect fair value. Trade and other receivables with a term of more than 12 months are discounted when fair value is determined. There are no significant differences between fair value and the carrying amounts.

Accounts payable and other liabilities

For accounts payable and other liabilities with a remaining maturity of less than 12 months, the carrying amount is considered to reflect fair value. Accounts payable and other liabilities with a maturity of more than 12 months are discounted when fair value is determined. There are no significant differences between fair value and the carrying amounts.

Assessment of financial assets and liabilities at fair value and categorisation, cont.

Fair value and carrying amount in the balance sheet, SEK million	Group 2015				
	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value
Non-current receivables	2		–	2	2
Accounts receivable	131		–	131	131
Other receivables[2]	2		0	2	2
Cash and equivalents	61		–	61	61
Total	**196**		**0**	**196**	**196**
Non-current interest-bearing liabilities		250	–	250	250
Other non-current liabilities		–	–	–	–
Current interest-bearing liabilities		69	–	69	69
Accounts payable		132	–	132	132
Other current liabilities[2]		28	0	28	28
Total		**479**	**0**	**479**	**479**

[1] Held for trade

[2] Financial instruments

[2] Financial instruments	Group 2015		
	Recognised at fair value	Not recognised at fair value	Total carrying value
Currency futures	1	–	1
Other receivables	–	1	1
Total	**1**	**1**	**2**
Currency futures	0	–	0
Other current liabilities	–	28	28
Total	**0**	**28**	**28**

Fair value and carrying amount in the balance sheet, SEK million	Parent company 2015				
	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value
Accounts receivable	–		–	0	0
Other receivables	1		–	1	1
Total	**1**		**–**	**1**	**1**
Liabilities to credit institutions		257	–	257	257
Accounts payable		3	–	3	3
Other current liabilities		0	–	0	0
Total		**260**	–	**260**	**260**

Group 2014				
Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value
0		–	0	0
100		–	100	100
3		0	3	3
50		–	50	50
153		**0**	**153**	**153**
	148	–	148	148
	4	–	4	4
	53	–	53	53
	88	–	88	88
	35	0	35	35
	328	**0**	**328**	**328**

Group 2014			
[2] Financial instruments	Recognised at fair value	Not recognised at fair value	Total carrying value
Currency futures	1	–	1
Other receivables	–	2	2
Total	**1**	**2**	**3**
Currency futures	0	–	0
Other current liabilities	–	35	35
Total	**0**	**35**	**35**

Parent company 2014				
Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value
0		–	0	0
1		–	1	1
1		**–**	**1**	**1**
	147	–	147	147
	1	–	1	1
	1	–	1	1
	149	–	**149**	**149**

Note 33 Supplementary disclosures to cash flow analyses

SEK million	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Interest paid				
Interest received	0	0	5	7
Interest paid	–7	–6	–6	–4
Adjustments for items not included in cash flow				
Dividend	–	–	–40	–46
Amortisation/depreciation	19	14	2	1
Impairment	7	3	1	–
Unrealised exchange rate differences	–1	0	–1	0
Capital gain on sale of fixed assets	2	0	–	–2
Provisions for pensions	–	0	–	–
Other provisions and items not included in cash flow	1	–1	–	–
Total	**28**	**16**	**–38**	**–47**
Transactions not involving payments				
Acquisition of assets through financial lease	0	1	–	–
Vendor mortgage issued	–	–	16	–
Acquisitions of companies or operations				
Intangible fixed assets	220	16	–	–
Tangible fixed assets	46	1	–	–
Financial fixed assets	2	0	259	–
Deferred tax assets	–	0	–	–
Inventories	69	6	–	–
Trade and other receivables	48	5	–	–
Cash and equivalents	3	8	–	–
Deferred tax liabilities	–54	–4	–	–
Non-current interest-bearing liabilities	–16	–	–	–
Current interest-bearing liabilities	–19	–	–	–
Accounts payable and other liabilities	–75	–7	–	–
Net assets and liabilities	**224**	**25**	**259**	–
Consolidated goodwill	14	20	–	–
Purchase consideration	**–238**	**–45**	**–259**	–
Less: Purchase consideration recognised as liability	–	–	16	–
Purchase consideration paid	**–238**	**–45**	**–243**	–
Less: Cash and equivalents in acquired operations	3	8	–	–
Effect on cash and equivalents from acquisitions during the year	**–235**	**–37**	**–243**	–
Payment of additional purchase consideration related to prior years' acquisitions	–16	–15	–	–
Effect on cash and equivalents of acquisitions	**–251**	**–52**	**–243**	–
Amortisation of loans				
Bank loans	–5	–	–5	–
Overdrafts	–23	9	–5	9
Internal loans	–	–	–2	–13
Lease liabilities	–2	0	–	–
Total	**–30**	**9**	**–12**	**–4**

Cash and equivalents

Cash and equivalents in both the Group and the Parent Company consist solely of cash and bank balances. Consequently, there are no current investments equivalent to cash and equivalents.

Note 34 Events after the balance sheet date

Ulrika Palm has been appointed President of Business Area Sweden. She will start work in this position by 29 March 2016 and will, from that date, be a member of Group Management.

Note 35 Significant estimates and assumptions

Management has discussed the application of the Group's accounting policies and made assessments and estimates in connection with the application of these principles, which is why the following key estimates and assumptions deserve to be mentioned.

Valuation of goodwill and brands

Several assumptions about future conditions and parameter estimates are made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of goodwill and brands with indeterminate useful lives.

Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total.

In connection with the acquisition analysis for Urtekram International A/S, it was judged that the acquired Urtekram brand had an indefinite useful life since it is a well-established brand in the market and the Group intends to maintain and further develop it. For further information, please see Note 14 Intangible fixed assets.

Taxes

To determine the current tax liabilities and current tax assets, as well as provisions for deferred tax liabilities and deferred tax assets, management is required to make assumptions, particularly in the valuation of deferred tax assets. This process includes the tax outcome being assessed in each country in which the Group operates. The process includes assessing the actual current tax exposure and assessing the temporary differences that arise as a consequence of certain assets and liabilities being valued differently in the accounts as compared to income tax returns. Management must also assess the likelihood that deferred tax assets will be recovered from future taxable income.

In the third quarter of 2015, a reassessment was made of the Group's tax loss carryforwards. The reassessment of tax loss carryforwards attributable to the Group's Swedish operations entailed deferred tax income of SEK 31 million being recognised. All tax loss carryforwards in the Group had been activated as per 31 December 2015.

Management believes that, given the Group's current and future structure, the opportunities to utilise capitalised tax loss carryforwards is well founded. For further information, please see Note 12 Taxes.

Valuation of inventories

The valuation of inventories is based partly on management's estimates of their commercial viability, which can be difficult to estimate. Inventories are continuously subject to valuation.

It is management's assessment that, given completed inventory processes and implemented provisions for obsolescence, the inventories are essentially correctly valued. For further information, please see Note 1 Accounting principles and Note 20 Inventories.

Note 36 Information about the Parent Company

Midsona AB (publ), corporate identity number 556241-5322, is a Swedish limited company domiciled in Malmö. The visiting address for the head office is Dockplatsen 16 in Malmö and the postal address is PO Box 210 09, SE-200 21 Malmö, Sweden. The company's shares are listed on the Nasdaq Stockholm, Small Cap list.

The consolidated financial accounts for 2015 comprise the Parent Company and its subsidiaries; jointly referred to as "the Group".

Board of Directors' statement of assurance

The Board of Directors and the CEO certify that the consolidated and annual accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles and give a true and fair view of the financial position and results of the Group and the Parent Company. The Directors' Report for the Group and Parent Company gives a true and fair view of the Group and Parent Company's financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, 30 March 2016

Åke Modig *Chairman of the Board*	Tina Andersson *Board member*	Ola Erici *Board member*	Cecilia Marlow *Board member*
Birgitta Stymne Göransson *Board member*	Peter Wahlberg *Board member*	Johan Wester *Board member*	Peter Åsberg *CEO*

The annual and consolidated accounts were, as stated above, approved for issue by the Board of Directors on 30 March 2016. The consolidated income statement, statement of comprehensive income and balance sheet, and the Parent Company's income statement, statement of comprehensive income and balance sheet will be submitted for approval at the Annual General Meeting on 27 April 2016.

Our audit report was submitted on 30 March 2016

Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Auditor's report

To the annual meeting of shareholders in Midsona AB (publ)
Corporate identity number 556241-5322

Report on the annual accounts and consolidated accounts

We have conducted an audit of the annual and consolidated financial accounts for Midsona AB (publ) for the financial year 1 January 2015–31 December 2015. The annual and consolidated accounts are included in the printed version of this document on pages 42-98.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing various procedures to obtain audit evidence and other information regarding the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statements.

Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other requirements in accordance with laws and regulations

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Midsona AB (publ) for the financial year 1 January 2015–31 December 2015.

Responsibility of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Responsibility of the auditor

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for the appropriation of profit or loss, we reviewed the Board's reasoned statement and a selection of the evidence in order to determine whether the proposal complies with the Companies Act.

As a basis for our opinion concerning discharge from liability, we have, in addition to our audit of the financial statements, examined significant decisions, actions taken and circumstances of the company in order to determine whether any Board member or the Chief Executive Officer should be held liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statements.

Statements

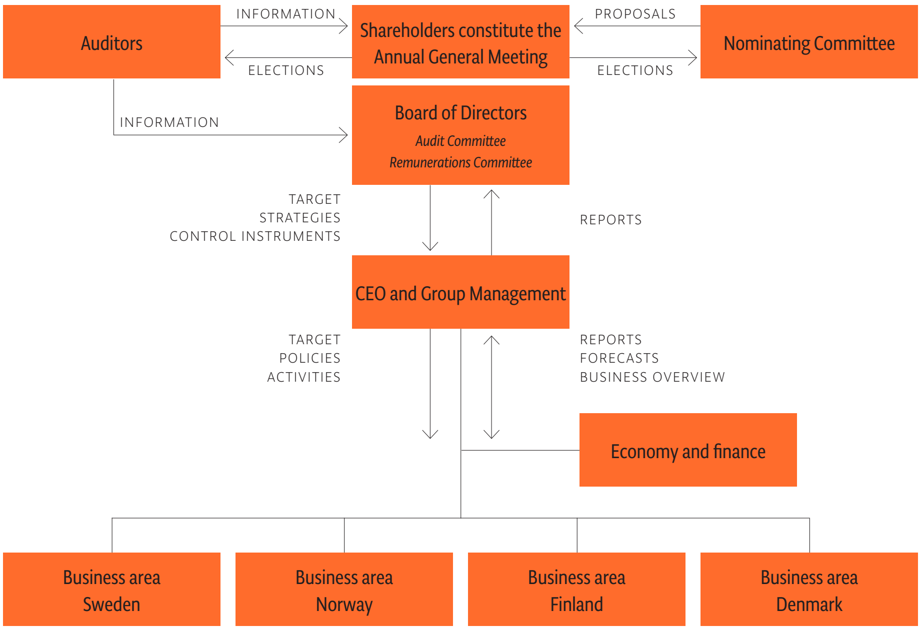
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Malmö, 30 March 2016
Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Corporate Governance Report

MIDSONA AB (publ) (below "Midsona") is a Swedish public company listed on the Nasdaq Stockholm, Small Cap list. Midsona applies the Swedish Code of Corporate Governance and hereby presents its Corporate Governance Report for 2015. The report has been prepared by the company's Board of Directors and the company's auditor has issued an opinion.



Framework for corporate governance

Corporate governance is based on law, the Articles of Association, the NASDAQ OMX Rules for Issuers, the Swedish Code of Corporate Governance and internal policies and guidelines. Midsona has no deviations to report from the Swedish Code of Corporate Governance.

Share and shareholders

For further information on the share and shareholders, please see pages 110-113 and www.midsona.com.

Annual General Meeting

The Annual General Meeting and the Extraordinary General Meeting are, under the Companies Act, the company's highest decision-making body in which shareholders exercise their voting rights. Shareholders who are registered in the share register on the record date and notified the company of their participation in time are entitled to attend the meeting and vote for their shareholding. At the meeting, shareholders are also able to ask questions about the Group's operations. Information on shareholders' right to request that matters be considered by the Annual General Meeting is published at www.midsona.com.

The procedure for the announcement of General Meetings is set out in the Articles of Association. The announcement shall be issued by means of an advertisement in Post- och Inrikes Tidningar (Swedish official gazette) and on www.midsona.com. At the same time as the announcement is issued, information concerning the announcement shall be published in Dagens Industri. The Annual General Meeting shall be held in Malmö within six months of the end of the financial year. Normally, the Annual General Meeting takes place in April or May.

The Annual General Meeting appoints and dismisses members of the Board of Directors and amends the Articles of Association.

At the Annual General Meeting, shareholders make decisions on matters including the approval of the income statement and balance sheet, the consolidated income statement and balance sheet, the disposition of earnings, the discharge of the Board and CEO from liability, the election of Board members, the Chairman of the Board and audit firm, the approval of fees to the Board and audit firm, principles for the appointment and work of the Nominating Committee, and guidelines for remuneration to the CEO and other senior executives.

Following the meeting, decisions made at the Annual General Meeting are published in a press release. The minutes of the Meeting are published at www.midsona.com.

Annual General Meeting 2015

The 2015 Annual General Meeting was held on 28 April 2015 in Malmö. At the Meeting, 40 shareholders were present in person or by proxy, representing 51.7 percent of the total number of votes. The minutes of the 2015 Annual General Meeting are available at www.midsona.com.

Extraordinary General Meeting 2015

An Extraordinary General Meeting was held on 12 August 2015 in Malmö. At the Meeting, 11 shareholders were present in person or by proxy, representing 38.4 percent of the total number of votes. The minutes of the 2015 Extraordinary General Meeting are available at www.midsona.com.

Annual General Meeting 2016

The 2016 Annual General Meeting will be held on 27 April 2016 in Malmö, as was announced in the interim report for January-September on 23 October 2015 and in a press release on 26 October 2015. The complete announcement of the 2016 Annual General Meeting, including information about registration for participation at the Meeting was published in a press release on 24 March 2016 and is available at www.midsona.com.

Nominating Committee

The Nominating Committee represents the company's shareholders and its assignment includes proposing a Chairman for the Annual General Meeting, Board members, Chairman of the Board, audit firm, Board fees, fees to the audit firm and how the Nominating Committee should be appointed. The representative for the largest proportion of ownership shall be appointed Chairman of the Committee.

Nominating Committee for the 2016 Annual General Meeting

The 2015 Annual General Meeting resolved to task the Chairman of the Board with contacting representatives of the company's three largest shareholders at the end of August 2015 to ask them to appoint one member each to the Committee.

Name/Representing, %	Percentage of votes 31 August 2015	Percentage of votes 31 December 2015
Martin Svalstedt/Stena Adactum AB	25.9	27.4
Elisabeth Jamal Bergström/Handelsbanken Fonder AB RE JPMEL	8.1	8.3
Maria Rengefors/Nordea Investment Funds	7.4	8.0
Total	**41.4**	**43.7**

Among other things, the Nomination Committee evaluated the Board's work, skills and composition, as well as the independence of the members in accordance with the Swedish Code of Corporate Governance. The Nominating Committee has also considered other criteria, such as members' different backgrounds, experiences and requirements for diversity. The Chairman of the Board presented the results of the Board's own evaluation to the Nominating Committee.

In preparation for the 2016 Annual General Meeting, the Nominating Committee has held both physical meetings and telephone conferences. Up until the announcement of the 2016 Annual General Meeting, three meetings were held. The convener of the Nominating Committee has been the Chairman of the Board, Åke Modig, who has also attended all of the meetings. The composition of the Committee was published in a press release on 26 October 2015 and at www.midsona.com. Shareholders have had the opportunity to submit proposals to the Committee, and these must have been received by 7 March 2016 at the latest. Information on how shareholders can submit proposals to the Committee is provided at www.midsona.com.

The Nominating Committee's proposal, and reasoned opinion, is published in connection with the announcement of the 2016 Annual General Meeting at the latest.

Members do not receive any fees or remuneration for their work on the Committee.

Proposal to the 2016 Annual General Meeting

The Nominating Committee has resolved to propose the following to the 2016 Annual General Meeting:

- Re-election of Board members Ola Erici, Cecilia Marlow, Birgitta Stymne Göransson, Peter Wahlberg and Johan Wester and new election of Kirsten Aegidius.
- New election of Ola Erici as Chairman of the Board.
- Re-election of Deloitte AB as audit firm.
- Unchanged fees to the Board members.

The Nominating Committee's complete proposals are included in the announcement of the Annual General Meeting.

The Nominating Committee considers that the proposed composition of the Board to be adequate to meet the company's long-term needs.

Board of Directors

According to the Articles of Association, the Board of Directors shall consist of at least three members and not more than nine and that no deputies shall be appointed. Members of the Board are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. There are no rules about how long a member may serve on the Board.

Composition of the Board in 2015

The following seven Board members were elected by the 2015 Annual General Meeting – Åke Modig (Chairman), Tina Andersson, Ola Erici, Cecilia Marlow, Birgitta Stymne Göransson, Peter Wahlberg and Johan Wester. Board composition complies with the Swedish Code of Corporate Governance with regard to its independence in relation to both the company and its management and major shareholders. For information on the independence of Board members, other assignments and holdings of shares in the company, please see pages 114-115. The CEO and the CFO, who is also the Board's secretary, both participate in Board meetings. When necessary, other officials participate in Board meetings to report on particular matters.

Chairman of the Board

The Chairman organises and directs the work of the Board, represents the company on ownership issues and is responsible for evaluating the Board's work. The Chairman is also responsible for the on-going dialogue with the CEO regarding operations and for the Board's fulfilment of its duties.

Work and responsibilities of the Board

The Board of Directors is the highest management body beneath the Annual General Meeting and is responsible for the organisation and management of the company's affairs. It shall primarily engage in more overarching and long-term issues that are of substantial significance for the Group's future focus.

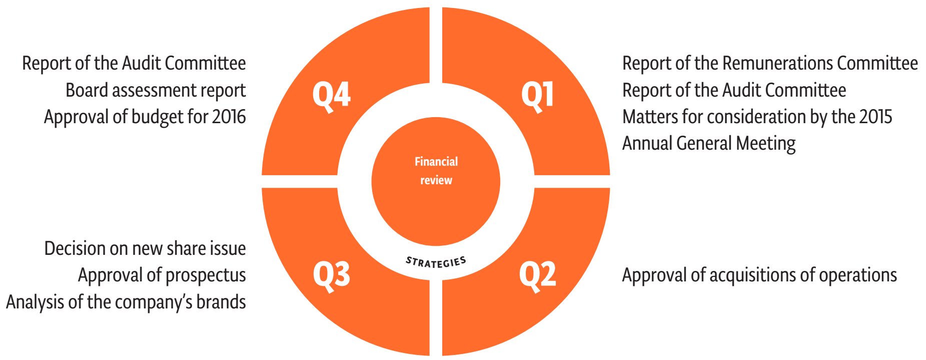
The work of the Board follows written rules governing its practices and responsibilities, the division of work between the Board and its Committees, as well as the role of the Chairman. Also regulated is the framework for the Board meetings, including their convening, agenda and minutes, as well as how the Board is to be supplied with comprehensive information for its work. The Board has also decided on the introduction of general policies for the operations and other central governance documents for the regulation of responsibilities, guidelines, procedures, values and targets.

The work of the Board is normally cyclical in nature. At the beginning of the year, the year-end and annual reports are addressed, as are the matters to be presented at the Annual General Meeting. Before the summer, the Group's long-term strategic plan and focus are addressed. At the end of the year , the budget for the coming year is addressed. Each quarter, financial reporting is reviewed and the interim reports are approved for publication. In connection with the Annual General Meeting, an inaugural Board meeting is held, at which Committee members and signatories are determined, among other things.

Work of the Board in 2015

In 2015, the Board held ten meetings (nine). For information on members' attendance, please see pages 114–115.

The Board regularly reviews the strategic issues affecting the Group's operations and general direction. The year's work focused largely on structural and growth issues, follow-up of prior years' acquisitions and strategic planning.



Board meetings follow a pre-approved agenda, to which specific issues will be added as necessary. The agenda, together with documentation for each of its items, is distributed to all Board members approximately one week before the meeting. Each Board meeting commences with the minutes of the previous meeting and a review of any open matters. The CEO then provides an account of the Group's sales, earnings and business situation, including important external factors. Normally, the CFO then accounts for the Group's financial position in greater detail, together with any necessary analyses. Members of Group Management then report on outstanding matters from previous meetings or present plans or proposals. All business areas present their operations at Board meetings according to a predetermined plan. In addition to the information provided in connection with Board meetings, the CEO distributes a monthly report to Board members. Minutes are kept for all Board meetings and sent to members for approval.

Evaluation of the Board's work

The Chairman of the Board is responsible for evaluating the Board's work, including the assessment of individual Board members' performance in accordance with an established process. The evaluation is reported to the Nominating Committee and forms the basis for the Committee's proposals regarding the composition of the Board and its fees.

Board Committees

The Board has appointed an Audit Committee and a Remunerations Committee. The members of the committees and their chairpersons are appointed at the inaugural Board meeting for one year at a time. The work of the committees is mainly of a preparatory and advisory nature, although the Board may, in individual cases, delegate the right to determine specific issues to the committees. The matters addressed at committee meetings are minuted and reported to the Board at the next Board meeting.

Audit Committee

The Audit Committee's main task is to oversee the financial reporting and ensure that the adopted principles for financial reporting, internal controls, internal audit and risk assessment are adhered to and applied. Its mission is to support the Nominating Committee with proposals for the election of audit firm and audit fees.

In 2015, the Audit Committee consisted of Cecilia Marlow (Chairman), Tina Andersson and Johan Wester. The Committee met twice (twice) in 2015. For information on members' attendance, please see page 114. The CEO and the CFO, who is also the Nominating Committee's secretary, and the principal auditor responsible participate in the Committee's meetings.

Remunerations Committee

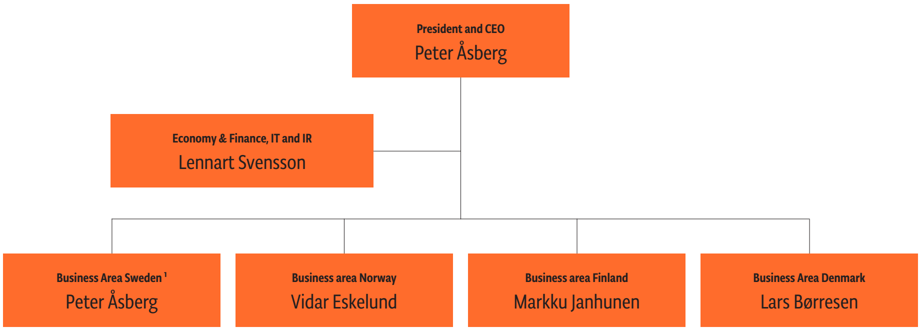
The Remunerations Committee's main task is to prepare business for decision by the Board relating to terms of remuneration and employment for the CEO and other senior executives on the basis of principles established by the Annual General Meeting. It is also tasked with proposing guidelines for remuneration to the CEO and other senior executives, and with monitoring and evaluating the objectives and principles for variable compensation.

In 2015, the Remunerations Committee consisted of Åke Modig (Chairman) and Ola Erici. The Committee met once (once) in 2015. For details of members' attendance, please see page 114.

CEO and Group Management

The President of the company, who is also the CEO of the Group, is appointed by the Board of Directors. Peter Åsberg is the CEO and is responsible for on-going management in accordance with the Board's guidelines and instructions. In consultation with the Chairman of the Board, the CEO prepares the information the Board needs to conduct its work, presents matters and proposals for decisions and keeps the Board informed of the company's development. The CEO leads the work of Group Management and makes decisions in consultation with other members of Group Management. In addition to the CEO, Group Management includes the CFO and the heads of the business areas.

In 2015, the Group Management met seven times (six). Meetings focus primarily on the Group's strategic and operational development and reviewing performance. Operations are organised into four business areas.



[1] Ulrika Palm has been appointed Head of Business Area Sweden. She will start work in this position by 29 March 2016 and will, from that date, be a member of Group Management. She succeeds Peter Åsberg, who, in addition to his role as CEO, has also been the Country Manager for Sweden for a period.

For further information about Group Management, please see page 116–117 and www.midsona.com.

Instructions for the CEO

The Board adopts written instructions for the work of the President that, among other things, clarify responsibilities for day-to-day management, the division of duties between the Board and the CEO, as well cooperation with, and the information to, the Board.

Evaluation of the CEO

The Board continuously evaluates the CEO's work and expertise. Once a year, an assessment is made without his presence.

Guidelines for remunerations to senior executives

For information on the guidelines for remuneration to senior executives adopted by the 2015 Annual General Meeting and the Board's proposed guidelines for remuneration to senior executives for the 2016 Annual General Meeting, please see page 117 and www.midsona.com.

Regulations regarding share trading

Board members, the CEO and other senior executives registered as insiders may trade in Midsona shares in accordance with applicable legislation and regulations. Beyond these, there are no specific internal regulations.

External auditor

Deloitte AB, with authorised public accountant Per-Arne Pettersson as the principal auditor responsible, was elected by the 2015 Annual General Meeting for a period of one year. For information on fees and remunerations to audit firms, please see Note 8 Fees and remuneration to auditors on page 74.

Audit assignment

The audit assignment includes an audit of the annual and consolidated financial statements. An audit is also performed of the proposal for appropriation of the company's profit or loss and the administration by the Board of Directors and the CEO. The audit culminates in an audit report and an opinion on the corporate governance report being issued prior to the Annual General Meeting. In addition, a statutory review is conducted of the interim reports for the periods 1 January to 30 September and for the period 1 January to 31 December within the framework of the audit assignment.

The principal auditor responsible participates in Audit Committee meetings and reports in an on-going manner to the Chairman of the Audit Committee as necessary. The Board meets with the principal auditor responsible in connection with its handling of the year-end report. The principal auditor responsible participates at the Annual General Meeting, outlining there the audit and presenting the Audit Report.

Additional information

At www.midsona.com, information including the following is available – an overview of the company's application of the Swedish Code of Corporate Governance, the Articles of Association, the company's Code of Conduct, information from previous Annual General Meetings and previous Corporate Governance Reports.

Information regarding legislation and generally accepted practices in Sweden regarding Corporate Governance can be found at, for example – The Swedish Corporate Governance Board (www.bolagsstyrning.se), Nasdaq Stockholm (www.nasdaqnordic.com) and Finansinspektionen (www.fi.se).

Internal control of financial reporting

The report on internal control of financial reporting has been prepared by the Board of Directors in accordance with the Swedish Code of Corporate Governance and the guidelines issued by the Confederation of Swedish Enterprise and FAR. It describes how internal control is organised to manage and minimise the risk of errors in financial reporting.

Internal control

Within the company, the following targets have been set with regard to internal control.

- It shall ensure compliance with the framework of applicable laws, regulations, rules and standards to which we are subject.
- It shall ensure that financial reporting is reliable and provide shareholders, the Board of Directors, management and other stakeholders adequate information on which to assess performance and development.
- It shall ensure that business operations are appropriately organised and conducted in such a manner that risks are continuously assessed, managed and minimised to meet financial and operational targets. On-going efforts to meet these targets involves a process building on a framework for internal control in which there is a particularly crucial interplay between control activities and the development of an effective control environment whereby responsibilities are assumed within the organisation.

The description of how internal controls are organised is limited to the internal control of financial reporting and follows a framework developed by "The Committee of Sponsoring Organisations of the Treadway Commission" (COSO). The framework consists of five components: control environment, risk assessment, control activities, information and communication, and review.

Control environment

The control environment forms the basis for the internal control of financial reporting. An important part of the control environment is that decision-making paths, authorisations and responsibilities are clearly defined and communicated between different parts of the organisation and that control documents in the form of policies, manuals, guidelines and instructions are in place.

Consequently, an important part of the Board's work is to develop and approve a number of basic policies, guidelines and frameworks. These include the Board's formal work plan, the instructions to the CEO, regulations regarding investments, a financial policy and an insider policy. The purpose of these documents is to establish a basis for good internal control. The Board also works to ensure that the organisational structure provides clear roles, responsibilities and processes, facilitating effective management of operational risks and enabling the achievement of targets.

As part of the responsibility structure, each month, the Board evaluates business performance and results through an appropriate package of reports containing income statements and balance sheets, analyses of key performance indicators, comments regarding the business situation of each operation and, on a quarterly basis, also forecasts for future periods. As part of efforts to strengthen the internal control, policies, regulations and procedures are in place that provide a clear picture of the economic situation. These are living documents that are updated regularly and adapted to changes in the operations. In addition to this there are instructions that provide guidance in the day-to-day work of the organisation.

Risk assessment

An on-going process is underway to map the Group's risks. In this process, a number of income statement and balance sheet items are identified where the risk of errors in financial reports is elevated. The company makes continuous efforts to strengthen controls around these risks. Furthermore, risks are addressed in specific forums, for example issues related to acquisitions. For details of items subject to significant estimates and assumptions, please see Note 35 Significant estimates and assumptions on page 97.

Control activities

The Group's control structure is designed to manage risks that the Board deems relevant in the internal control of financial reporting. The purpose of control activities is to detect, prevent and correct errors and inconsistencies in reporting. Control activities include, for example, processes and procedures for the making of important decisions, earnings analyses and other analytical follow-ups, reconciliations, stock-taking procedures and controls in IT systems.

Information and communication

The company's governing documents, including policies, guidelines and manuals are continuously updated and communicated through the appropriate channels, such as e-mail, internal meetings and the intranet.

Follow-up

The Board continuously evaluates the information provided by the Audit Committee, Group Management and the external auditor. The CEO and CFO hold frequent briefings with each of the business area managers regarding the business situation, performance, financial position and forecasts. In addition, the central controller function maintains close cooperation with finance managers and controllers at the business area and company level with regard to reporting and closing the accounts. Follow-up and feedback on any problems arising in the internal controls form a central component in the internal control processes.

Financial reporting

Financial data are reported monthly from all reporting units, in accordance with standardised reporting procedures as documented in the Group's accounting manual. This reporting forms the basis of the Group's consolidated financial reporting. The consolidation, which is performed centrally, culminates in complete income statements and balance sheets for each company and for the Group as a whole. Reported financial data are stored in a central database from which it is retrieved for analysis and review at the Group, business area and company levels.

Assessment of the need for a special review function

The Group currently has no separate review function (internal audit). In light of the existing process for self-assessment and objective testing by an independent party, the view is taken that there is currently no need for a special review function to perform effective monitoring of internal control.

System improvements in 2015

The level at which review and evaluation should be performed is assessed continuously. This assessment also takes into account what systems should be implemented or updated and when.

In 2015, a procurement procedure was conducted for a Board portal, Admin Control, for increased security of distribution , access to documents, and communication possibilities. The new system was put into operation in early 2016.

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Midsona AB (publ), corporate identity number 556241-5322

The Board of Directors is responsible for the Corporate Governance Report for 2015, included on pages 101-109 of the printed version of this document, and for it being prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We are of the opinion that a Corporate Governance Report has been prepared and that its statutory content is consistent with the annual and consolidated accounts.

Malmö, 30 March 2016
Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Shares and shareholders

MIDSONA'S SHARES were launched on the Stockholm Stock Exchange in 1999. Series A and series B shares are listed on the Nasdaq Stockholm/Small Cap list in the FMCG segment under the tickers MSON A and MSON B.

Share capital

On 1 July 2015, the Board of Directors of Midsona AB (publ) called an extraordinary general meeting to decide on a new share issue with preferential rights for shareholders, for the partial financing of the acquisition Urtekram International A/S. The new share issue, which was approved by the Extraordinary General Meeting on 12 August 2015, granted existing shareholders preferential rights to the subscribe for four new shares for each old share at a price of SEK 21.50 per share. The new share issue was completed in September 2015, upon which, share capital increased by SEK 113,723,944 to SEK 568,619,759 with 94,983 new series A shares and 5,591,214 new series B shares being issued.

At the end of the year, the total number of shares was 28,430,987 (22,744,790), divided into 474,915 series A shares (379,932) and 27,956,072 series B shares (22,364,858). At the end of the year, the number of votes was 32,705,222 (26,164,178), with a series A share conveying ten votes and one series B share conveying one vote at the Annual General Meeting. All shares convey equal rights to the company's net assets and profits. The quota value of the shares is SEK 20.

Capital development is reported on www.midsona.com/Investerare/Aktien.

Share turnover and bid price

In 2015, a total of 4,459,834 Midsona shares (3,610,882) were traded, of which 4,344,766 were series B shares (3,472,833). The total value of trade in series B share was SEK 127 million (109). The average daily turnover was 17,949 shares (15,211), corresponding to SEK 528,172 (492,286).

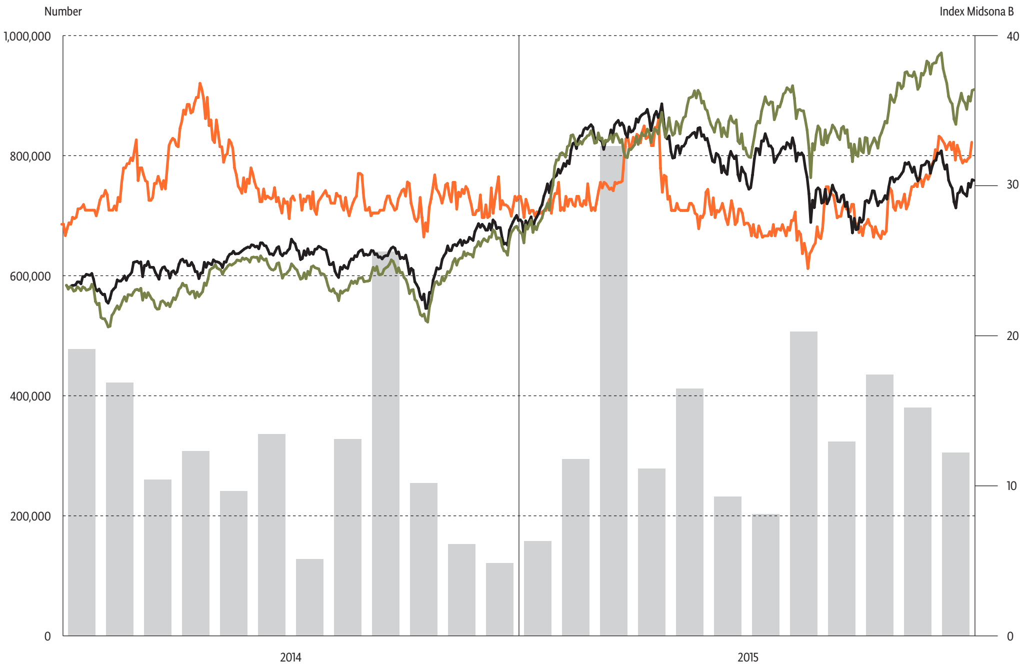
The highest price paid for series B shares was SEK 34.56 (on 15 April), and the lowest price paid was SEK 23.20 (on 24 August). On 30 December, the latest price paid for series B shares was SEK 33.00, representing a total market capitalisation of approximately SEK 938 million (705). Over 2015, series B shares rose from SEK 31.00 to 33.00, equivalent to 6.5 percent (6.9). The stock market as a whole, as indicated by the Nasdaq Stockholm Allshare Index (OMXSPI), rose by about 6.6 percent (11.9). The index for the FMCG segment rose by approximately 23.4 percent (10.1).

Ownership

The largest shareholder in Midsona AB (publ) was Stena Adactum AB, which, at 30 December 2015, held 214,419 series A shares and 6,810,019 series B shares, corresponding to 24.7 percent of the capital and 27.4 percent of votes. No other shareholder held 10 percent or more of the total number of shares as per 30 December 2015. The ten largest shareholders in Midsona AB (publ) are detailed in the current shareholder list, as of 30 December 2015.

Share price development, January 2014–December 2015

Source: SIX Financial Information



Total number of series B shares traded per month
- Midsona B
- OMX Stockholm Consumer Goods PI
- OMX Stockholm PI

The ten largest shareholders, 30 December 2015

Source: Euroclear Sweden AB

	Series A shares	Series B shares	Capital, %	Votes, %
Stena Adactum AB	214,419	6,810,019	24.7	27.4
Handelsbanken Funds AB RE JPMEL	–	2,705,449	9.5	8.3
Nordea Investment Funds	–	2,624,961	9.2	8.0
Second AP Fund	–	1,680,838	5.9	5.1
Midelfart Holding AS	157,675	–	0.6	4.8
Peter Wahlberg and companies	–	1,525,316	5.4	4.7
P2s Paris/Fcp Echiquier, Entrepreneurs	–	1,103,900	3.9	3.4
LINC Invest AB	–	962,988	3.4	2.9
Försäkringsaktiebolaget Avanza Pension	17,928	667,419	2.4	2.6
Humle Kapitalförvaltning AB	–	562,500	2.0	1.7
Total	**390,022**	**18,643,390**	**67.0**	**68.9**
Other shareholders	84,893	9,312,682	33.0	31.1
Total	**474,915**	**27,956,072**	**100.0**	**100.0**

The ten largest shareholders accounted for 67.0 percent (61.4) of the capital and 68.9 percent (65.9) of the votes.

The members of Group Management held a total 87,812 series B shares (181,216) at the end of the year. Board members held 1,648,950 series B shares (293,501) at the end of the year. Neither Midsona AB (publ) nor its subsidiaries held any treasury shares at the end of 2015.

Of the total number of shares, foreign shareholders accounted for 34.5 percent of the capital and 34.4 percent of the votes, which was an increase of 6.2 percentage points and 4.3 percentage points respectively since last year. Of the Swedish shareholders, legal entities held 72.5 percent of the capital and 72.9 percent of votes, while physical persons held 27.5 percent of the capital and 27.1 percent of the vote.

The total number of shareholders (including nominee-registered) was 4,567, which was an increase of 454 on the preceding year. The distribution of shareholdings within various intervals is shown in the current shareholder list as of 30 December 2015.

Distribution of shares in intervals, 30 December 2015

Source: Euroclear Sweden AB

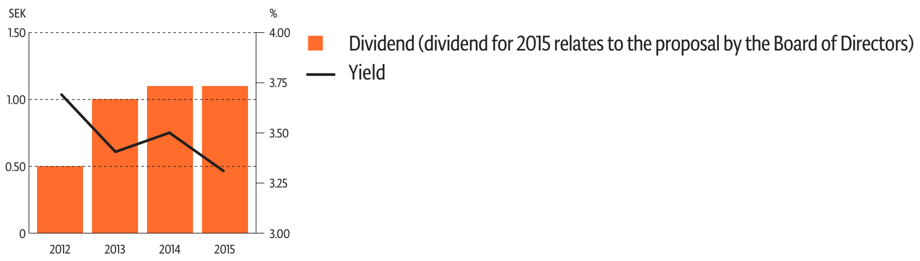
Number of shares	Shareholder number	Shareholder %	Holding number	Holding %
1–500	3,506	76.8	445,407	1.5
501–1,000	421	9.2	307,403	1.1
1,001–5,000	440	9.6	901,907	3.2
5,001–10,000	65	1.4	470,323	1.6
10,001–15,000	30	0.7	371,670	1.3
15,001–20,000	15	0.3	270,911	0.9
20,001–	90	2.0	25,663,366	90.4
Total	**4,567**	**100.0**	**28,430,987**	**100.0**

Dividend policy and dividend

The dividend policy is for dividends to exceed 30 percent of profit after tax over the long term. Dividends are adjusted to take into aspects including profit levels, financial position and future development opportunities.

The Board of Directors proposes that a dividend of SEK 1.10 per share (1.10) be paid for the 2015 financial year, equivalent to SEK 31,274,085 (25,019,269) in total. The proposed dividend represents a pay-out ratio of 47.2 percent (40.0) and a yield of 3.3 percent (3.5) on the shares.

Dividend per share and yield



Key figures per share[1]

		2015	2014	2013	2012	2011
Profit attributable to Parent Company shareholders	SEK	2.71	2.75	2.24	2.20	1.33
Shareholders' equity	SEK	30.85	33.02	31.22	30.16	28.67
Cash flow from continuing operations	SEK	3.56	2.46	3.87	2.11	1.80
Share price on balance sheet date (series B shares)	SEK	33.00	31.00	29.00	13.40	13.30
Dividend[2]	SEK	1.10	1.10	1.00	0.50	–
Yield	%	3.3	3.5	3.4	3.7	–
Pay-out ratio	%	47.2	40.0	44.6	22.7	–
P/E ratio	multiple	12.2	11.3	12.9	6.1	10.0

[1] For definitions of key figures, see page 121.
[2] Dividend for 2015 relates to the proposal by the Board of Directors.

Stock market data

The publication of information is guided by the information policy adopted by the Board of Directors. Annual and interim reports, as well as press releases are published in Swedish. The Annual Report is also published in Swedish. Information meetings, conferences with analysts, fund managers and the media are held on an on-going basis over the year.

Annual reports, interim reports and the Corporate Governance Report are available from the website, www.midsona.com, where it is also possible to subscribe for reports and order specific information. The printed annual report for 2015 will be available from Midsona's headquarters in Malmö by 13 April 2016 and can be ordered via www.midsona.com.

Analysts and other monitoring

Remium AB compiles and distributes information on Midsona on the website www.introduce.se, where, for example, key performance indicators, press releases, shareholder data and technical analyses can be accessed.

Erik Penser Bankaktiebolag monitors Midsona through its EP Access service at www.penser.se.

Financial calendar 2016

Interim Report, January–March 2016	27 April 2016
Annual General Meeting in Malmö	27 April, at 15.00 2016
Interim Report, January–June 2016	15 July 2016
Interim Report, January–September 2016	21 October 2016
Year-end Report 2016	8 February 2017

Board of Directors

Audit Committee/attendance
Cecilia Marlow – Chairman – 2/2
Tina Andersson – Board member – 2/2
Johan Wester – Board member – 2/2

Remunerations Committee/attendance
Åke Modig – Chairman – 1/1
Ola Erici – Board member – 1/1

	Åke Modig	Tina Andersson	Ola Erici
			
Born	1945	1969	1960
Position on the Board/attendance	Chairman – 10/10	Member – 9/10	Member – 10/10
Elected, year	2011	2011	2012
Position	International business consultant	Corporate Marketing & Communication Director, Duni AB	Industrial advisor
Previous experience	President Arla ekonomiska förening, CEO Arla Foods Amba and President Swedish Meats	Hilding Anders, Findus, Campell's Nordic, Mars, Inc. and Unilever	CEO of Ferrosan and Skånemejerier and several executive positions in the Tetra Laval Group and Gambro
Education	MBA, Stockholm School of Economics	MBA, Lund University	MBA, Stockholm School of Economics
Other assignments	Chairman of the Board of B. Engelhardt & Co AB. Member of the Boards of Modig & Partners AB, Ecolean AB and Spendrups Bryggeri AB	Board member of Wihlborgs Fastigheter AB	Chairman of the Boards of Ecobränsle AB and Geveko AB. Board member of Haarslev A/S among others
Dependent on the company and its shareholders	No	No	No
Own shareholdings and those of closely-related parties, 2015[2]	25,000 series B shares	12,500 series B shares	37,497 series B shares
Own shareholdings and those of closely-related parties, 2014	20,000 series B shares	10,000 series B shares	20,501 series B shares
Remuneration, 2015[3]	Board fees 400,000 [4] Committee fees 0 Total 400,000	Board fees 200,000 Committee fees 20,000 Total 220,000	Board fees 200,000 Committee fees 20,000 Total 220,000

[1] Johan Wester conducts assignments on behalf of Stena Adactum AB.
[2] Shareholding as at 29 February 2016. For updated shareholding, please see www.midsona.com/Bolagsstyrning.
[3] Remuneration to the Board of Directors for the period May 2015 to April 2016. Remuneration to Board members elected by the 2015 Annual General Meeting following a proposal from the Nomination Committee. For more information, see Note 9 Employees, personnel expenses and senior executives' remunerations, page 75.
[4] The Board fees include fees for work in the Remunerations Committee.

Cecilia Marlow	Birgitta Stymne Göransson	Peter Wahlberg	Johan Wester
			
1960	1957	1962	1966
Member – 10/10	Member – 10/10	Member – 10/10	Member – 10/10
2015	2015	2015	2009
Professional board member	Industrial advisor	Self-employed	Investment Director, Stena Adactum AB
President Kronans Droghandel, President JC and VD Polarn & Pyret	President Memira, President Semantix, Executive Vice President Telefos, CFO Åhléns and CFO McKinsey	Stockbroker Penser Fondkommission and Matteus Fondkommission	CEO Mediatec Group, Partner at Arthur D. Little and member of the Boards of Ballingslöv International AB and Personec Oy
MBA, Stockholm School of Economics	Graduate Engineer, Royal Institute of Technology, Stockholm and MBA Harvard Business School	Studies at Lund University	Graduate engineer, Chalmers Institute of Technology
Chairman of the Board of Kivra AB. Board member of Nordea Funds Ltd., Forex Bank AB, Svenska Spel AB, Clas Ohlson AB and Platzer Fastigheter AB	Chairman of the Board of HL Display AB, Medivir AB and Stiftelsen Frys-huset. Board member of Elekta AB, Rhenman & Partners Asset Management, Bioinvent AB, Advania hf and Sophiahemmet.	Chairman of the Board of Wallhouse AB. Board member of Walldoc AB, AB Nolefo, Wahlbergs Drycker AB and AB Data Documentation i Staffanstorp AB	Chairman of the Board of S-Invest Trading AB. Board member of Stena Renewable AB and Beijer Electronics AB
No	No	No	Yes[1]
3,000 series B shares	–	1,541,696 series B shares	44,250 series B shares
–	–	1,220,298 series B shares	35,000 series B shares
Board fees 200,000 Committee fees 20,000 Total 220,000	Board fees 200,000 Committee fees 0 Total 200,000	Board fees 200,000 Committee fees 0 Total 200,000	Board fees 200,000 Committee fees 20,000 Total 220,000

Auditor

Per-Arne Pettersson. Born 1959. Authorised Public Accountant with Deloitte AB and member of FAR.

Group Management

	Peter Åsberg	Lennart Svensson	Vidar Eskelund
			
Born	1966	1961	1966
Employed	2007	2009	2008
In current position	2007	2009	2008
Position	President and CEO. Business Area Manager Sweden	CFO	Business Area Manager Norway
Previous positions	President of Cloetta Fazer, Sverige. Various positions at Procter & Gamble and Coca-Cola	Senior management positions within Ericsson, both in Sweden and internationally	Executive Vice President of Kompett ASA and Boehringer Ingelheim KS
Education	MBA, Lund University	MBA, Stockholm University	Bachelor of Science, London South Bank University
Other assignments	Member of the Board of Svensk Egenvård	–	–
Own shareholdings and those of closely-related parties, 2015[1]	77,312 series B shares and 100 000 subscription warrants [2]	12,500 series B shares	–
Own shareholdings and those of closely-related parties, 2014	58,142 series B shares	10,000 series B shares	–

[1]Shareholding as at 29 February 2016. For updated shareholding, please see www.midsona.com/Bolagsstyrning.

[2] In 2015, the principal owner, Stena Adactum AB, issued 100,000 warrants guaranteed by means of its holdings of shares in Midsona. Midsona is not a party to the transaction and the future redemption of the warrants will not affect Midsona's financial position and earnings.

Markku Janhunen	Lars Børresen
	
1971	1953
2011	2002
2015	2015
Business Area Manager Finland	Business Area Manager Denmark
Senior positions in the Transmeri Group	Senior positions in Dandy A/S in Danmark and internationally
eMBA, Haaga-Helia University of Applied Sciences	MBA, School of Business and Social Sciences, Århus University
–	Owner of L Børresen Holding ApS
–	12,500 series B shares
–	–

Remuneration and other benefits to Group Management, 2015

Group Management (5 individuals)[1]	SEK thousand
Basic salary	9,553
Variable remuneration	439
Other benefits	429
Pension expenses	1,765
Total	**12,186**

[1] Group Management comprises those who, together with the CEO Peter Åsberg, were included in Group Management during all or part of the year. These individuals are Lennart Svensson, Vidar Eskelund and Jukka Allos (until 1 September), Markku Janhunen (from 1 September) and Lars Børresen (from 1 September). For more information on remunerations and other benefits to Group Management, see Note 9 Employees, personnel expenses and senior executives' remunerations, page 75.

Principles for remuneration

Principles for remunerations to senior executives are determined by the Annual General Meeting. Senior executives are considered to be the CEO and other members of the management team.

The 2015 Annual General Meeting approved the following guidelines for remunerations to senior executives. Senior executives are to be offered competitive remunerations in line with the market. Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. Remunerations consist of fixed salary and pension, and shall additionally be able to include variable pay, severance pay and non-monetary benefits. Variable pay shall be based on quantitative and qualitative targets being achieved. It shall be possible for the President to earn variable remuneration of at most 50 percent of basic salary and for other members of Group Management to earn variable remuneration of at most 30 percent of basic salary. Severance pay shall amount to at most six months' salary if notice is given by the company. Salary during the period of notice and severance pay shall be limited to at most 24 months' salary. Pension benefits shall be defined-contribution benefits and normally entitle the individual to pension from the age of 65. On termination of employment by the company, 6 to 12 months' salary normally applies. Remuneration and other terms of employment for the President are prepared by the Remunerations Committee and approved by the Board of Directors. Remunerations and other terms of employment for other members of the management team are determined by the Remunerations Committee in consultation with the CEO. The Board of Directors is kept continuously up-to-date regarding remuneration levels for other senior executives. The Board of Directors is entitled to diverge from these guidelines if there are specific reasons in individual cases.

For the 2015 financial year, variable remuneration of SEK 505 thousand was paid to the CEO, of which SEK 300 thousand was allocated to pension benefits. Variable salary accounted for 15 percent of base salary for the CEO. For the other members of Group Management, variable salary accounted for 4 percent of base salary.

The Board of Directors' proposed guidelines for remunerations to senior executives ahead of the 2016 Annual General Meeting agree to all intents and purposes with the previous year's guidelines as adopted by the 2015 Annual General Meeting.

Five-year overview

Excerpts from income statements

SEK million	2015	2014	2013	2012	2011
Net sales	1,174	920	916	869	1,030
Expenses for goods sold	-699	-499	-495	-474	-656
Gross profit	**475**	**421**	**421**	**395**	**374**
Selling expenses	-323	-271	-278	-272	-247
Administrative expenses	-103	-87	-79	-78	-89
Other operating income	9	6	4	10	17
Other operating expenses	-10	-2	-4	-8	-4
Operating profit	**48**	**67**	**64**	**47**	**51**
Financial income	1	1	1	0	0
Financial expenses	-10	-9	-12	-16	-19
Profit before tax	**39**	**59**	**53**	**31**	**32**
Tax	27	4	-2	19	-2
Profit for the year	**66**	**63**	**51**	**50**	**30**
Depreciation/amortisation and impairment					
Depreciation/amortisation and impairment included in operating income	19	14	14	12	13
Operating profit before amortisation, depreciation and impairment (EBITDA)	**67**	**81**	**78**	**59**	**64**
Non-recurring items					
Non-recurring items included in operating income	20	-3	0	-7	-10
Operating profit before non-recurring items	**68**	**64**	**64**	**40**	**41**
Non-recurring items and amortisation, depreciation and impairment					
Non-recurring items and amortisation, depreciation and impairment included in operating income	39	11	14	5	3
Operating profit before amortisation/depreciation and impairment (EBITDA) and non-recurring items	**87**	**78**	**78**	**52**	**54**

Excerpts from balance sheets

SEK million	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Intangible fixed assets	1,067	875	846	855	781
Other fixed assets	128	57	52	57	76
Inventories	151	100	95	97	125
Other current assets	148	117	117	132	152
Cash and equivalents	61	50	62	43	42
Total assets	**1,555**	**1,199**	**1,172**	**1,184**	**1,176**
Shareholders' equity	877	751	710	686	652
Non-current interest-bearing liabilities	250	148	149	212	215
Other non-current liabilities	135	84	94	90	87
Current interest-bearing liabilities	69	53	43	9	51
Other current liabilities	224	163	176	187	171
Total shareholders' equity and liabilities	**1,555**	**1,199**	**1,172**	**1,184**	**1,176**

Excerpts from cash flow statements

SEK million	2015	2014	2013	2012	2011
Cash flow from operating activities before changes in working capital	64	73	67	50	40
Changes in working capital	23	-17	21	-2	1
Cash flow from continuing operations	**87**	**56**	**88**	**48**	**41**
Cash flow from investing activities	-254	-54	-29	-4	-2
Cash flow after investing activities	**-167**	**2**	**59**	**44**	**39**
Cash flow from financing activities	183	-14	-35	-43	-27
Cash flow for the year	**16**	**-12**	**24**	**1**	**12**
Cash and equivalents at beginning of year	50	62	43	42	30
Exchange rate difference in cash and equivalents	-5	0	-5	0	0
Cash and equivalents at end of year	**61**	**50**	**62**	**43**	**42**

Key figures[1]

		2015	2014	2013	2012	2011
Income and expense						
Net sales growth	%	27.6	0.4	5.4	-15.6	-9.2
Net sales per employee	SEK thousand	5,336	5,974	5,872	6,437	6,205
Selling expenses/net sales	%	27.5	29.5	30.3	31.3	24.0
Administrative expenses/net sales	%	8.8	9.5	8.6	9.0	8.6
Personnel expenses per employee	SEK thousand	750	857	827	859	765
Margin						
Gross margin	%	40.5	45.8	46.0	45.5	36.3
Operating margin	%	4.1	7.3	7.0	5.4	5.0
Profit margin	%	3.3	6.4	5.8	3.6	3.1
Capital						
Average capital employed	SEK million	1,074	927	905	913	913
Return on capital employed	%	4.6	7.3	7.2	5.2	5.6
Return on equity	%	8.1	8.6	7.3	7.5	4.7
Debt/equity ratio	%	56.4	62.6	60.6	57.9	55.4
Liquidity						
Net debt	SEK million	258	151	130	178	224
Net debt/EBITDA	multiple	3.9	1.9	1.7	3.0	3.5
Net debt ratio	multiple	0.3	0.2	0.2	0.3	0.3
Interest coverage	multiple	4.9	7.6	5.4	2.9	2.7
Employees						
Average number of employees	number	220	154	156	135	166
Number of employees at end of year	number	294	167	157	143	130
Shares and market capitalisation						
Average number of shares during the year	thousand	24,419	22,745	22,745	22,745	22,745
Number of shares at end of year	thousand	28,431	22,745	22,745	22,745	22,745
Market capitalisation	SEK million	938	705	660	305	303
Per share data						
Profit attributable to Parent Company shareholders	SEK	2.71	2.75	2.24	2.20	1.33
Shareholders' equity	SEK	30.85	33.02	31.22	30.16	28.67
Cash flow from continuing operations	SEK	3.56	2.46	3.87	2.11	1.80
Share price on balance sheet date (series B shares)	SEK	33.00	31.00	29.00	13.40	13.30
Dividend[2]	SEK	1.10	1.10	1.00	0.50	–
Yield	%	3.3	3.5	3.4	3.7	–
Pay-out ratio	%	47.2	40.0	44.6	22.7	–
P/E ratio	multiple	12.2	11.3	12.9	6.1	10.0

[1] For definitions of key figures, see page 121.

[2] Dividend for 2015 relates to the proposal by the Board of Directors.

Definitions

Return on Equity Profit for the year in relation to average shareholders' equity.
Return on capital employed Profit before tax plus financial expenses in relation to average capital employed.
Gross margin Gross profit in relation to net sales.
Market capitalisation Number of shares at year-end multiplied by the price quoted for class B share on the balance sheet date.
Yield Dividend in relation to the price quoted for class B share on the balance sheet date.
EBITDA Operating income before depreciation and depreciation of tangible assets and amortisation of intangible assets.
Shareholders' equity per share Shareholders' equity divided by the number of shares outstanding at the end of the year.
Average number of shares Average number of shares outstanding during the year.
Customer credit period Accounts receivable adjusted for VAT in relation to net sales.
Net sales per employee Net sales divided by the average number of employees.
Net sales growth Net sales for the year less the preceding year's net sales in relation to the preceding year's net sales.
Net debt Interest-bearing provisions and liabilities at the end of the year less cash and equivalents.
Net debt ratio Net debt in relation to shareholders' equity.
P/E ratio Share price on the balance sheet date in relation to earnings per share.
Personnel expenses per employee Personnel expenses in relation to the average number of employees.
Earnings per share Profit for the year in relation to the average number of shares.
Interest coverage ratio Profit before tax plus interest expenses in relation to interest expenses.
Working capital Non-interest-bearing current assets less non-current non-interest-bearing liabilities.
Operating margin Operating profit in relation to net sales.
Equity/assets ratio Shareholders' equity at the end of the year in relation to total assets.
Capital employed Total assets less non-interest-bearing liabilities and deferred tax liabilities.
Payout ratio Proposed/approved dividend per share divided by earnings per share.
Profit margin Profit before tax in relation to net sales.

Glossary

Antioxidants Molecules that prevent oxidation. Antioxidants are believed to neutralise the action of free radicals in cells. Adequate absorption of anti-oxidants through food is considered to counteract cardiovascular diseases, premature ageing and possibly even cancer. Antioxidants are found in fruits, berries and vegetables.
Bars Foods where the most common variant consists of protein bars and weight control bars. They can be eaten as, for example, a snack or meal replacement.
Organic products Products grown without pesticides or chemical fertilisers. Those seeking to sell products as organic within the EU must comply with the EU regulations for organic production.
Gluten-free Products with a reduced gluten content, containing a maximum of 20 mg of gluten per kg of product.
GMP Good Manufacturing Practice. International standard for the production of pharmaceuticals.
Nutritional supplements These are classified as foods and serve as supplements to normal foodstuffs. They may contain vitamins and minerals or other nutrients such as omega-3.
Lactose-free Dairy products where the lactose has been removed.
Licensed brands Other company's products that are marketed by Midsona.
Food A substance or a product intended for use as a food or beverage. Food should preferably provide the body with essential energy and nutrients while also tasting good.
Pharmaceutical According to the law, pharmaceuticals are all substances allegedly able to detect, prevent, treat or cure disease or disease symptoms.
Medical technology products A medical technology product can be either a purely technical aid, such as a dosage device, or take the form of a capsule or tablet. They may not have a pharmacological, immunological or metabolic action in the body
Minerals The body comprises some 20 different minerals. They make up about 4 percent of bodyweight. Minerals are needed in small amounts but are vital because our bodies cannot produce them.
Omega-3 A number of polyunsaturated and beneficial fatty acids are referred to as omega-3. They are essential fatty acids, meaning the body cannot produce them itself and must instead obtain them through diet. The longer polyunsaturated fatty acids EPA and DHA from fish and fish oil in particular have been found to have additional health-beneficial effects
Shakes Ready-made drinks. These may be calorie-reduced and used for weight control or contain a higher protein content and designed to drink after exercise.
Smoothie A smoothie is a cold and usually sweet beverage, ready to drink, which consists of frozen or fresh fruit or vegetables. It is also common to add superfoods. A smoothie might also have a reduced calorie content and be used for weight control for example.
Sports nutrition Nutritional and dietary supplements that cater to athletes.
Superfoods Foods containing a high concentration of essential and health-benefiting substances.
Vitamins Vitamins are organic substances. Their effect and appearance varies. Common to all of them is that they must be supplied from outside the body. Vitamins are needed in very small amounts but are vital because our bodies cannot produce them. Deficiencies may lead cause disease.

Channels

Pharmacies Retailers licensed to sell pharmaceuticals to the public, primarily through shops.
FMCG retail This is a term for shops with a wide range of household goods, typically supermarkets.
E-commerce Retailers conducting business via the Internet, through online shops/web portals whereby the ordered product is delivered to address stated by the end-consumer. This channel also includes Midsona's own online shops/websites where sales are made directly to consumers, and post occurs and post-order sales, which are also made directly to consumers.
Healthfood retailers Previously healthfood shops. Retailers specialising in health and self-care mainly through shops.
Other specialist retailers Retailers not included in Midsona's other retail channels – mainly shops. This channel includes sports and leisure shops, health clubs, perfume shops, baby shops, clothing shops, bakeries.
Other sales channels Those who trade in ways other than those that can be classified under the other sales channels. This channel includes catering (hotels, restaurants, workplace canteens), therapists and contract manufacturing.

Why Midsona's shares are attractive

A growing market

Midsona operates in a growing market where growth is driven by consumers' increasing interest in their own health and well-being. Midsona holds a very strong position in organic health products, an area that is growing considerably more than the overall market.

A leading position

Midsona holds a leading position in most of its sales channels, making Midsona a preferred supplier and generating economies of scale. In 2015, Midsona strengthened its position in several channels, simultaneously establishing strong new positions in the Nordic market.

Strong brands

Midsona's strategy builds on strong brands that are continuously developed and supplemented through acquisitions and alliances. Eight brands are particularly in focus. The acquisition of Urtekram of Denmark entails Midsona's range being complemented by a very strong brand, niched towards organic health products and food.

Clear and aggressive targets

Midsona has a clear mission and vision, aggressive growth targets, clear strategies and the financial and organisational capacity to implement its plans.

Active in the consolidation of the market

Midsona is participating actively to consolidate the market for products in health and well-being, primarily in the Nordic countries. Over the past five years, Midsona has acquired a number of companies, with the acquisition of Urtekram of Denmark in 2015 being the largest, with sales of approximately SEK 460 million prior to the acquisition.

Denna rapport finns även på svenska. The English version is a translation from Swedish. In case of discrepancy, the Swedish version shall prevail.

The annual report is available in English and Swedish versions. In case of any discrepancies between the Swedish and English versions, the Swedish version is considered the official version. This annual report was published on the Company's website (www.midsona.com) on 30 March 2016. Printed copies are sent to shareholders and other stakeholders on request. The Directors' Report is given on pages 42-48. The financial accounts are given on pages 49-99 and have been prepared in accordance with IFRS. All figures are expressed in millions of Swedish kronor (SEK million) unless otherwise stated. Figures in parentheses refer to the preceding financial year, unless otherwise stated. Market information is based on Midsona's own assessment if no other source is given. Assessments are based on the best available evidence.

This report contains forward-looking statements. Although Midsona's management believes this information is reasonable, no assurance can be given that these expectations will prove correct. Actual future outcomes may vary from those indicated in the forward-looking information due, among other things, to changes in economic, market and competitive conditions, changes in the regulatory environment and other political measures, fluctuations in exchange rates and other factors.

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