



midsona

INTERIM REPORT JULY-SEPTEMBER 2016

Improved operating profit and even clearer organic profile

July to September 2016 (third quarter)

- Net sales amounted to SEK 522 million (367).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 42 million (31), before non-recurring items.
- Profit for the period was SEK 7 million (39), corresponding to earnings per share, before and after dilution, of SEK 0.25 (1.63).
- Cash flow from continuing operations amounted to SEK 13 million (30).
- The acquisition was completed of Internatural AB, a company with a leading position in organic foods in Sweden and Norway, whose brands include Kung Markatta and Helios.

January to September 2016 (nine months)

- Net sales amounted to SEK 1,223 million (822).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 88 million (60), before non-recurring items.
- Profit for the period was SEK 29 million (50), corresponding to earnings per share, before and after dilution, of SEK 1.02 (2.16).
- Cash flow from continuing operations amounted to SEK 11 million (67).

Significant event following the end of the report period

- The new share issue that had been in progress was completed, bringing Midsona SEK 412 million before deduction of issue costs. The issue was oversubscribed.

Financial overview

	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	522	367	1,223	822	1,575	1,174
Net sales growth, %	42.2	61.0	48.8	18.8	50.0	27.6
Gross margin, %	33.3	38.4	35.4	41.6	35.9	40.5
Operating profit before amortisation, depreciation and impairment (EBITDA), SEK million	23	17	68	38	97	67
EBITDA margin, %	4.4	4.6	5.6	4.6	6.2	5.7
Operating profit, SEK million	16	11	50	25	73	48
Operating margin, %	3.1	3.0	4.1	3.0	4.6	4.1
Profit for the period, SEK million	7	39	29	50	45	66
Earnings per share before and after dilution, SEK	0.25	1.63	1.02	2.16	1.59	2.71
Net debt, SEK million	1,085	277	1,085	277	1,085	258
Net debt/EBITDA, multiple					11.2	3.9



Note: This information is such that Midsona AB (publ) is obliged to disclose in accordance with the EU Market Abuse Regulation. The information was submitted, through the provision of Lennart Svensson, for publication on 21 October 2016 at 8.00 a.m. CET.

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Peter Åsberg, President and CEO

Comment by the CEO

Midsona gained control of the acquired company Internatural

Midsona gained control of the acquired company Internatural at the start of the third quarter. This is Midsona's to-date largest acquisition, and it is strategically important as it significantly strengthens the company's position in the expanding segment for organic foods. Following the acquisition of Urtekram just over a year ago, Internatural, with its Kung Markatta and Helios brands, is a logical complement. Combined with Urtekram, these brands make Midsona the market leader in the organic colonial products segment in each of our principal markets – Sweden, Norway, Denmark and Finland. Organic products now account for about half of Midsona's sales. Industry statistics show continued high growth for organic foods. Market growth is fastest in Sweden, Midsona's largest market. Industry organisation Ekoweb's report for the first half of 2016 showed that sales of organic foods had increased by 23 percent in the Swedish retail sector.

SEK 522 million

Sales

Integration of Internatural

In the third quarter, work commenced to integrate Internatural into Midsona. The ambition is to create a strong organisation with a growth-oriented agenda, while also being able to achieve cost synergies. It is estimated that the acquisition will generate annual cost synergies of about SEK 35 million, of which approximately SEK 25 million are expected to be achieved before the end of 2017.

* Brands acquired in the third quarter, Kung Markatta and Helios, are compared with sales for the same period last year, despite Midsona not owning the brands at that time.

Focus on eight proprietary brands

Midsona has a developable portfolio of strong proprietary brands in health and well-being. In addition to Urtekram, Kung Markatta and Helios brands with their organic focus, the company prioritises Friggs, Naturdiet, Dalblads, Tri Tolonen and Miwana. These eight brands, which account for more than half of total sales, reported 5 percent growth for the quarter*. Development was particularly strong for the Group's brands with an organic focus. The Friggs brand also deserves special mention. The team behind Friggs has launched a range of maize cakes as a complement to rice cakes. At the same time, Friggs also successfully launched a number of products in new markets and segments. Customers and consumers received the products very positively, Friggs' sales rose in the third quarter.

New share issue implemented

The acquisition of Internatural was initially financed through an acquisition loan and bridge financing. In connection with this, the company announced its intention to conduct a rights issue, which was completed shortly after the end of the reporting period. The issue was heavily oversubscribed, generating SEK 412 million for Midsona before issue costs. The bridge financing has been settled in the fourth quarter.

In Sweden, Friggs launched two new flavours, Pizza and Barbecue, in its maize cakes series.



SEK 42 million

Profit before depreciation/amortisation and impairment (EBITDA), before non-recurring items

Best quarter to date in terms of earnings

Underlying operating profit, measured as EBITDA before non-recurring items, was the best to date in the Group's history. EBITDA before non-recurring items was SEK 42 million compared with SEK 31 million in the previous year – at the time, a record quarter. Sales were weak in July. Although they recovered in August and September, the assessment is that the unusually warm weather had a negative effect on a number of product groups that sell better during the cold part of the year. Sales rose by 42 percent in the quarter, mainly as a consequence the acquisition of Internatural with its Kung Markatta and Helios brands, although the Group's other priority brands, including Urtekram and Friggs, also made a positive contribution. To date, no synergies from the acquisition have been achieved. They are not expected to start having an effect until early 2017.

Leading in health and well-being in the Nordic region

The integration of Internatural will continue in the fourth quarter. The cost synergies that have been identified are to be realised, while, at the same time, it is our ambition to maintain a high level of growth. With its Urtekram, Kung Markatta and Helios brands, Midsona is well-positioned in the market for organic foods. At the same time, we see opportunities for continued favourable growth for several of our other priority brands and license assignments. The objective is to grow organically while we prepare for new acquisitions. With this, we are continuing our journey towards the vision of becoming the leader in the health and well-being in the Nordic region.

Peter Åsberg
President and CEO

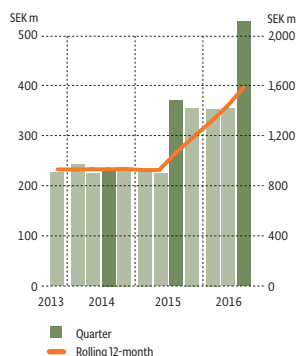
Urtekram launched some 30 organic products in Denmark, including new flavours in its dried fruit assortment.



Financial information

Group

Net sales



Net sales

July–September

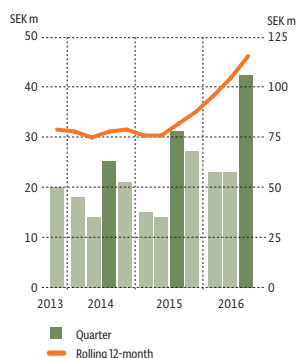
Net sales amounted to SEK 522 million (367), an increase of 42 percent. Adjusted for currency translation effects and structural changes (acquisitions), net sales decreased by 2 percent. The decline in adjusted net sales was mainly attributable to discontinued sales assignments in the Norwegian market.

Generally, sales were very weak in July in all geographic markets but recovered favourably in August and September, despite somewhat unfavourable weather conditions for the season for a number of product groups. In Sweden, net sales increased significantly due to acquisitions and increased distribution of the Urtekram brand. Lost sales volumes for the Friggs brand in Sweden have virtually recovered through strong sales of the basic product range and successful new launches. Friggs is capturing market share in the maize and rice cakes category in a declining overall market for the category. For some brands, however, the somewhat weaker sales trend continued. Increased sales in Norway were primarily related to acquired sales volumes. However, a number of discontinued sales assignments affected the sales trend negatively. Several brands in the Norwegian brand portfolio, developed favourably, strengthening its position among retailers. Sales in Finland increased, driven by the Urtekram and Friggs brands. The build-out of distribution for Urtekram and other prioritised brands continued during the period. In Denmark, the sales trend remained strong, especially for export activities beyond the Nordic region, confirming that initiatives with partners outside the Nordic region are strategically correct. Several important products were launched in Sweden, Norway, Finland and Denmark during the period.

January–September

Net sales amounted to SEK 1,223 million (822), an increase of 49 percent. Adjusted for currency translation effects and structural changes (acquisitions), net sales decreased by 4 percent, primarily due to discontinued sales assignments in the Norwegian market..

EBITDA, before non-recurring items



Earnings

July–September

Gross profit amounted to SEK 174 million (141), corresponding to a gross margin of 33.3 percent (38.4). The lower gross margin was primarily attributable to a significantly increased proportion of sales to FMCG retailers with lower margins, as well as a changed product mix related to both terminated and new sales assignments.

Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 42 million (31), before non-recurring items, representing a margin of 8.0 percent (8.4). The positive profit trend was primarily linked to the acquisition of Internatural and, given the generally weak start to the quarter, the result was satisfactory.

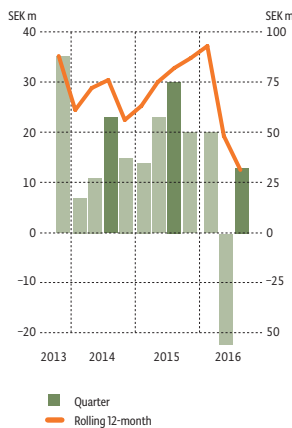
Operating profit amounted to SEK 35 million (25), before non-recurring items, with an operating margin of 6.7 percent (6.8). Operating profit amounted to SEK 16 million (11), with an operating margin of 3.1 percent (3.0). Non-recurring items of SEK 19 million (14) were charged against profit for the period. Particular focus was placed on the integration of operations in both Sweden and Norway, to ensure continued favourable processing of customers and markets. In Norway, this led to identified restructuring expenses of SEK 13 million, which were charged against profit for the period. In Sweden, the process is underway and restructuring costs will be reported in the fourth quarter of 2016. The total amount will not exceed the previous estimate of SEK 20 million. In addition, acquisition-related costs of SEK 6 million (6) were charged against profit for the period.

Profit before tax was SEK 8 million (7), with net financial items increasing to an expense of SEK 8 (4) due to temporarily significantly higher debt. Tax on profit for the period amounted to SEK 1 million (32), of which SEK 5 million (1) consisted of current taxes. In the comparison period, a tax loss carryforwards attributable to the Group's Swedish operations were reassessed, entailing deferred tax income of SEK 31 million. Profit for the period was SEK 7 million (39), corresponding to earnings per share of SEK 0.25 (1.63).

January–September

Gross profit amounted to SEK 433 million (342), corresponding to a gross margin of 35.4 percent (41.6). Operating profit before amortisation, depreciation and impairment, EBITDA, amounted to SEK 88 million (60), before non-recurring items, representing a margin of 7.2 percent (7.3). Operating profit amounted to SEK 70 million (47), before non-recurring items, with an operating margin of 5.7 percent (5.7). Operating profit amounted to SEK 50 million (25), with an operating margin of 4.1 percent (3.0). Non-recurring items of SEK 20 million (22) were charged against profit for the period. Profit before tax was SEK 33 million (17), with net financial items increasing to an expense of SEK 17 million (8). Tax on profit for the period amounted to SEK 4 million (33), of which SEK 8 million (2) consisted of current taxes. Profit for the period was SEK 29 million (50), corresponding to earnings per share of SEK 1.02 (2.16).

Cash flow from continuing operations



Cash flow, liquidity and financial position

July–September

Cash flow from continuing operations amounted to SEK 13 million (30), which was primarily explained by a lower increase in operating liabilities compared with the corresponding period last year. The amount of capital tied up in operating receivables also remained high due to several major expected customer payments not being received until shortly after the end of the period. Cash flow from investing activities amounted to a negative SEK 805 million (237), consisting of business acquisitions of SEK 800 million (235) and investments in tangible and intangible fixed assets of SEK 5 million (2). Cash flow from financing activities amounted to SEK 836 million (221), consisting of loans raised of SEK 800 million (120) for the financing of operations, amortisation of loans by SEK 11 million and a change in the use of existing overdraft facilities by SEK 47 million (negative 17). In the comparison period, when Urtekram was acquired, a new share issue was implemented, bringing Midsona SEK 118 million after deduction of issue costs. Cash and equivalents amounted to SEK 101 million (46) and there were unutilised credit facilities of SEK 39 million (68) at the end of the period.

Net debt amounted to SEK 1,085 million (277) at the end of the period. During the quarter, net debt increased by SEK 787 million, which was mainly attributable to the financing of the acquisition of Internatural AB (see Business acquisitions, page 12). The net debt/equity ratio was a multiple of 1.2 (0.3). The ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 11.2 (4.7). At the end of the preceding quarter, the ratio between net debt and EBITDA on a rolling 12-month basis, was a multiple of 3.3.

Shareholders' equity amounted to SEK 943 million (881). At the end of the preceding quarter, shareholders' equity was SEK 887 million. The changes in shareholders' equity during the current quarter consisted of profit for the period of SEK 7 million and translation differences on the translation of foreign operations of SEK 49 million. The equity/assets ratio was 35 percent (55) at the end of the period.

January–September

Cash flow from continuing operations amounted to SEK 11 million (67). Cash flow from investing activities amounted to a negative SEK 813 million (253), while cash flow from financing activities amounted to SEK 836 million (184).

Investments

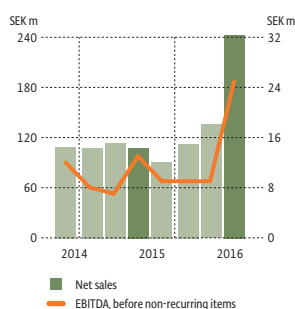
July–September

Investments in intangible and tangible fixed assets amounted to SEK 5 million (2) and consisted mainly of software investments and production-related investments. Amortisation and depreciation for the period amounted to SEK 7 million (6), divided between SEK 4 million (3) in amortisation of intangible fixed assets and depreciation of SEK 3 million (3) on tangible fixed assets.

January–September

Investments in intangible and tangible fixed assets amounted to SEK 13 million (2). Amortisation and depreciation for the period amounted to SEK 18 million (13), divided between SEK 11 million (9) in amortisation of intangible fixed assets and depreciation of SEK 7 million (4) on tangible fixed assets.

Quarterly overview – Sweden



Sweden

	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	242	108	491	330	582	421
Net sales growth, %	124.1	0.0	48.8	0.0	32.6	-4.1
EBITDA, before non-recurring items, SEK million	25	13	43	28	52	37
Operating profit before non-recurring items, SEK million	23	13	39	27	48	36
Non-recurring items included in operating profit, SEK million	-	-5	-	-15	0	-15
Operating profit, SEK million	23	8	39	12	48	21
Operating margin, %	9.5	7.4	7.9	3.6	8.2	5.0

July–September

Net sales amounted to SEK 242 million (108), an increase of 124 percent. Sales to the FMCG market were very strong, driven by the Urtekram brand and the acquired Internatural with its brand Kung Markatta, which both showed stable sales to the FRMCG sector. Distribution increased for Urtekram and the brand now reaches significantly more stores around the country compared with earlier this year. The Naturdiet brand had a continued stable sales trend with increasing market shares in a generally weakening market for the weight management category. Through strong sales within the basic product range, combined with successful launches, the Friggs brand has now largely recouped lost sales volumes. In the Friggs portfolio, maize cakes now account for a larger volume of sales than rice cakes in the rice and maize cakes category. The sales trend through both healthfood retailers and e-commerce was strong, driven by increased distribution of the Urtekram brand and volumes from the acquired Internatural. The trend in sales through pharmacies was somewhat weak, mainly due to an unfavourable summer for the MyggA brand, resulting in lower sales. Moreover, sales of the MyggA brand to pharmacies were very strong in the second quarter of 2016. However, several licensed brands experiences strong sales to pharmacies. Sales through other sales channels were strong, mainly related to volumes from acquired Internatural. Several product launches were made under the Friggs and Kung Markatta brands.

Operating profit before depreciation/amortisation and impairment, EBITDA, improved to SEK 25 million (13), before non-recurring items, primarily as a consequence of higher sales volumes. However, during this quarter too, earnings continued to be affected negatively by certain additional costs resulting from the change in structure and systems implemented in the first quarter of 2016. During the period, considerable focus was devoted to integration of operations to ensure continued strong processing of customers and markets. The integration process is ongoing and is expected to entail restructuring charges in the fourth quarter of 2016.

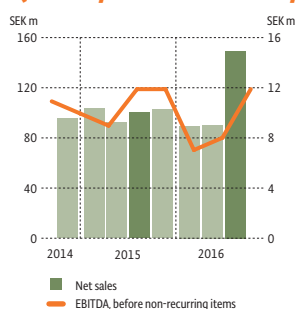
Acquired operations contributed net sales of SEK 108 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 14 million for the period.

January–September

Net sales amounted to SEK 491 million (330), an increase of 49 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 43 million (28), before non-recurring items. Acquired operations contributed net sales of SEK 108 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 14 million for the period.

The integration of business areas Denmark's Swedish operations into existing operations in Sweden was completed in the period, meaning that sales and earnings in Sweden for the Urtekram brand were reported in the operating segment Sweden from 1 March 2016.

Quarterly overview - Norway



Norway

	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	150	101	331	298	434	401
Net sales growth, %	48.5	1.0	11.1	-0.3	10.2	1.5
EBITDA, before non-recurring items, SEK million	12	12	27	31	39	43
Operating profit before non-recurring items, SEK million	11	11	25	29	37	41
Non-recurring items included in operating profit, SEK million	-13	-	-13	2	-11	4
Operating profit, SEK million	-2	11	12	31	26	45
Operating margin, %	-1.3	10.9	3.6	10.4	6.0	11.2

July-September

Net sales amounted to SEK 150 million (101), an increase of 49 percent. In local currencies, net sales increased by 50 percent. Sales to the FMCG sector were very strong, driven by the acquired Internatural and its Helios brand. The Friggs brand, which was launched in supermarkets in the first quarter of 2016, continued to gain market share. Several licensed brands also continued to strengthen their position in the FMCG sector. Sales to specialist healthfood retailers were strong, driven by the acquisition of the Soma brand, which continues to gain strength among healthfood retailers. Sales to pharmacies were somewhat weak for licensed brands, as a result of discontinued sales assignments. The Miwana brand, however, maintained a stable trend in sales to pharmacies. Sales to other specialist retailers were strong as a consequence of acquired sales volumes. Several important new launches were made under the Friggs, Helios and Supernature brands. In addition, several new launches were carried out under licensed brands.

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 12 million (12), before non-recurring items. Despite growth in sales, operating profit before depreciation/amortization and impairment, EBITDA, excluding non-recurring items ended up on a par with the previous year due to an unfavourable product mix, an unfavourable currency trend and a commission-based sales assignment having been lost. During the period, considerable focus was devoted to integration of operations to ensure continued strong processing of customers and markets. This resulted in the recognition of restructuring charges of SEK 13 million, classified as a non-recurring item charged against profit for the period.

Acquired operations contributed net sales of SEK 56 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 6 million for the period.

January-September

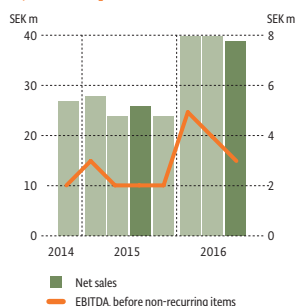
Net sales amounted to SEK 331 million (298), an increase of 11 percent. In local currencies, net sales increased by 18 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 27 million (31), before non-recurring items. Acquired operations contributed net sales of SEK 56 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 6 million for the period.

The integration of business areas Denmark's Norwegian operations into existing operations in Norway was completed in the period, meaning that sales and earnings in Norway for the Urtekram brand were reported in the operating segment Norway from 1 January 2016.

Helios launched about ten organic products in Norway.



Quarterly overview – Finland



Finland

	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	39	26	119	78	143	102
Net sales growth, %	50.0	-7.1	52.6	-10.3	36.2	-10.5
EBITDA, before non-recurring items, SEK million	3	2	13	7	15	9
Operating profit before non-recurring items, SEK million	3	2	12	6	13	7
Non-recurring items included in operating profit, SEK million	-	0	-1	0	-1	0
Operating profit, SEK million	3	2	11	6	12	7
Operating margin, %	7.7	7.7	9.2	7.7	8.4	6.9

July–September

Net sales amounted to SEK 39 million (26), an increase of 50 percent. In local currencies too, net sales increased by 51 percent. Sales growth to FMCG retail was strong, driven by the priority Urtekram and Friggs brands. Urtekram is growing considerably faster than the overall market for organic food, strengthening the brand's position in the FMCG sector. Friggs also strengthened its position in the FMCG sector, through both favourable sales of its basic product range, as well as successful launches, mainly of maize cakes, which have rapidly gained market share. During the period, the build-out of distribution continued for the Urtekram brand and other priority brands, and is progressing as planned. Sales to healthfood retailers were weak, especially for the Tri Tolonen brand with products in the premium segment. A process was conducted to reposition Tri Tolonen during the period as part of efforts to reverse the weak sales trend for the brand. The trend in sales to pharmacies was also weak, and remains a challenge. Several important new launches were made under the Friggs, Urtekram and Tri Tolonen brands.

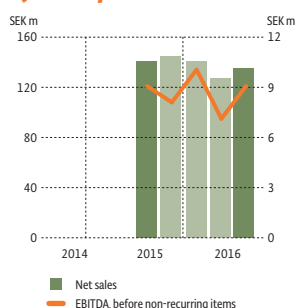
Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 3 million (2). The improved operating profit was attributable mainly to higher sales volumes. However, margins deteriorated due to an unfavourable product mix and temporary discounts for some product groups subject to price pressure.

January–September

Net sales amounted to SEK 119 million (78), an increase of 53 percent. In local currencies, net sales increased by 54 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 13 million (7), before non-recurring items.

The integration of business areas Denmark's Finnish operations into existing operations in Finland was completed in the period, meaning that sales and earnings in Finland for the Urtekram brand were reported in the operating segment Finland from 1 January 2016.

Quarterly overview – Denmark



Denmark

	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015 ²	Rolling 12-month	Full year 2015 ¹
Net sales, SEK million	134	140	400	140	544	284
Net sales growth, %	-4.3	-	185.7	-	288.6	-
EBITDA, before non-recurring items, SEK million	9	9	26	9	34	17
Operating profit before non-recurring items, SEK million	7	7	20	7	26	13
Non-recurring items included in operating profit, SEK million	-	-3	-	-3	20	17
Operating profit, SEK million	7	4	20	4	46	30
Operating margin, %	5.2	2.9	5.0	2.9	8.5	10.6

¹Refers 1 July 2015 to 31 December 2015² Refers 1 July 2015 to 30 September 2015

July–September

Net sales amounted to SEK 134 million (140), a decrease of 4 percent. In local currencies, net sales decreased by 6 percent. The lower net sales were primarily related to a higher proportion of internal sales. The trend in sales to the Danish FMCG sector was stable despite the ongoing rationalisation of a major customer's product range, partly to reduce the number of products, and partly

to increase the proportion of proprietary brand products. Export operations showed continued strong sales growth, demonstrating that the initiatives implemented in cooperation with partners outside the Nordic region are strategically correct. During the period, a new agreement was signed with a major European food chain for supplies of Body Care products to the Belgian market. During the period, several new launches were made under the Urtekram brand in both the Danish and export markets.

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 9 million (9), before non-recurring items. The lower sales volume and weaker margins due to a higher proportion of internal sales were offset by good cost control in operations, to the extent that operating income before amortization/depreciation and impairment, EBITDA, excluding non-recurring items came in on a par with last year.

A sales assignment, with initial net sales of about DKK 4 million on an annualised basis, was secured during the period. The sales assignment is for gluten-free products in the Danish market and will commence in the fourth quarter of 2016.

A new cookbook with Urtekram recipes was completed in the period. The cookbook was developed in cooperation with Denmark's largest publisher, Gyldendal, and was launched on 12 October 2016. The book will initially be available in Danish book stores.

The production efficiency measures already initiated continued during the period. A number of production lines beat previous production records. Investments to increase capacity are made on an ongoing basis to meet increased demand.

January–September

Net sales amounted to SEK 400 million (140). Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 26 million (9), before non-recurring items. In terms of both net sales and operating profit before amortisation/depreciation and impairment (EBITDA) before non-recurring items, the comparison period pertains only to the third quarter of 2015.

The integration of business area Denmark's Swedish, Finnish and Norwegian operations into Midsona's existing operations in each country was completed in the period. From 1 January 2016, sales and earnings from the Norwegian and Finnish geographical markets are reported under operating segment Norway and operating segment Finland respectively. From 1 March 2016, sales and earnings from the Swedish geographic market are reported under operating segment Sweden.

Friggs launched a range of organic premium teas in Sweden.



Future prospects

Consumer demand for products in the areas of health and well-being in general, and ecological 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.

Other information

Personnel

The average number of employees was 302 (200), while the number of employees at the end of the period amounted to 341 (284). The increased number of employees at the end of the period was mainly related to the acquisition of Internatural AB in July 2016.

Parent Company

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

Net sales amounted to SEK 17 million (16), and related primarily to invoicing of services provided internally within the Group. The loss before tax amounted to SEK 6 million (15). Net financial items improved due to positive translation differences on financial investments despite increased external interest expenses to credit institutions on increased debt.

Shareholders' equity amounted to SEK 681 million (680), of which restricted equity amounted to SEK 482 million (54). At the close of the preceding quarter, shareholders' equity amounted to SEK 680 million. The changes in shareholders' equity in the quarter at hand consisted of a net loss for the period of SEK 1 million. Share capital was reduced by SEK 427 million to SEK 142 million through an allocation to unrestricted shareholders' equity without withdrawing shares, meaning a reduction in the shares' quotient value from SEK 20.00 to 5.00 (see the Shares section on page 11).

Investments in intangible and tangible assets amounted to SEK 0 million (0). Cash and equivalents, including unutilised credit facilities, amounted to SEK 48 million (88). At the end of the period, borrowing from credit institutions amounted to SEK 1,177 million (257). In connection with the acquisition of Internatural AB new loans of SEK 800 million were secured, of which SEK 400 million consisted of a bridge financing facility to be settled by 31 December 2016.

There were nine (eight) employees at the end of the period.

Transactions with closely related parties

For the Parent Company, SEK 17 million (16), equivalent to 100 percent (99) of sales for the period and SEK 2 million (0), corresponding to 9 percent (0) of purchases for the period, pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

Midsona's largest shareholder, Stena Adactum AB, undertook to subscribe for its pro rata share of the new share issue and issued an underwriting guarantee for the remaining part of the issue. There have been no loans, purchases or sales involving members of the Board or senior executives.

A new cookbook with Urtekram recipes was developed in partnership with Denmark's largest book publisher, Gyldendal.

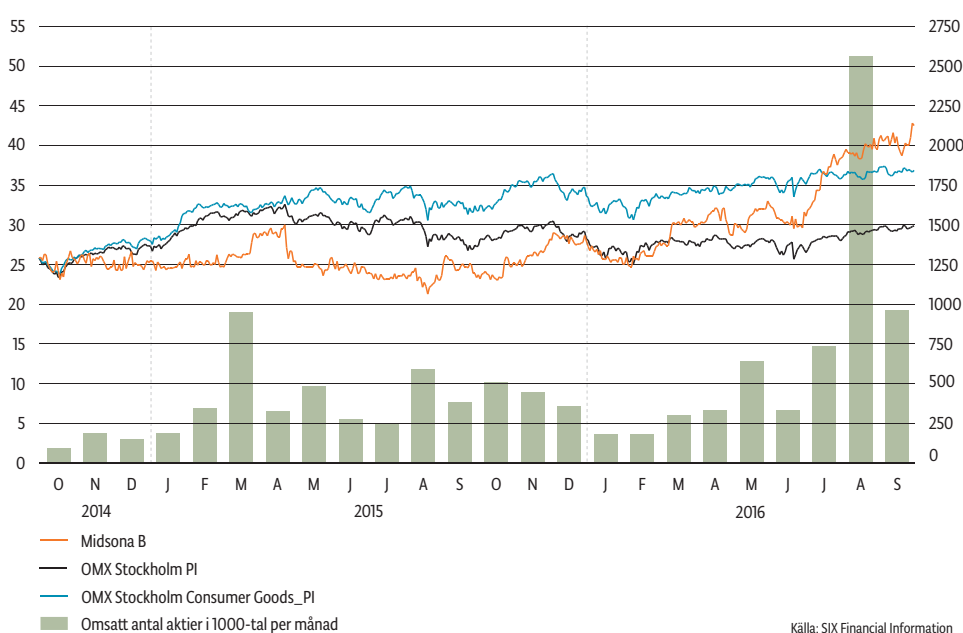


The share

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

At the end of the period, the total number of shares was 28,430,987 (28,430,987), divided between 359,915 Series A shares (474,915) and 28,071,072 Series B shares (27,956,072). In May 2016, 115,000 Series A shares were reclassified as Series B shares at the request of shareholders. At the end of the period, the number of votes was 31,670,222 (26,164,178), where one Series A share carries ten votes and one Series B share carries one vote. At the 2016 Annual General Meeting, a resolution was taken to change the Articles of Association and to reduce the share capital by SEK 427 million to SEK 142 million through an allocation to unrestricted equity without withdrawing shares, entailing the quotient value being reduced from SEK 20.00 to SEK 5.00. The Swedish Companies Registration Office approved the reduction in share capital on 11 July 2016, after the period of notice for creditors had expired.

During the period January-September 2016, 6,280,906 shares (3,712,363) were traded. The highest price paid for Series B shares was SEK 43.90 (30.01), and the lowest was SEK 24.40 (20.15). On 30 September, the most recent price paid for the share was SEK 42.50 (23.88). Midsona had no incentive programmes outstanding at the end of the period.



On 3 August 2016, the Board of Directors of Midsona AB (publ) resolved to implement a new issue of Series A and Series B shares with preferential rights for shareholders, for the partial financing of the acquisition of Internatural AB. For each share of either series already held, the new share issue, which was approved by the Extraordinary General Meeting on 8 September 2016, granted existing shareholders preferential rights to subscribe for one new share at a price of SEK 29.00 per share. The subscription period runs from 20 September 2016 to 5 October 2016. Given full subscription of the new share issue, the share capital in Midsona AB (publ) will increase by at most SEK 71 million from the current SEK 142 million to a maximum of SEK 213 million through the issue of at most 179,957 Series A shares and at most 14,035,536 Series B shares. Following the new share issue, the number of shares in Midsona AB (publ) will be at most 42,646,480 shares, including 539,872 Series A shares and 42,106,608 Series B shares. On full subscription, the share issue will raise approximately SEK 412 million before deduction of transaction costs. Midsona's largest shareholder, Stena Adactum AB, undertook to subscribe for its pro rata share of the issue and issued an underwriting guarantee for the remaining part of the issue.

At the Extraordinary General Meeting of 8 September 2016, a decision was made, deviating from existing shareholders' preferential rights, to issue and transfer at most 450,000 warrants to current and future senior executives in the Midsona Group, in connection with which the CEO shall be offered to purchase 100,000 warrants and other senior executives in Group Management shall be offered to acquire 50,000 warrants each. The period during which the warrants may be exercised will be from 1 March 2019 to 31 August 2019. The subscription price for shares subscribed for by exercising the warrants will be SEK 51. The transfer of warrants to each employee is to be

made on market terms, based on a calculation in accordance with the so-called Black & Scholes model performed by PWC AB, which is considered to be independent of the company. On full exercise of the warrants, the share capital will increase by SEK 2,250,000 through the issue of at most 450,000 Series B shares, each with a quotient value of SEK 5.00. On full exercise of the proposed warrants, the dilution effect will correspond to approximately 1.6 percent of the number of shares. The issue and transfer of the warrants will take place after the end of the reporting period.

Ownership

Stena Adactum AB was the largest shareholder with 25.3 percent of the capital and 30.0 percent of the voting rights on 30 September 2016. The ten largest shareholders in Midsona AB (publ) are shown in the table.

The ten largest shareholders in Midsona AB (publ)	Number of shares	Share of capital, %	Share of votes, %
Stena Adactum AB	7,182,113	25.3	30.0
Handelsbanken Fonder	2,838,642	10.0	9.0
Andra AP-fonden	1,680,838	5.9	5.3
Peter Wahlberg med bolag	1,525,316	5.4	4.8
BPSS PAR/FCP ECHIQUIER	1,200,000	4.2	3.8
LINC INVEST AB	962,988	3.4	3.0
Lannebo Fonder	831,850	2.9	2.6
Försäkringsaktiebolaget Avanza Pension	717,032	2.5	2.4
Nordea Investment Funds	726,586	2.6	2.3
Valbay Kapitalförvaltning	670,630	2.4	2.1
Summa	18,335,995	64.6	65.3
Övriga ägare	10,094,992	35.4	34.7
Summa	28,430,987	100.0	100.0

Source: Euroclear

Total number of shareholders (including nominee-registered) was 5,106 (4,652). In the quarter at hand, the number of shareholders increased by 445. Foreign ownership amounted to 18.6 percent (27.1) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

Business acquisitions

On 5 July 2016, all of the shares were acquired in Internatural AB, with the two wholly-owned subsidiaries, Kung Markatta AB and Alma Norge AS, together forming the Internatural AB Group. The total purchase consideration amounted to SEK 690 million and was paid in cash, corresponding to SEK 810 million on a debt-free basis, plus a performance compensation to the seller for the period between the date on which net debt was determined and the date of access, amounting to approximately SEK 10 million. The acquisition was financed through existing credit facilities of SEK 20 million and by raising new loans of SEK 800 million, of which SEK 400 million consisted of a bridge financing facility to be settled by 31 December. The intention is to repay the bridge financing with the proceeds from the ongoing new share issue of SEK 412 million before issue costs.

The Internatural AB Group holds a leading position in organic foods and other lifestyle-related products in Sweden and Norway. The company's headquarters are located in Malmö, Sweden. The company also has offices and a warehouse for the Swedish market in Örebro, and offices and a warehouse for the Norwegian market in Arnes. In 2015, net sales amounted to SEK 637 million and operating profit before amortisation/depreciation and impairment (EBITDA), to SEK 65 million. Most sales are made to customers in the FMCG retail sector (about 85 percent) and to healthfood retail customers (about 10 percent). The remaining sales are to customers engaged in e-commerce and to customers in other sales channels. Among other things, the acquisition gives Midsona access to the Urtekram, Kung Markatta and Helios brands, which significantly strengthens its position in the Nordic market for organic foods. The Kung Markatta and Helios brands will be two of the Group's priority brands. Additionally, the Internatural AB Group holds exclusive distribution rights for some 60 local and international brands in the Swedish and Norwegian markets, which include market leaders such as Alpro, Yogi Tea and Green & Black's. Approximately 40 percent of total net sales are generated by proprietary brands. The acquisition is expected to generate synergies

in the form of both increased income and reduced expenses. At the time of acquisition, the Internatural AB Group, which develops, markets and sells organic foods and other lifestyle-related products, had 71 employees, of which 43 were in Sweden and 28 in Norway.

The acquired business will be consolidated into the Midsona Group from 5 July 2016, and will be included in the Sweden and Norway operating segments in segment reporting. From the acquisition date to 30 September 2016, the operations contributed SEK 164 million to consolidated income and SEK 19 million to consolidated operating profit. If the acquisition had occurred on 1 January 2016, consolidated net sales for the period January-September 2016 would have been SEK 1,558 million and consolidated operating income would have been SEK 86 million.

The net assets of the acquired company on the acquisition date, SEK million	Fair value
Intangible fixed assets	269
Tangible fixed assets	6
Financial fixed assets	0
Deferred tax assets	1
Inventories	64
Accounts receivable	67
Other receivables	1
Prepaid expenses and accrued income	2
Cash and equivalents	29
Deferred tax liabilities	-60
Non-current interest-bearing liabilities	-89
Current interest-bearing liabilities	-50
Accounts payable	-60
Other current liabilities	-9
Accrued expenses and deferred income	-13
Total	158
Consolidated goodwill	532
Total	690

Transferred consideration, SEK million	Fair value
Cash	690
Total	690

The fair value of identified assets and liabilities, amounted net to SEK 739 million, of which SEK 267 million was attributed to trademarks, SEK 60 million to deferred tax liabilities and SEK 532 million to goodwill after the reduction of existing surplus values in Internatural of SEK 138 million and a deferred tax liability of SEK 18 million. Brands valued at SEK 27 million are estimated to have a useful life of 20 years. Brands valued at SEK 240 million are estimated to have an indefinite useful life and are not amortised but tested for impairment. The goodwill recognised for the acquisition corresponds to the acquired company's market position in the Swedish and Norwegian markets for organic food, its employees' skills and experience in the segment, as well as anticipated future synergies. The fair value of accounts receivable amounted to SEK 67 million and was fully settled. Acquisition-related expenses amounted to SEK 5 million and are recognised as other operating expenses in profit for the period.

The acquired operations will be integrated gradually with the Midsona Group's existing businesses. The integration is expected to be completed during the first half of 2017. The integration is not expected to result in restructuring costs exceeding SEK 20 million, with SEK 13 million relating to the Norwegian operations being expensed in the third quarter of 2016. For the Swedish operations, the integration process is still being analysed and is expected to entail restructuring costs in the fourth quarter of 2016.

The acquisition analysis that has been prepared is preliminary.

New financing agreements

In June 2016, Midsona AB (publ) signed a financing agreement with Danske Bank regarding credit facilities totalling SEK 425 million, including a complete cash management solution for the entire Nordic region. The financing consists of a revolving credit facility of SEK 325 million, maturing

over three years with the possibility of a one-year extension and an overdraft facility of SEK 100 million. The new financing arrangement and cash management solution provide a complete Group-wide structure whereby capital is used more efficiently, leading to lower costs.

In connection with the acquisition of Internatural AB new loans of SEK 800 million were secured, of which SEK 400 million consisted of a bridge financing facility to be settled by 31 December 2016. The intention is to repay the bridge financing with the proceeds from the ongoing new share issue.

Change in Group Management

In September 2016, the composition of Group Management was changed. Anders Dahlin was appointed Director Nordics. From September 2016, Group Management consisted of Peter Åsberg, Lennart Svensson, Anders Dahlin, Ulrika Palm, Vidar Eskelund, Markku Janhunen and Lars Børresen.

Prioritised brands

Midsona works with eight prioritized proprietary brands, all with great potential for growth. In connection with the acquisition of Internatural AB, with the leading brands in organic food, Kung Markatta and Helios, it was decided to focus resources by replacing the Supernature and MyggA brands with the Kung Markatta and Helios brands as priority brands. Supernature and MyggA will continue to be developed within the Group. Midsona's prioritised brands are: Urtekram, Friggs, Dalblads, Naturdietet, Tri Tolonen, Kung Markatta, Helios and Miwana.

Annual General Meeting

The 2017 Annual General Meeting will be held in Malmö on 26 April. The Board of Directors will publish its invitation to the Annual General Meeting by 30 March 2017.

Significant events following the end of the report period

New share issue

On 12 October 2016, the ongoing new share issue was completed, upon which, share capital increased by SEK 71 million to SEK 213 million through the issue of 179,957 Series A shares and 14,035,536 Series B shares. The new share issue brought Midsona SEK 412 million before deduction of issue costs. The new share issue was oversubscribed by 494 percent for Series A shares and 39 percent for Series B shares. Following the new share issue, the number of shares in Midsona amounts to 42,646,480 shares, including 539,872 Series A shares and 42,106,608 Series B shares.

Acquisitions

On 17 October 2016, the Biopharma brand was acquired from Biopharma AS. The product series includes a number of nutritional supplements that are mainly sold in the Norwegian FMCG sector. Midsona has been commissioned to sell the Biopharma brand in the Norwegian market since 2012. Biopharma AS will continue to be responsible for the manufacture of the products and for logistics. For the 2015 financial year, the Biopharma brand achieved net sales of approximately NOK 30 million. With considerable growth in the FMCG sector, Midsona perceives opportunities for further development of the brand. The acquisition is expected to have an insignificant impact on earnings per share in 2016.

Segment reporting

Until 30 June 2015, the Group had three identified segments, the geographical areas Sweden, Norway and Finland. 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 was completed, the segment's sales and the earnings from the Swedish, Norwegian and Finnish geographical markets were reported under the Denmark operating segment. The integration was completed in the first quarter of 2016. From 1 January 2016, sales and earnings from the Norwegian and Finnish geographical markets are reported under operating segment Norway and operating segment Finland respectively. From 1 March 2016, sales and earnings from the Swedish geographic market are reported under operating segment Sweden.

Risks and uncertainties

In its operations, the Group is subject to both operational and financial risks that may affect profits to a greater or lesser extent. The assessment is that no new significant risks or uncertainties have arisen. For a detailed discussion of risks and uncertainties, please refer to the 2015 Annual Report.

Significant estimates and assumptions

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

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

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to page 97 of the 2015 Annual Report.

Accounting principles

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

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

The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2016 had no impact on the Group's accounting for the first nine months of 2016. In other regards, the same accounting principles and calculation methods have been applied as in the latest annual report. For detailed information on the accounting principles, please see the page 58 of the 2015 Annual Report. Effective from the half-year report, January–June 2016, the ESMA guidelines for Alternative Performance Measures (APM) have been applied, entailing expanded disclosures on key performance indicators and performance measures.

Malmö, 21 October 2016

Midsona AB (publ)

Board of Directors

Report of Review of Interim Financial Information

Introduction

We have reviewed the interim report of Midsona AB (publ) for the period 1 January 2016 to 30 September 2016. The board of directors and the CEO are responsible for the preparation and presentation of the interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion regarding the interim report based on our review.

Scope and focus of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is considerably smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 21 October 2016
Deloitte AB

Per-Arne Petterson
Authorised Public Accountant

Summary consolidated income statement

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Net sales	522	367	1,223	822	1,575	1,174
Expenses for goods sold	-348	-226	-790	-480	-1,009	-699
Gross profit	174	141	433	342	566	475
Selling expenses	-107	-95	-269	-239	-353	-323
Administrative expenses	-44	-27	-107	-72	-138	-103
Other operating income	0	0	2	4	7	9
Other operating expenses	-7	-8	-9	-10	-9	-10
Operating profit	16	11	50	25	73	48
Financial income	1	0	1	0	2	1
Financial expenses	-9	-4	-18	-8	-20	-10
Profit before tax	8	7	33	17	55	39
Tax on profit for the period	-1	32	-4	33	-10	27
Profit for the period	7	39	29	50	45	66

Profit for the period is divided between:

Parent Company shareholders (SEK million)	7	39	29	50	45	66
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)	0.25	1.63	1.02	2.16	1.59	2.71

Number of shares (thousands)

On the balance sheet date	28,431	28,431	28,431	28,431	28,431	28,431
Average during the period	28,431	23,756	28,431	23,082	28,431	24,419

Summary consolidated statement of comprehensive income

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Profit for the period	7	39	29	50	45	66
<i>Items that cannot be reallocated to profit for the period</i>						
Items that cannot be reallocated to profit for the period	-	-	-	-	-	-
<i>Items that have or can be reallocated to profit for the period</i>						
Translation differences for the period on translation of foreign operations	49	-13	68	-13	48	-33
Items that have or can be reallocated to profit for the period	49	-13	68	-13	48	-33
Other comprehensive income for the period	49	-13	68	-13	48	-33
Comprehensive income for the period	56	26	97	37	93	33
<i>Comprehensive income for the period is divided between:</i>						
Parent Company shareholders (SEK million)	56	26	97	37	93	33

Supplementary financial information, Group (not audited)

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Operating profit before amortisation, depreciation and impairment (EBITDA)	23	17	68	38	97	67
Depreciation/amortisation and impairment	-7	-6	-18	-13	-24	-19
Operating profit	16	11	50	25	73	48

Summary consolidated balance sheet

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Intangible fixed assets ¹	1,922	1,089	1,067
Tangible fixed assets	55	51	47
Non-current receivables	2	2	2
Deferred tax assets	85	79	79
Fixed assets	2,064	1,221	1,195
Inventories	235	159	151
Accounts receivable	246	163	131
Tax receivables	-	3	3
Other receivables ²	2	1	2
Prepaid expenses and accrued income	37	12	12
Liquid assets	101	46	61
Current assets	621	384	360
Assets	2,685	1,605	1,555
Share capital	142	569	569
Additional paid-up capital	561	165	165
Reserves	43	-5	-25
Profit brought forward, including profit for the period	197	152	168
Shareholders' equity	943	881	877
Non-current interest-bearing liabilities	716	263	250
Other non-current liabilities	5	2	-
Deferred tax liabilities	198	132	135
Non-current liabilities	919	397	385
Current interest-bearing liabilities	470	60	69
Accounts payable	211	161	132
Tax liabilities	4	-	-
Other current liabilities ²	39	38	31
Accrued expenses and deferred income	99	68	61
Current liabilities	823	327	293
Liabilities	1,742	724	678
Shareholders' equity and liabilities	2,685	1,605	1,555
Pledged assets	1,558	920	796
Contingent liabilities	-	-	-

¹ Intangible assets

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Brands	813	543	533
Goodwill	1,088	526	516
Other intangible fixed assets	21	20	18
Total	1,922	1,089	1,067

² Fair value and reported in the balance sheet

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Assets			
<i>Financial instruments measured at fair value</i>			
Currency futures ¹	0	0	1
Total	0	0	1
<i>Financial instruments not measured at fair value</i>			
Other receivables	2	1	1
Total	2	1	1
Total other receivables	2	1	2
Liabilities			
<i>Financial instruments measured at fair value</i>			
Currency futures ¹	2	0	0
Total	2	0	0
<i>Financial instruments not measured at fair value</i>			
Other current liabilities	37	38	31
Total	37	38	31
Total other current liabilities	39	38	31

¹ 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. In all material respects, the fair value of other financial instruments is consistent with their book value. For further information please refer to Note 32 in the 2015 Annual Report.

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity 1 January 2015	455	186	8	102	751
Profit for the period	-	-	-	50	50
Other comprehensive income for the period	-	-	-13	-	-13
Comprehensive income for the period	-	-	-13	50	37
New share issue	114	8	-	-	122
Issue costs	-	-4	-	-	-4
Dividend	-	-25	-	-	-25
Transactions with the Group's shareholders	114	-21	-	-	93
Closing shareholders' equity 30 September 2015	569	165	-5	152	881
Opening shareholders' equity 1 October 2015	569	165	-5	152	881
Profit for the period	-	-	-	16	16
Other comprehensive income for the period	-	-	-20	-	-20
Comprehensive income for the period	-	-	-20	16	-4
Closing shareholders' equity 31 December 2015	569	165	-25	168	877
Opening shareholders' equity 1 January 2016	569	165	-25	168	877
Profit for the period	-	-	-	29	29
Other comprehensive income for the period	-	-	68	-	68
Comprehensive income for the period	-	-	68	29	97
Reduction of share capital by decision AGM 2016	-427	427	-	-	-
Dividend	-	-31	-	-	-31
Transactions with the Group's shareholders	-427	396	-	-	-31
Closing shareholders' equity 30 September 2016	142	561	43	197	943

Summary consolidated cash flow statement

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Profit before tax	8	7	33	17	55	39
Adjustment for items not included in cash flow	21	14	38	31	35	28
Income tax paid	-5	-1	-8	-2	-9	-3
Cash flow from continuing operations before changes in working capital	24	20	63	46	81	64
Increase (-)/decrease (+) in inventories	0	2	-11	2	-7	6
Increase (-)/decrease (+) in operating receivables	-26	-32	-62	-19	-32	11
Increase (+)/decrease (-) in operating liabilities	15	40	21	38	-11	6
Changes in working capital	-11	10	-52	21	-50	23
Cash flow from continuing operations	13	30	11	67	31	87
Acquisitions of companies or operations	-800	-235	-800	-251	-800	-251
Acquisitions of intangible fixed assets	-1	-1	-5	-1	-6	-2
Acquisitions of tangible fixed assets	-4	-1	-8	-1	-8	-1
Divestments of tangible fixed assets	-	-	0	-	0	-
Disposal/reduction of financial assets	-	-	-	-	0	0
Cash flow from investing activities	-805	-237	-813	-253	-814	-254
Cash flow after investing activities	-792	-207	-802	-186	-783	-167
New share issue	-	122	-	122	-	122
Issue costs	-	-4	-	-4	-	-4
Loans raised	800	120	1,250	120	1,250	120
Amortisation of loans	36	-17	-383	-29	-384	-30
Dividend paid	-	-	-31	-25	-31	-25
Cash flow from financing activities	836	221	836	184	835	183
Cash flow for the period	44	14	34	-2	52	16
Cash and equivalents at beginning of period	53	34	61	50	46	50
Translation difference in cash and equivalents	4	-2	6	-2	3	-5
Cash and equivalents at end of period	101	46	101	46	101	61

Consolidated quarterly data

SEK million	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Net sales	522	351	350	352	367	223	232	228	228	223	241	225
Expenses for goods sold	-348	-223	-219	-219	-226	-121	-133	-124	-123	-119	-133	-124
Gross profit	174	128	131	133	141	102	99	104	105	104	108	101
Selling expenses	-107	-79	-83	-84	-95	-69	-75	-65	-64	-71	-71	-64
Administrative expenses	-44	-32	-31	-31	-27	-21	-24	-22	-20	-23	-22	-21
Other operating income	0	1	1	5	0	3	1	1	1	2	2	1
Other operating expenses	-7	-1	-1	0	-8	-2	0	-1	0	0	-1	-1
Operating profit	16	17	17	23	11	13	1	17	22	12	16	16
Financial income	1	0	0	1	0	0	0	1	0	0	0	1
Financial expenses	-9	-5	-4	-2	-4	-2	-2	-3	-2	-2	-2	-3
Profit before tax	8	12	13	22	7	11	-1	15	20	10	14	14
Tax on profit for the period	-1	-1	-2	-6	32	1	0	10	-2	-2	-2	-2
Profit for the period	7	11	11	16	39	12	-1	25	18	8	12	12
<i>Non-recurring items</i>												
Non-recurring items included in operating profit	19	1	-	-2	14	-2	10	-	-	-2	-1	0
Operating profit before non-recurring items	35	18	17	21	25	11	11	17	22	10	15	16
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating income	7	5	6	6	6	3	4	4	3	4	3	4
Operating profit before amortisation, depreciation and impairment (EBITDA)	23	22	23	29	17	16	5	21	25	16	19	20
<i>Depreciation/amortisation, impairment and non-recurring items</i>												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	26	6	6	4	20	1	14	4	3	2	2	4
Operating profit before amortisation/depreciation and impairment (EBITDA) before non-recurring items	42	23	23	27	31	14	15	21	25	14	18	20
Cash flow from continuing operations	13	-22	20	20	30	23	14	15	23	11	7	35
Number of employees as per the balance sheet date	341	275	285	294	284	156	163	167	152	150	154	157

Summary consolidated segment reporting

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
July–September	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales, external	230	101	149	100	38	26	105	140	-	0	522	367
Net sales, intra-Group	12	7	1	1	1	-	29	-	-43	-8	-	-
Net sales	242	108	150	101	39	26	134	140	-43	-8	522	367
Operating expenses (excluding depreciation/amortisation and impairment), external	-196	-98	-143	-84	-20	-20	-125	-134	-15	-14	-499	-350
Operating expenses, intra-Group	-21	-2	-8	-5	-16	-4	0	-	45	11	-	-
Operating expenses (excluding depreciation/amortisation and impairment)	-217	-100	-151	-89	-36	-24	-125	-134	30	-3	-499	-350
Operating profit before amortisation, depreciation and impairment (EBITDA), undistributed	25	8	-1	12	3	2	9	6	-13	-11	23	17
Depreciation/amortisation and impairment	-2	0	-1	-1	0	0	-2	-2	-2	-3	-7	-6
Operating profit, undistributed	23	8	-2	11	3	2	7	4	-15	-14	16	11
Financial items											-8	-4
Profit before tax											8	7
<i>Significant income and expense items reported in the income statement:</i>												
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	-	-5	-13	-	-	0	-	-3	-	-	-13	-8
Acquisition-related cost	-	-	-	-	-	-	-	-	-6	-6	-6	-6
Average number of employees	91	42	86	81	23	19	118	104	9	8	327	254
Number of employees as per the balance sheet date	101	41	91	77	23	18	117	140	9	8	341	284

Summary consolidated segment reporting

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
July–September												
Net sales, external	457	307	328	297	117	78	321	140	-	0	1,223	822
Net sales, intra-Group	34	23	3	1	2	-	79	-	-118	-24	-	-
Net sales	491	330	331	298	119	78	400	140	-118	-24	1,223	822
Operating expenses (excluding depreciation/amortisation and impairment), external	-398	-311	-295	-250	-59	-59	-371	-134	-32	-30	-1,155	-784
Operating expenses, intra-Group	-50	-6	-22	-15	-48	-12	-3	-	123	33	-	-
Operating expenses (excluding depreciation/amortisation and impairment)	-448	-317	-317	-265	-107	-71	-374	-134	91	3	-1,155	-784
Operating profit before amortisation, depreciation and impairment (EBITDA), undistributed	43	13	14	33	12	7	26	6	-27	-21	68	38
Depreciation/amortisation and impairment	-4	-1	-2	-2	-1	-1	-6	-2	-5	-7	-18	-13
Operating profit, undistributed	39	12	12	31	11	6	20	4	-32	-28	50	25
Financial items											-17	-8
Profit before tax											33	17

Significant income and expense items reported in the income statement:

Provision, expenses for restructuring of operations	-	-15	-13	-	-	0	-	-3	-	-	-13	-18
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	-	-	-	2	-	-	-	-	-	-	-	2
Acquisition-related cost	-	-	-	-	-1	-	-	-	-6	-6	-7	-6

Average number of employees	70	46	79	84	24	20	120	42	9	8	302	200
Number of employees as per the balance sheet date	101	41	91	77	23	18	117	140	9	8	341	284

Consolidated key figures

	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015	Rolling 12-month	Full year 2015
Net sales growth, %	42.2	61.0	48.8	18.8	50.0	27.6
Gross margin, %	33.3	38.4	35.4	41.6	35.9	40.5
EBITDA margin before non-recurring items, %	8.0	8.4	7.2	7.3	7.3	7.4
EBITDA margin, %	4.4	4.6	5.6	4.6	6.2	5.7
Operating profit before non-recurring items, %	6.7	6.8	5.7	5.7	5.8	5.8
Operating margin, %	3.1	3.0	4.1	3.0	4.6	4.1
Profit margin, %	1.5	1.9	2.7	2.1	3.5	3.3
Average capital employed, SEK million	1,684	1,065	1,663	1,078	1,667	1,074
Return on capital employed, %	1.0	1.0	3.1	2.3	4.5	4.6
Return on equity, %	0.8	4.8	3.2	6.1	4.9	8.1
Net debt, SEK million	1,085	277	1,085	277	1,085	258
Net debt/EBITDA, multiple					11.2	3.9
Net debt/equity ratio, multiple	1.2	0.3	1.2	0.3	1.2	0.3
Interest coverage ratio, multiple	1.9	2.8	2.8	3.1	3.8	4.9
Debt/equity ratio, %	35.1	54.9	35.1	54.9	35.1	56.4

Definitions

Midsona presents certain financial measures in the interim report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the company's management as they facilitate the evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these financial measures should not be considered a substitute for measurements as defined under IFRS. The table below presents measures not defined under IFRS, unless otherwise stated.

Return on capital employed. Profit before tax plus financial expenses in relation to average capital employed. *Return on capital employed is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a rate of return, reasonable for the sector, on the total capital made available by shareholders and creditors.*

Gross margin. Gross profit in relation to net sales. *Gross margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.*

EBITDA. Operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets. *EBITDA is a key performance measure for Midsona and considered relevant for investors who want to assess the financial performance of the company over time.*

EBITDA-margin. EBITDA in relation to net sales. *EBITDA-margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.*

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 sales growth is a key ratio that Midsona regards as relevant to*

investors who want to assess whether the company's growth strategy is being fulfilled, and whether one of the company's financial targets, that growth should average at least 10 percent over time, is being met.

Net debt. Interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments. Net debt is a measure that Midsona regards as relevant to creditors and credit rating agencies.

Net debt/EBITDA. Net debt in relation to operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets. Net debt/EBITDA is a key ratio that Midsona regards as relevant to investors who want to assess the company's opportunities to implement strategic investments, to meet its financial obligations, and to meet one of its financial targets – that net debt/EBITDA be maintained at a multiple of less than 2.

Net debt ratio. Net debt in relation to shareholders' equity. Net debt ratio is a key ratio that Midsona regards as relevant to investors who want to gain a view of the company's capital structure.

Organic change. Year-on-year comparison figures, adjusted for translation effects on consolidation and changes in structure. Organic change is a key ratio that Midsona regards as relevant to investors who want to assess whether the company's growth strategy is being fulfilled, adjusted for translation effects on consolidation and for acquisitions and disposals.

Non-recurring items. One-off items, such as restructuring and impact of acquisitions. This is a measure of operating items not normally included in the company's operating activities. Midsona regards the measure as relevant for investors who want to assess the company's trend in operating profit where such non-recurring operating items have been eliminated.

Earnings per share. Profit for the period in relation to the average number of shares. Financial measure defined under IFRS.

Interest coverage. Profit before tax plus interest expenses in relation to interest expenses. Interest coverage is a key ratio that Midsona regards as relevant to investors who want to assess the company's opportunities to implement strategic investments and assess the company's opportunities to meet its financial obligations.

Operating margin. Operating profit in relation to net sales. Operating margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector and whether the company's financial target of reaching an operating margin exceeding 10 percent is being met.

Debt/equity ratio. Shareholders' equity at the end of the period in relation to total shareholders' equity and liabilities. Debt/equity ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to gain a view of the company's capital structure.

Capital employed. Total shareholders' equity and liabilities less non-interest-bearing liabilities and deferred tax liabilities. Capital employed is a measure of the total capital that Midsona borrows from its shareholders, who usually receive compensation in the form of dividends, or that it borrows from credit institutions, who receive compensation in the form of interest.

Pay-out ratio. Proposed/approved dividend per share divided by earnings per share. Pay-out ratio is a key ratio that Midsona regards as relevant to investors in assessing whether the company meets one of its financial targets, to maintain a long-term pay-out ratio exceeding 30 percent.

Profit margin. Profit before tax in relation to net sales. Profit margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.

For additional definitions, please refer to page 121 of the 2015 Annual Report.

IFRS reconciliations, Group

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

SEK million	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015	Rolling 12-month	Full year 2015
Operating profit/loss	16	11	50	25	73	48
Amortisation of intangible fixed assets	4	3	11	9	15	13
Depreciation of tangible fixed assets	3	3	7	4	9	6
EBITDA	23	17	68	38	97	67
Non-recurring items ²	19	14	20	22	18	20
EBITDA, before non-recurring items	42	31	88	60	115	87

¹ There were no impairments of tangible fixed assets or intangible fixed assets in operating profit/loss for the respective period.

² Specification of non-recurring items.

SEK million	July–Sept 2016	July–Sept 2015	Jan–Sept 2016	Jan–Sept 2015	Rolling 12-month	Full year 2015
Restructuring costs	13	8	13	18	13	18
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–	–	–2	–2	–4
Acquisition-related expenses	6	6	7	6	7	6
Total	19	14	20	22	18	20

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

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Non-current interest-bearing liabilities	716	263	250
Current interest-bearing liabilities	470	60	69
Cash and cash equivalents ¹	–101	–46	–61
Net debt	1,085	277	258

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

Capital employed – total shareholders' equity and liabilities less non-interest-bearing liabilities and deferred tax liabilities

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Shareholders' equity and liabilities	2,685	1,605	1,555
Other non-current liabilities	–5	–2	–
Deferred tax liabilities	–198	–132	–135
Accounts payable	–211	–161	–132
Other current liabilities	–39	–38	–31
Accrued expenses and deferred income	–99	–68	–61
Capital employed	2,133	1,204	1,196

Sales channels

Pharmacies. Parties conducting retail trade of medicines and other special pharmaceutical preparations through shops and those conducting wholesale operations specialised in sales to parties conducting retail trade of medicines and other special pharmaceutical preparations.

FMCG retailers. Parties conducting retail trade of a wide range of household products through shops. The term refers to hypermarkets, supermarkets, discount stores, after-hours supermarkets and convenience stores.

E-commerce. Parties that primarily sell to consumers via the Internet, through webshops or portals from which end consumers can have the ordered items delivered to their homes or other designated locations. This channel also includes Midsona's own online shops/websites where sales are made directly to consumers, and post-order sales, which are also made directly to consumers.

Healthfood retailers. Retailers specialised in health and personal care, mainly through shops and those conducting wholesale operations specialised in sales to retailers specialised in health and personal care.

Other specialist retailers. Other retailers, conducting sales mainly through shops. This channel includes sports and leisure shops, health clubs, perfume shops, baby shops, clothing shops and bakeries.

Other sales channel. 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.



Kung Markatta launched some 20 organic products in Sweden.

Summary income statement, Parent Company

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Net sales	6	5	17	16	24	23
Selling expenses	0	0	0	0	0	0
Administrative expenses	-9	-8	-28	-25	-37	-34
Other operating income	0	2	3	3	4	4
Other operating expenses	-1	-1	-4	-3	-5	-4
Operating profit	-4	-2	-12	-9	-14	-11
Profit from participations in subsidiaries	-	-	0	0	39	39
Financial income	12	0	18	4	19	5
Financial expenses	-7	-7	-12	-10	-18	-16
Profit after financial items	1	-9	-6	-15	26	17
Allocations	-	-	-	-	-	-
Profit before tax	1	-9	-6	-15	26	17
Tax on profit for the period	-	15	-	15	6	21
Profit for the period	1	6	-6	0	32	38

Summary statement of comprehensive income, Parent Company

SEK million	July-Sept 2016	July-Sept 2015	Jan-Sept 2016	Jan-Sept 2015	Rolling 12-month	Full year 2015
Profit for the period	1	6	-6	0	32	38
Other comprehensive income for the period	-	-	-	-	-	-
Comprehensive income for the period	1	6	-6	0	32	38

Summary balance sheet, Parent Company

SEK million	30 Sept 2016	30 Sept 2015	31 Dec 2015
Intangible fixed assets	1	2	1
Tangible fixed assets	0	0	0
Participations in subsidiaries	1,486	724	790
Receivables from subsidiaries	396	245	186
Deferred tax assets	35	30	35
Financial fixed assets	1,917	999	1,011
Fixed assets	1,918	1,001	1,012
Receivables from subsidiaries	10	8	46
Other receivables	9	5	4
Cash and bank balances	0	5	5
Current assets	19	18	55
Assets	1,937	1,019	1,067
Share capital	142	569	569
Statutory reserve	57	57	57
Profit brought forward, including profit for the period and other reserves	482	54	92
Shareholders' equity	681	680	718
Liabilities to credit institutions	715	200	190
Liabilities to subsidiaries	-	1	0
Non-current liabilities	715	201	190
Liabilities to credit institutions	462	57	67
Liabilities to subsidiaries	73	69	85
Other current liabilities	6	12	7
Current liabilities	541	138	159
Shareholders' equity and liabilities	1,937	1,019	1,067

Financial calendar

2016

2017

NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
			Year-end Report 2016 8 February 2017		Interim Report January–March 2017 26 April 2017			Interim Report January–June 2017 21 July 2017			Interim Report January–September 2017 20 October 2017



This is Midsona

A Nordic company with strong brands

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

Clear vision

Visionen är att bli det ledande bolaget inom hälsa och välbefinnande i Norden.

Clear strategies

- *Growth in priority brands* – We prioritise strong proprietary brands alongside a number of select licensed brands, which we are developing in our core markets of Sweden, Norway, Finland and Denmark.

- *Optimising the profitability of the product portfolio* – We analyse the brand portfolio continuously to enable us to focus on the brands that can deliver the best margins and to enable us to develop or phase out those deemed unable to achieve a satisfactory level of profitability.
- *New growth areas* – We invest actively in acquisitions, for example, to establish ourselves in new, adjacent product areas.
- *Efficient organisation* – We work actively to maintain an optimal organisation at all times and to reduce the Group's cost level.

Long-term financial targets

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

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

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



Eight priority brands

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



Urtekram

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



Friggs

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



Dalblads

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



Naturdiet

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



Tri Tolonen

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



Kung Markatta

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



Helios

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



Miwana

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

