midsona

INTERIM REPORT, JANUARY–MARCH 2019

Sales growth and improved EBITDA driven by acquisitions and prioritised brands

January–March 2019 (first quarter)

- Net sales amounted to SEK 786 million (610).
- EBITDA amounted to SEK 73 million (57) before items affecting comparability, corresponding to a margin of 9.3 percent (9.3).
- Profit for the period was SEK 4 million (39), corresponding to earnings per share of SEK 0.08 (0.85) before and after dilution.
- Free cash flow amounted to an outflow of SEK 42 million (4).
- Restructuring costs for an efficiency programme for the Group's Nordic operations were charged to the period's earnings in an amount of SEK 25 million.

Significant events following the end of the report period

- Long-term financial targets were revised and adopted for the Group by the Board of Directors of Midsona AB (publ).

Key figures, Group[1, 2]

	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Net sales growth, %	28.9	17.1	35.5	32.9
Gross margin, before items affecting comparability, %	29.8	34.1	29.7	30.6
Gross margin, %	27.5	34.1	29.1	30.6
EBITDA-margin, before items affecting comparability, %	9.3	9.3	8.5	8.5
EBITDA margin, %	6.1	9.3	7.3	8.1
Operating margin, before items affecting comparability, %	6.0	7.7	6.2	6.6
Operating margin,%	2.8	7.7	5.1	6.2
Profit margin, %	0.6	7.9	4.0	5.7
Average capital employed, SEK million	2,959	2,294	2,701	2,552
Return on capital employed, %			6.0	7.6
Return on equity, %			5.7	8.1
Net debt, SEK million	1,364	652	1,364	1,116
Net debt/Adjusted EBITDA, multiple			5.9	4.4
Net debt/equity ratio, multiple	0.8	0.4	0.8	0.7
Interest coverage ratio, multiple	1.3	10.6	3.8	6.3
Equity/assets ratio, %	43.0	55.0	43.0	44.1

[1] Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 16–17 of this interim report and to pages 134–137 in the 2018 Annual Report.
[2] Key figures for the comparison year are not restated for the IFRS 16 effect.

Note: This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation. This interim report was submitted under the auspices of Lennart Svensson for publication on 3 May 2019 at 8.00 a.m. CET.

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Peter Åsberg, President and CEO

QUARTER 1

SEK 786 million

Sales

SEK 73 million

EBITDA, before items affecting comparability

9.3 percent

EBITDA-margin, before items affecting comparability

* The prioritised brand Davert, compared with sales in the same period last year, despite Midsona not owning the brand at that time.

Comment by the CEO

Increased sales and improved EBITDA

Midsona's sales rose by 29 percent to SEK 786 million (610). EBITDA before items affecting comparability improved to SEK 73 million (57). Solid sales growth for the Group's prioritised brands and an IFRS 16 effect impacted earnings positively while a continued unfavourable exchange rate trend and the conclusion of the distribution assignment for Alpro impacted earnings negatively.

Growth for prioritised brands

Midsona increased its focus on the Group's eight prioritised brands. These grew by 6 percent* in the quarter, where the trend for Friggs was especially strong, achieving double-digit growth by a good margin. Focused brand work over a long time has resulted in continuously increasing volumes. A success factor has been the launch of new products. During the quarter, Friggs Popcorn corn cake was launched and was well received by customers and consumers. Another success factor was launching Friggs outside the home market of Sweden. Growth was particularly strong in Finland and Norway in the quarter.

The work of strengthening competitiveness for Midsona's organic brands continued. A number of new products were launched, including the "Happy Crunch" series under the Davert brand. They are the first products from Midsona Germany's (formerly Davert) new production lines focused on breakfast products. In Sweden, Kung Markatta launched a series of plant-based organic beverages.

Focus on acquisitions

Midsona has consolidated the Nordic market for health and well-being through acquisitions. Backed by a market-leading Nordic platform, it was natural to lift our sights towards the rest of Europe. In May 2018, we took the step into the world's second largest market for organic foods, Germany, in connection with the acquisition of Midsona Germany. Integration has gone according to plan and we can note that our acquisition method also worked outside the Nordic region.

Careful analysis, a clear acquisition agenda and a well-developed integration model are important ingredients in Midsona's acquisition recipe. We have now come so far in the integration of Midsona Germany that we are ready for new acquisitions. When they will take place is an open question, however, since we have a lot of patience to be able to acquire the right company at the right price. However, I am personally working on it and have the goal of being able to present new acquisitions as soon as possible.

Revised financial targets

The Board of Midsona AB has decided to revise the Group's financial targets. Midsona has the ambition to actively participate in the consolidation of the European market for health and well-being. At the same time, the Group will deliver organic growth for prioritised brands through an effective market cultivation and innovation. The Board has therefore chosen to revise the growth target up to 15.0 percent per year from the previous target of 10.0 percent. A clear focus on profitability through efficiency enhancements and synergic acquisitions will increase the EBITDA margin from a historic 9.0–10.0 percent to at least 12.0 percent. With an active acquisition agenda, debt will be at 3.0–4.0 times EBITDA as long as we continue to make acquisitions. The dividend target is left unchanged. The new targets are:

- Net sales growth of >15.0 percent through organic growth and acquisitions (previously net sales growth >10.0 percent).
- An EBITDA margin >12.0 percent (previously EBIT margin >10.0 percent).
- A net debt/EBITDA of 3.0–4.0 times (previously a net debt/EBITDA of less than 2.0 times).
- A dividend over time of >30.0 percent of profit after tax (unchanged).

Outlook for 2019

The foundation that Midsona's business rests on is the strong trends in people's greater interest in health and well-being combined with a clear desire to consume more sustainably. Demand for plant-based, pure, organic and sustainable food products is expected to grow in 2019. The main focus during the year will be to create the best conditions for growth for our brands, but also, in the cases we have available production capacity, to take contracts to produce private label brands. In parallel, we will continue to improve the efficiency of the Nordic operations and complete the integration of the acquired Midsona Germany. We are also looking for new acquisitions with the clear ambition of becoming one of the leading companies in health and well-being in Europe and thereby achieve our financial targets.

Peter Åsberg

President and CEO

Financial information

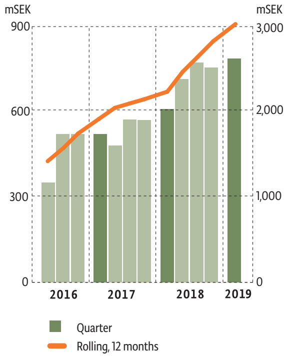
Net sales

Net sales amounted to SEK 786 million (610), an increase of 28.9 percent. The Group's eight prioritised brands showed a growth of 5.6 percent*, where the brand Friggs individually showed a double-digit growth rate. Despite this, the organic change in net sales was a decline of 2.6 percent. Structural changes contributed to net sales growth by 28.4 percent, and exchange rate changes contributed by 3.1 percent. Sales were relatively stable in several of the Group's geographic markets despite a major sales assignment being discontinued during the period. The level of service to customers was lower than normal in some geographic markets as a result of production disruption and capacity shortages among suppliers, which affected the sales trend negatively for some product groups.

Sales increased for Sweden, driven by organic growth, despite a concluded sales assignment. Several prioritised and licensed brands had a strong sales growth. For the organic brand portfolio, the sales trend was weaker in a continued challenging market, however, which is growing at a significantly lower rate than earlier years. An effort has been under way for some time to strengthen the competitiveness of the organic brand portfolio in the whole Nordic region. For Norway, distribution to FMCG retail increased substantially for several important product groups, but it could not fully compensate for the reduced sales volumes that a concluded sales assignment entailed during the period. Several prioritised brands and licensed brands had a strong sales growth with higher sales volumes primarily for FMCG retailers. For Finland, the sales growth was stable although several large customers reduced their stock volumes during the period. The Finnish market remains in stable growth and several brands strengthened their positions, primarily in FMCG and pharmacy retail. For Denmark, the sales growth was relatively weak as a result of both lower volumes to a few larger FMCG retail customers as a concluded agreement on contract manufacturing, which is partially replaced by internal sales volumes. For the category of organic products, competition from FMCG retailing's private labels presents a challenge in the Danish market. The export operations outside the Nordic region had a strong sales growth, but these volumes could not fully compensate for the lower volumes to traditional FMCG retailing. For Germany, sales in January and February were according to plan, although with some slowdown in March as a result of deliveries postponed to April prior to the Easter holiday. The distribution of the brand Davert increased and is proceeding according to plan. The German market for organic products is changing, with higher sales volumes to FMCG retail at the expense of traditional specialist retailers. The first deliveries from the new production lines for breakfast products were made to customers during the period.

Germany signed an agreement on contract manufacture with a Southern European actor regarding deliveries of organic products. The agreement is expected to generate net sales of SEK 25–30 million on an annual basis in a few years' time. The initial deliveries were made during the first quarter of 2019. Denmark also signed an agreement on contract manufacture with a Nordic actor regarding deliveries of organic products. The agreement is expected to generate net sales of SEK 7 million on an annual basis, starting in July 2019.

Net sales



* The prioritised brand Davert, compared with sales in the same period last year, despite Midsona not owning the brand at that time.

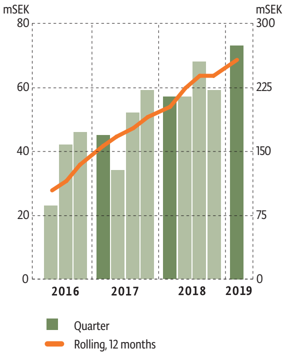
Gross profit

Gross profit amounted to SEK 234 million (208) before items affecting comparability, corresponding to a margin of 29.8 percent (34.1). The lower gross margin was particularly related to the prevalent cost structure for Germany, with a higher share of production and warehouse-related costs compared with the Group's other operations, compared with the year-before period. Moreover, the gross margin was negatively impacted by an unfavourable product mix, increased purchasing prices for certain finished products in the personal care products category and a continued unfavourable exchange rate trend for the SEK against the EUR. For Sweden, previously announced price increases had some impact in the period, but these price increases did not compensate for the continued recent unfavourable exchange rate trend for the SEK against the EUR.

Operating profit/loss

EBITDA improved to SEK 73 million (57), before items affecting comparability, corresponding to a margin of 9.3 percent (9.3), and was driven by acquired business and a changed accounting principle (IFRS 16), which entailed SEK 11 million in lower leasing fees on right of use assets. EBITDA, before items affecting comparability adjusted for the IFRS 16 effect, accordingly amounted to SEK 62 million (57). Amortisation and depreciation for the period amounted to SEK –26 million (–10), divided between SEK –8 million (–7) in amortisation of intangible fixed assets and depreciation of SEK –18 million (–3) on tangible fixed assets. Amortisation and depreciation increased as a result of an acquired business in the second quarter of 2018 and the changed accounting principle (IFRS 16), which entailed depreciation on property, plant and equipment with a right of use of SEK 10 million. Operating profit amounted to SEK 47 million (47) before items affecting comparability, corresponding to a margin of 6.0 percent (7.7). The operating profit for the period amounted to SEK 22 million (47), corresponding to a margin of 2.8 percent (7.7).

EBITDA, before items affecting comparability



EBITDA, before items affecting comparability, improved for Denmark as a result of good cost control and the IFRS 16 effect. For Sweden, Norway and Finland, EBITDA, before items affecting comparability, was lower than in the preceding year. For Sweden, this was related to an unfavourable product mix, a concluded sales assignment and higher product costs as result of the weaker SEK against the EUR. For Norway, as a consequence of lower sales volumes due to a concluded sales assignment and for Finland, as a consequence of an unfavourable product mix and some temporary administrative additional expenses. For Germany, EBITDA was somewhat lower compared to plan probably as a result of postponed sales volumes to April.

Items affecting comparability

The period's operating profit included items affecting comparability in an amount of SEK 25 million for an efficiency-enhancement programme for the Group's Nordic operations. Items affecting comparability were charged to the functions of cost of goods sold in an amount of SEK 18 million, selling expenses of SEK 3 million, administrative expenses of SEK 2 million and other operating expenses of SEK 2 million. No items affecting comparability were included in the comparative period.

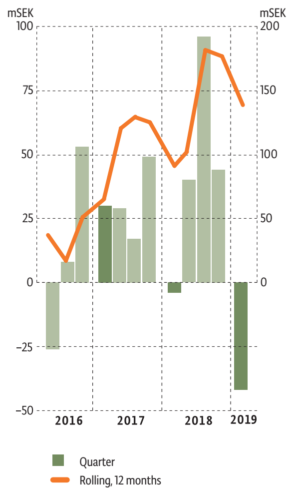
Financial items

Net financial items amounted to an expense of SEK 17 million (income: 1), of which interest expenses on external loans to credit institutions amounted to SEK 9 million (4) and interest expenses attributable to finance leases amounted to SEK 1 million (0). Interest expenses to credit institutions increased as a result of higher indebtedness related to completed business combinations in the second quarter of 2018. Unrealised translation differences on financial receivables and liabilities in foreign currency affected the net financial items negatively by SEK 7 million (positive: 6) for the period.

Profit for the period

Profit for the period amounted to SEK 4 million (39), corresponding to earnings per share of SEK 0.08 (0.85) before and after dilution. Tax on the profit for the period amounted to a negative SEK 1 million (9), of which negative SEK 3 million (1) consisted of current tax and positive SEK 2 million (negative 8) of deferred tax. The effective tax rate for the period was 25.3 percent (18.3) and was higher than the current tax rate applicable to the Parent Company, primarily as a consequence of other tax rates for foreign subsidiaries.

Non-restricted cash flow



Cash flow

Cash flow from operating activities amounted to negative SEK 35 million (positive: 2). Cash flow from operating activities before changes in working capital continued to develop strongly, while changes in working capital weakened, primarily as a result of lower operating liabilities. Operating receivables increased substantially compared with the previous quarter as a consequence of the relatively good invoicing in February and March compared with November and December 2018. Several large customer payments were received only after the end of the period.

Cash flow from Investing activities in remaining operations amounted to a negative SEK 7 million (6), consisting of investments in tangible and intangible fixed assets of SEK 7 million (6). Free cash flow was negative SEK 42 million (4). Cash flow from financing activities was negative in the amount of SEK 33 million (10), consisting amortisation of loans for 22 million (10) and amortisation of lease liabilities for SEK 11 million (0).

Liquidity and financial position

Cash and equivalents amounted to SEK 26 million (44) and there were unused credit facilities of SEK 275 million (100) at the end of the period. Net debt amounted to SEK 1,364 million (652) with the increase being primarily attributable to the financing of acquisitions and a changed accounting principle (IFRS 16). The net debt/equity ratio was a multiple of 0.8 (0.4). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 5.9 (3.4) and at the end of the previous quarter it was a multiple of 4.4. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis increased in the current quarter as a consequence of a changed accounting principle (IFRS 16) and a weaker cash flow.

Shareholders' equity amounted to SEK 1,680 million (1,636). At the end of the preceding quarter, shareholders' equity was SEK 1,630 million. The changes consisted of profit for the period of SEK 4 million, translation differences on translating foreign operations of SEK 50 million, as well as a negative impact from a changed accounting principle (IFRS 16) of SEK 4 million. The equity/assets ratio was 43.0 percent (55.0) at the end of the period.

Investments

Investments in intangible and tangible fixed assets amounted to SEK 7 million (6), of which most were related to an ongoing investment in software in the form of business systems and compensation investments in the German operations.

Other information

Personnel

The average number of employees was 526 (381), while the number of employees at the end of the period was 526 (382). The increased number of employees at the end of the period was mainly related to the acquisition of operations in May 2018. During the current quarter, the number of employees increased by 1.

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 11 million (10), and related primarily to invoicing of services provided internally within the Group. Loss before tax amounted to SEK 2 million (profit: 10). Loss before tax included dividend from subsidiaries of SEK 1 million (-). Interest expenses to credit institutions increased as a result of higher debt. Net financial items also included negative exchange-rate differences on financial receivables and liabilities in foreign currency of SEK 5 million (positive 6).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 285 million (100). Borrowing from credit institutions was SEK 1,011 million (695) at the end of the period. On the balance sheet date, there were 15 employees (13).

For the Parent Company, SEK 11 million (10), equivalent to 100 percent (100) of sales for the period and SEK 1 million (3), corresponding to 1 percent (3) 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.

The share

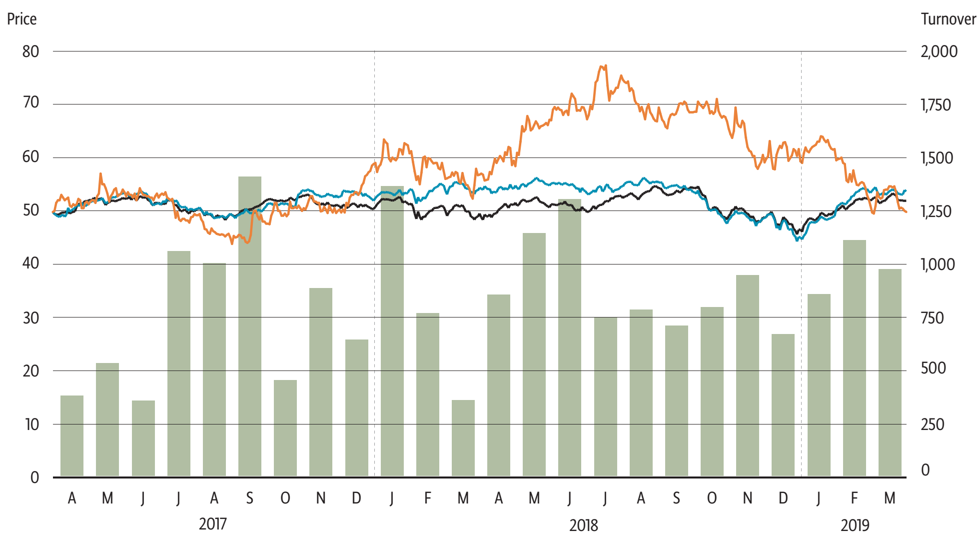
Midsona's Series A and B shares are listed on Nasdaq Stockholm's Mid Cap List under the symbols MSON A and MSON B, respectively.

The total number of shares at the end of the period was 46,008,064 (46,008,064) distributed between 539,872 Series A shares (539,872) and 45,468,192 Series B shares (45,468,192). The number of votes at the end of the period was 50,866,912 (50,866,912), whereby one Series A share corresponds to ten votes and one Series B share to one vote.

During the period January–March 2019, 2,935,275 shares (2,503,972) were traded. The highest price paid for Series B shares was SEK 64.20 (65.00), and the lowest was SEK 48.40 (51.00). On 29 March, the most recent price paid for the share was SEK 49.80 (56.80).

Two option programmes were outstanding at the end of the period, the TO2016/2019 and TO2017/2020 series respectively, which can provide a maximum of 741,400 new Series B shares on full conversion. In the TO2016/2019 series, 50,000 warrants were repurchased in January 2018 and can now provide a maximum of 554,400 new Series B shares on full conversion. In the TO2017/2020 series, 187,000 warrants were outstanding and can provide a maximum of 187,000 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares did not exceed the subscription price for the warrants outstanding, and accordingly the earnings per share after full dilution were not calculated. For more information on TO 2016/2019 and TO2017/2020, see Note 10 Employees, personnel expenses and senior executives' remuneration in the 2018 annual report, pages 101–102.

The price trend for the Midsona share is negative 12 percent compared with the corresponding period of the previous year.



Midsona B
OMX Stockholm PI
OMX Stockholm Consumer Goods_PI
Number of shares traded per month, thousa

Source: SIX Financial Information

Ownership

Stena Adactum AB was the largest shareholder with 23.6 percent of the capital and 28.2 percent of the voting rights on 29 March 2019. The ten largest shareholders in Midsona AB (publ) are shown in the table.

The ten largest shareholders in Midsona AB (publ)	Number of shares	Share of capital, %	Share of votes, %
Stena Adactum AB	10,853,469	23.6	28.2
Handelsbanken Fonder	3,346,049	7.3	6.6
Second Swedish National Pension Fund	2,321,257	5.0	4.6
Nordea Investment Funds	2,079,310	4.5	4.1
Cliens Funds	1,850,000	4.0	3.6
BNP PARIBAS SEC SERVICES PARIS, W8IMY (GC)	1,610,803	3.5	3.2
Lannebo Funds	1,592,603	3.5	3.1
Peter Wahlberg and companies	1,534,568	3.3	3.0
LINC AB	1,344,803	2.9	2.6
CBNY-OFI GLOBAL OPP FUND	1,000,000	2.2	2.0
Total	**27,532,862**	**59.8**	**61.0**
Other shareholders	18,475,202	40.2	39.0
Total	**46,008,064**	**100.0**	**100.0**

Source: Euroclear

The total number of shareholders (including nominee-registered) was 7,004 (6,884). In the quarter at hand, the number of shareholders decreased by 171. Foreign ownership amounted to 23.1 percent (21.9) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

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 account of risks and uncertainty factors, please see the section Risks and risk management on pages 43–52 and Note 30 Financial risk management on paged 111–112 in the 2018 annual report.

Change in prioritised brands

Midsona works with eight prioritised proprietary brands, all with great potential for growth. It was decided to replace the Miwana brand with the Davert brand as a priority brand effective from 1 January 2019. Davert, a strong brand in the German market in the category of organic food, was acquired in May 2018. Miwana will continue to be developed within the Group. Prioritised brands after the change are – Urtekram, Friggs, Dalblads, Naturdiet, Kung Markatta, Eskimo-3, Helios and Davert.

Efficiency-enhancement programme

An efficiency-enhancement programme for the Group's Nordic operations was adopted as a part of further strengthening the competitiveness with the harmonisation and optimisation of joint processes. The new organisation in Sweden is being concentrated to Malmö, which means that Midsona is closing the operations in Örebro. Besides efficiency enhancements in the Nordic supply chain organisation, this at the same time means that market functions and administrative functions in the Nordic countries are being reviewed and optimised. The efficiencyenhancement programme resulted in restructuring expenses of SEK 25 million, which affected the period's earnings for the first quarter of 2019. The efficiency-enhancement programme is expected to provide savings of around SEK 40 million on an annualised basis, with full effect in 2021.

Acquisition analysis Midsona Deutschland GmbH (formerly Davert GmbH)

The acquisition analysis for Midsona Deutschland GmbH, presented preliminarily in the interim report for January–September 2018, was adopted without any changes.

Significant events following the end of the report period

New financial targets

The Board of Directors of Midsona AB (publ) revised and adopted new long-term financial targets for the Group. The four long-term financial targets are the following after the revision:

- Net sales growth of >15.0 percent through organic growth and acquisitions (previously net sales growth >10.0 percent).
- An EBITDA margin >12.0 percent (previously EBIT margin >10.0 percent)
- A net debt/EBITDA of 3.0–4.0 times (previously a net debt/EBITDA of less than 2.0 times).
- A dividend over time of >30.0 percent of profit after tax (unchanged).

Midsona will be active in the consolidation of the European market for health and well-being at the same time that the Group's prioritised brands will generate organic growth, which is why the growth target was revised to >15.0 percent. The growth will drive profitability with efficiency enhancements and synergies for acquisitions, which is why the profitability target was revised to an EBITDA margin >12.0 percent. With an active acquisition agenda, it becomes difficult to achieve the target, which links borrowing to earnings capacity, if a ratio between net debt/EBITDA is less than 2.0, which is why it is revised to a ratio between net debt/EBITDA of 3.0–4.0 as long as the Group actively participates in the consolidation of the European market for health and well-being. The target of providing a dividend over time of >30.0 percent of profit after tax is left unrevised. This gives the owner a reasonable return on invested capital at the same time that the Group is provided funds for aggressively developing the operation.

High sustainability ranking

The Kung Markatta brand was ranked Sweden's 7th most sustainable brand and the Urtekram brand was ranked Denmark's eighth most sustainable brand in the annual independent brand survey Sustainable Brand Index 2019. This is the largest Scandinavian sustainability survey, in which 44,000 consumers in the Nordic region rate corporate sustainability efforts according to several criteria, including the UN principles of sustainability and social responsibility.

Malmö, 3 May 2019
Midsona AB (publ)
BOARD OF DIRECTORS

Review by auditor

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

Financial statements

Summary consolidated income statement

SEK million	Note	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Net sales	3.4	786	610	3,028	2,852
Expenses for goods sold		–570	–402	–2,148	–1,980
Gross profit		216	208	880	872
Selling expenses		–131	–110	–494	–473
Administrative expenses		–61	–48	–225	–212
Other operating income		1	1	7	7
Other operating expenses		–3	–4	–15	–16
Operating profit/loss	3	22	47	153	178
Financial income		0	6	10	16
Financial expenses		–17	–5	–43	–31
Profit/loss before tax		5	48	120	163
Tax on profit for the period		–1	–9	–26	–34
Profit for the period		4	39	94	129
Profit for the period is divided between:					
Parent Company shareholders (SEK million)		4	39	94	129
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)		0.08	0.85	2.03	2.80
Number of shares (thousands)					
On the balance sheet date		46,008	46,008	46,008	46,008
Average during the period		46,008	46,008	46,008	46,008

Summary consolidated statement of comprehensive income

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Profit for the period	4	39	94	129
Items that have or can be reallocated to profit for the period				
Translation differences for the period on translation of foreign operations	50	47	12	9
Other comprehensive income for the period	50	47	12	9
Comprehensive income for the period	54	86	106	138
Comprehensive income for the period is divided between:				
Parent Company shareholders (SEK million)	54	86	106	138

Kung Markatta launched organic, plant-based beverages; soy, almond and coconut on the Swedish market.

Summary consolidated balance sheet

SEK million	Note	31 March 2019	31 March 2018	31 December 2018
Intangible fixed assets	5	2,504	2,176	2,466
Tangible assets	6	444	57	254
Non-current receivables	8	4	3	4
Deferred tax assets		74	85	74
Fixed assets		**3,026**	**2,321**	**2,798**
Inventories		491	296	482
Accounts receivable		303	281	259
Tax receivables		3	6	4
Other receivables	8	22	10	22
Prepaid expenses and accrued income		36	18	33
Cash and cash equivalents		26	44	101
Current assets		**881**	**655**	**901**
Assets		**3,907**	**2,976**	**3,699**
Share capital		230	230	230
Additional paid-up capital		629	629	629
Reserves		74	62	24
Profit brought forward, including profit for the period		747	715	747
Shareholders' equity		**1,680**	**1,636**	**1,630**
Non-current interest-bearing liabilities	7	1,257	655	1,124
Other non-current liabilities	8	60	4	83
Deferred tax liabilities		273	220	271
Non-current liabilities		**1,590**	**879**	**1,478**
Current interest-bearing liabilities	7	133	41	93
Accounts payable		305	258	357
Other current liabilities	8	92	45	33
Accrued expenses and deferred income		107	117	108
Current liabilities		**637**	**461**	**591**
Liabilities		**2,227**	**1,340**	**2,069**
Equity and liabilities		**3,907**	**2,976**	**3,699**

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 Jan 2018	230	629	15	676	1,550
Changed accounting principle (IFRS 9)	–	–	–	0	0
Profit for the period	–	–	–	39	39
Other comprehensive income for the period	–	–	47	–	47
Comprehensive income for the period	**–**	**–**	**47**	**39**	**86**
Repurchase of warrant programme TO2016/2019	–	0	–	–	0
Transactions with the Group's owners	**–**	**0**	**–**	**–**	**0**
Closing shareholders' equity 31 March 2018	**230**	**629**	**62**	**715**	**1,636**
Opening shareholders' equity 1 April 2018	230	629	62	715	1,636
Profit for the period	–	–	–	90	90
Other comprehensive income for the period	–	–	−38	–	−38
Comprehensive income for the period	**–**	**–**	**−38**	**90**	**52**
Dividend	–	–	–	−58	−58
Transactions with the Group's owners	**–**	**–**	**–**	**−58**	**−58**
Closing shareholders' equity 31 Dec 2018	**230**	**629**	**24**	**747**	**1,630**
Opening shareholders' equity 1 Jan 2019	230	629	24	747	1,630
Changed accounting principle (IFRS 16)	–	–	–	−4	−4
Profit for the period	–	–	–	4	4
Other comprehensive income for the period	–	–	50	–	50
Comprehensive income for the period	**–**	**–**	**50**	**4**	**54**
Closing shareholders' equity 31 March 2019	**230**	**629**	**74**	**747**	**1,680**

Summary consolidated cash flow statement

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Profit before tax	5	48	120	163
Adjustment for non-cash items	57	-3	91	31
Income tax paid	-2	-1	-13	-12
Cash flow from operating activities before changes in working capital	**60**	**44**	**198**	**182**
Increase (–)/decrease (+) in inventories	-2	-14	-17	-29
Increase (–)/decrease (+) in operating receivables	-46	-69	10	-13
Increase (+)/decrease (–) in operating liabilities	-47	41	-16	72
Changes in working capital	**-95**	**-42**	**-23**	**30**
Cash flow from operating activities	**-35**	**2**	**175**	**212**
Acquisitions of companies or operations	–	–	-295	-295
Acquisitions of intangible fixed assets	-4	-5	-25	-26
Divestments of intangible fixed assets	–	–	1	1
Acquisitions of tangible fixed assets	-3	-1	-39	-37
Divestments of tangible fixed assets	–	–	0	0
Cash flow from investing activities	**-7**	**-6**	**-358**	**-357**
Cash flow after investing activities	**-42**	**-4**	**-183**	**-145**
Loans raised	–	–	375	375
Repayment of loans	-22	-10	-135	-123
Amortisation of lease liabilities	-11	0	-16	-5
Dividend paid	–	–	-58	-58
Cash flow from financing activities	**-33**	**-10**	**166**	**189**
Cash flow for the period	**-75**	**-14**	**-17**	**44**
Cash and cash equivalents at beginning of the period	101	54	44	54
Translation difference in cash and cash equivalents	0	4	-1	3
Cash and cash equivalents at end of the period	**26**	**44**	**26**	**101**

In Germany, Davert launched the series "Happy Crunch" with four variants of müsli.

Summary income statement, Parent Company

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Net sales	**11**	**10**	**46**	**45**
Selling expenses	-1	0	-3	-2
Administrative expenses	-14	-13	-59	-58
Other operating income	0	0	1	1
Other operating expenses	0	0	0	0
Operating profit/loss	**-4**	**-3**	**-15**	**-14**
Profit from participations in subsidiaries	1	–	1	0
Financial income	15	21	28	34
Financial expenses	-14	-8	-36	-30
Profit/loss after financial items	**-2**	**10**	**-22**	**-10**
Allocations	–	–	29	29
Profit/loss before tax	**-2**	**10**	**7**	**19**
Tax on profit for the period	–	–	-4	-4
Profit for the period	**-2**	**10**	**3**	**15**

Summary balance sheet, Parent Company

SEK million	31 March 2019	31 March 2018	31 December 2018
Intangible assets	42	20	39
Tangible assets	3	3	3
Participations in subsidiaries	2,066	1,697	2,066
Receivables from subsidiaries	588	591	547
Deferred tax assets	3	7	3
Financial assets	**2,657**	**2,295**	**2,616**
Fixed assets	**2,702**	**2,318**	**2,658**
Receivables from subsidiaries	138	23	163
Other receivables	13	18	13
Cash and bank balances	10	0	47
Current assets	**161**	**41**	**223**
Assets	**2,863**	**2,359**	**2,881**
Share capital	230	230	230
Statutory reserve	58	58	58
Profit brought forward, including profit for the period and other reserves	1,100	1,155	1,102
Shareholders' equity	**1,388**	**1,443**	**1,390**
Liabilities to credit institutions	934	655	953
Liabilities to subsidiaries	113	38	113
Other non-current liabilities	47	–	81
Non-current liabilities	**1,094**	**693**	**1,147**
Liabilities to credit institutions	77	40	77
Liabilities to subsidiaries	252	171	247
Other current liabilities	52	12	20
Current liabilities	**381**	**223**	**344**
Equity and liabilities	**2,863**	**2,359**	**2,881**

In Sweden, Friggs launched corn cakes with popcorn flavour and lentils and sea salt.

Notes to the financial Statements

Note 1 Accounting principles

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 International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for use within the EU. The standards and interpretations applied are those that are applicable as of 1 January 2019 and when they were adopted by the EU. 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). In addition to being presented in the financial statements and their notes, disclosures in accordance with IAS 34.16A are also presented in other parts of the interim report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

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

In the interim report January–March 2019, the same accounting principles and calculation methods were applied as in the last annual report issued for 2018 (Note 1 Accounting principles, pages 88–96), except for the introduction of the new accounting standard IFRS 16 *Leases* which entered into effect on 1 January 2019 and replaces IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. IFRS 16 *Leases* sets the principles for recognition, measurement, presentation and disclosure of leases for both parties in an agreement. A phase during which the new standard is implemented was initiated in the first quarter of 2018 with all lease agreements being collected and subjected to an impact assessment, which in a subsequent step led to a reporting solution. In the transition to the new standard, the Group chose to apply the modified retroactive approach, which does not require recalculation of comparative information meaning that comparative information is presented in accordance with IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The lease portfolio mainly comprises buildings (offices and warehouses), production equipment, trucks, cars and IT-related equipment. For a more detailed description of the Group's IFRS 16 project, see Note 1 Accounting principles in the 2018 annual report on pages 88–96.

The Group assesses whether a contract is, or contains a lease at the beginning of the agreement. A right of use (ROU) asset and a corresponding lease liability are recognised for all leases in which the Group is the lessee, except for short-term leases (leases with a lease term of no more than 12 months) and for leases where the underlying asset has a lesser value. For leases that meet the criteria for the relief rules, leasing fees are recognised as an operating expense straight-line over the term of the lease. The leasing liability is initially measured at the present value of the future leasing fees, which are not paid per the lease's commencement date, discounted with the Group's marginal borrowing rate. The applied weighted average interest rate for the Group was 2.50 percent at the transition date of 1 January 2019. The marginal borrowing rate is determined by country and duration. Leasing fees that are included in the valuation of lease liabilities comprise the following:

- fixed fees (including substantially fixed fees), less potential benefits in connection with the signing of the lease that are to be obtained,
- variable leasing fees that depend on an index or a price, are initially valued with the help of the index or price at the opening date,
- amounts that are expected to be paid by the Group according to residual value guarantees,
- the redemption price for an option to buy if the Group is reasonably certain to use such a possibility and
- punitive fees that are payable upon cancellation of the lease if the leasing period reflects that the Group will utilise a possibility to cancel the lease.

Leasing liabilities are recognised in the subsequent periods by the liability increasing to reflect the effect of interest and being reduced to reflect the effect of paid leasing fees. Leasing liabilities are revalued with a corresponding adjustment of ROU assets according to the rules that are found in the standard, although no such adjustments were made during the current period. The ROU asset is initially recognised at the value of the leasing liability plus leasing fees paid on or before the commencement date for the lease and initial direct fees. The ROU asset is recognised in subsequent periods at cost less depreciation and impairment. In the event that the Group incurs obligations for the dismantling of a leased asset, restoration and renovation of an asset to a condition agreed in the contract, a provision for such obligations is recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Such provisions are included in the cost of the ROU asset as long as they are not linked to production of the good in inventory. ROU assets are also depreciated over their estimated useful life or, if shorter, over the agreed lease period. If a lease transfers the right of ownership at the end of the leasing period or if cost includes a probable exercise of a purchase option, the ROU asset is depreciated over the useful life. Depreciation begins at the start of the lease. The Group applies the principles in IAS 36 *Impairment of Assets* for impairment of ROU assets and recognises this in the way described in the principles for property, plant and equipment recognised as per IAS 16 *Property, Plant and Equipment*. Variable leasing fees which are not dependent on an index or price are not included in the valuation of leasing liabilities and ROU assets. Such leasing fees are recognised as an expense in the operating profit in the period in which they arise. IFRS 16 Leases contains a practical relief rule that entails that the lessee does not need to separate out service components from the leasing fee applicable per asset class. The Group applied the relief rule for all asset classes except for buildings (offices and warehouses).

ROU assets are presented together with property, plant and equipment in the summary consolidated balance sheet with specification in Note 6 Property, plant and equipment, Group. Leasing liabilities are presented together with non-current interest-bearing liabilities and current interest-bearing liabilities in the summary consolidated balance sheet with specification in Note 7 Non-current and current interest-bearing liabilities, Group. Recognition of depreciation of assets with ROU instead of leasing fees has a less positive impact on consolidated operating profit. Interest on leasing liabilities has a smaller negative impact on the Group's interest expenses. The cash flow statement reports the interest component in the leasing fee as cash flow from operating activities before changes in working capital. The other part, also the majority, of the leasing fee is recognised as repayment of leasing liabilities in cash flow from financing activities with a corresponding increase in cash flow from operating activities before changes in working capital.

The effect on the financial statements at the transition to IFRS 16 *Leases* on 1 January 2019 is presented in the interim report's Note 10 Effects on assets, liabilities and equity at the transition to IFRS 16 on 1 January 2019, Group. Information is also provided on the difference between commitments under operating leases according to IAS 17 as at 31 December 2018 and initial application of leasing liabilities according to IFRS 16 discounted to the marginal borrowing rate at 1 January 2019 in the interim report's Note 11 Reconciliation of information on operating leases (IAS 17) and recognition of leasing liabilities (IFRS 16), Group.

Note 2 Significant estimates and assumptions

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

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

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 34 Important estimates and assessments on page 144 of the 2018 Annual Report. No significant new estimates, assessment or assumptions have been added since the publication of the most recent annual report, with the exception of the estimates and assessments made when introducing the new accounting standard IFRS 16 *Leases* effective from 1 January 2019.

Note 3 Operating segments

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
January–March	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales, external	300	294	147	148	58	55	103	113	178	–	–	–	786	610
Net sales, intra-Group	44	30	1	1	–	–	36	30	2	–	–83	–61	–	–
Net sales	**344**	**324**	**148**	**149**	**58**	**55**	**139**	**143**	**180**	**–**	**–83**	**–61**	**786**	**610**
Operating expenses (excluding depreciation/ amortisation and impairment), external	–312	–267	–109	–116	–18	–26	–127	–134	–158	–	–14	–10	–738	–553
Operating expenses, intra-Group	–22	–20	–22	–15	–33	–21	–8	–6	–2	–	87	62	–	–
Operating expenses (excluding depreciation/ amortisation and impairment)	**–334**	**–287**	**–131**	**–131**	**–51**	**–47**	**–135**	**–140**	**–160**	**–**	**73**	**52**	**–738**	**–553**
EBITDA	**10**	**37**	**17**	**18**	**7**	**8**	**4**	**3**	**20**	**–**	**–10**	**–9**	**48**	**57**
Depreciation/amortisation and impairment	–4	–2	–3	–1	–1	0	–3	–2	–9	–	–6	–5	–26	–10
Operating profit/loss	**6**	**35**	**14**	**17**	**6**	**8**	**1**	**1**	**11**	**–**	**–16**	**–14**	**22**	**47**
Financial items													–17	1
Profit/loss before tax													**5**	**48**
Significant income and expense items reported in the income statement:														
Items affecting comparability	24	–	0	–	–	–	1	–	–	–	–	–	25	–
EBITDA, before items affecting comparability	**34**	**37**	**17**	**18**	**7**	**8**	**5**	**3**	**20**	**–**	**–10**	**–9**	**73**	**57**

Note 4 Breakdown of income, Group

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
January–March	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Geographical areas[1]														
Sweden	292	285	0	1	–	–	19	21	0	–	–19	–18	292	289
Norway	19	13	148	148	–	–	3	5	–	–	–21	–14	149	152
Finland	19	11	–	–	58	55	14	13	–	–	–32	–24	59	55
Denmark	6	6	–	–	–	–	86	89	3	–	–8	–5	87	90
Germany	–	–	–	–	–	–	2	2	152	–	–2	–	152	2
Rest of Europe	7	8	–	–	–	–	15	13	25	–	–1	–	46	21
Other countries	1	1	–	–	–	–	0	0	0	–	–	–	1	1
Net sales	**344**	**324**	**148**	**149**	**58**	**55**	**139**	**143**	**180**	**–**	**–83**	**–61**	**786**	**610**
Sales channel														
Pharmacies	49	40	21	18	8	5	4	3	–	–	–	–	82	66
FMCG retail	174	193	88	88	42	42	61	76	66	–	–	–	431	399
e-trade/post order	31	16	1	3	1	2	8	7	2	–	–	–	43	28
Food service[2]	16	–	–	–	1	–	5	–	54	–	–	–	76	–
Healthfood retailers	19	24	22	24	5	5	6	18	50	–	–	–	102	71
Other specialist retailers	1	14	11	9	–	0	5	3	5	–	–	–	22	26
Others	10	7	4	6	1	1	14	6	1	–	–	–	30	20
Group-internal sales	44	30	1	1	–	–	36	30	2	–	–83	–61	–	–
Net sales	**344**	**324**	**148**	**149**	**58**	**55**	**139**	**143**	**180**	**–**	**–83**	**–61**	**786**	**610**

[1] Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.
[2] New sales channel from Q3 2018 and comparative figures are missing for Q1 2018. Income from Food service was essentially recognised in the sales channel FMCG retail for the comparison year.

Note 5 Intangible assets, Group

SEK million	31 March 2019	31 March 2018	31 December 2018
Brands	980	874	974
Goodwill	1,439	1,267	1,408
Other intangible fixed assets	85	35	84
Total	**2,504**	**2,176**	**2,466**

Note 6 Tangible assets, Group

SEK million	31 March 2019	31 March 2018	31 December 2018
Owned assets	232	57	232
ROU assets	212	0	22
Total	**444**	**57**	**254**

Note 7 Non-current and current interest-bearing liabilities, Group

SEK million	31 March 2019	31 March 2018	31 December 2018
Non-current interest-bearing liabilities			
Bank loans	1,089	655	1,107
Lease liabilities	168	0	17
Total	**1,257**	**655**	**1,124**
Current interest-bearing liabilities			
Bank loans	88	40	88
Lease liabilities	45	1	5
Total	**133**	**41**	**93**
Total	**1,390**	**696**	**1,217**

Note 8 Fair value and reported in the balance sheet, Group

SEK million	31 March 2019	31 March 2018	31 December 2018
Assets			
Financial assets measured at fair value via the income statement			
Currency option	0	–	–
Total	**0**	**–**	**–**
Financial instruments not measured at fair value			
Other non-current liabilities	4	3	4
Other current receivables	22	10	22
Total	**26**	**13**	**26**
Total receivables	**26**	**13**	**26**
Liabilities			
Financial assets measured at fair value via the income statement			
Interest-rate swaps	0	1	1
Conditional purchase considerations	47	–	46
Total	**47**	**1**	**47**
Financial instruments not measured at fair value			
Other non-current liabilities	13	3	36
Other current liabilities	92	45	33
Total	**105**	**48**	**69**
Total liabilities and provisions	**152**	**49**	**116**

The Group holds financial instruments in the form of both interest rate swaps and currency options 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. The Group also holds supplementary purchase considerations, which are measured at fair value. Fair value has been determined using a valuation model where future cash flows have been discounted considering probability-determined outcomes. The valuation is at level 3 according to IFRS 13. Liabilities at fair value are recognised as other long-term liabilities and other current liabilities. In all material respects, the fair value of other financial instruments is consistent with their book value. For further information, refer to Note 33 Valuation of financial assets and liabilities at fair value and the category breakdown in the 2018 annual report, pages 113–114.

Note 9 Pledged assets and contingent liabilities, Group

SEK million	31 March 2019	31 March 2018	31 December 2018
Pledged assets			
Blocked bank balances	1	10	–
Net assets in subsidiaries	1,815	1,873	1,929
Others	240	4	202
Total	**2,056**	**1,887**	**2,131**
Contingent liabilities			
Guarantees	9	19	10
Total	**9**	**19**	**10**

Note 10 Effects on assets, liabilities and equity at the transition to IFRS 16 on 1 January 2019, Group

SEK million	Recognised balance-sheet items 1 Jan 2019	Re-calculation to IFRS 16	Restated balance-sheet items 1 Jan 2019
Intangible assets	2,466	–	2,466
Tangible assets	254	196	450
Non-current receivables	4	–	4
Deferred tax assets	74	1	75
Fixed assets	**2,798**	**197**	**2,995**
Inventories	482	–	482
Accounts receivable	259	–	259
Tax receivables	4	–	4
Other receivables	22	–	22
Prepaid expenses and accrued income	33	–4	29
Cash and cash equivalents	101	–	101
Current assets	**901**	**–4**	**897**
Assets	**3,699**	**193**	**3,892**
Share capital	230	–	230
Additional paid-up capital	629	–	629
Reserves	24	–	24
Profit brought forward, including profit for the period	747	–4	743
Shareholders' equity	**1,630**	**–4**	**1,626**
Non-current interest-bearing liabilities	1,124	159	1,283
Other non-current liabilities	83	–	83
Deferred tax liabilities	271	–	271
Non-current liabilities	**1,478**	**159**	**1,637**
Current interest-bearing liabilities	93	38	131
Accounts payable	357	–	357
Other current liabilities	33	–	33
Accrued expenses and deferred income	108	–	108
Current liabilities	**591**	**38**	**629**
Liabilities	**2,069**	**197**	**2,266**
Shareholders' equity and liabilities	**3,699**	**193**	**3,892**

Note 11 Reconciliation of information on operating leases (IAS 17) and recognition of leasing liabilities (IFRS 16), Group

SEK million	1 January 2019
Obligation for operating leases, 31 December 2018	219
Leases with a short duration and of lesser value (deducted as they are expensed)	–8
Effects of adjustment for variable leasing components	–2
Discount effect	–12
Obligation for operating leases discounted at the marginal loan rate	**197**
Financial leasing liabilities, 31 December 2018	22
Recognised leasing liabilities, opening balance sheet, 1 January 2019	**219**

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. In the interim report January–March 2019, the presentation was expanded by a financial measurement, EBITDA, before items affecting comparability adjusted for the IFRS 16 effect. The purpose of the new measurement is presented in italics.

EBITDA, before items affecting comparability adjusted for the IFRS 16 effect
Operating profit before depreciation/amortisation and impairment of tangible assets and intangible assets adjusted for leasing fees on ROU assets as a result of the introduction of IFRS 16. *EBITDA before items affecting comparability adjusted for the IFRS 1 6 effect is a relevant results measurement with the aim of improving comparability to assess earnings development with the comparison year to show what the earnings would have been if IAS 17 still applied.*

For the definition and purpose of other respective measures not defined under IFRS, please see pages 134–137 in the 2018 Annual Report. The following table presents reconciliations against IFRS .

Reconciliation to IFRS

EBITDA – operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets[1]

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Operating profit/loss	**22**	**47**	**153**	**178**
Amortisation of intangible assets	8	7	32	31
Depreciation of tangible assets	18	3	36	21
EBITDA	**48**	**57**	**221**	**230**
Non-recurring items [2,3]	25	–	36	11
EBITDA, before non-recurring items	**73**	**57**	**257**	**241**
Net sales	786	610	3,028	2,852
EBITDA-Margin, before non-recurring items	**9.3%**	**9.3%**	**8.5%**	**8.5%**

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

[2] Specification of non-recurring items.

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Restructuring expenses, net	25	–	27	2
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–	-1	-1
Acquisition-related expenses	–	–	10	10
Total	**25**	**–**	**36**	**11**

[3] Corresponding line in the consolidated income statement.

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Expenses for goods sold	18	–	20	2
Selling expenses	3	–	2	-1
Administrative expenses	2	–	3	1
Other operating income	–	–	-1	-1
Other operating expenses	2	–	12	10
Total	**25**	**–**	**36**	**11**

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

SEK million	Rolling 12-month	Full year 2018
EBITDA	**221**	**230**
Acquisition-related restructuring expenses	1	1
Acquisition-related transaction expenses	9	9
Pro forma adjustment	0	14
Adjusted EBITDA	**231**	**254**

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

SEK million	31 March 2019	31 March 2018	31 December 2018
Non-current interest-bearing liabilities	1,257	655	1,124
Current interest-bearing liabilities	133	41	93
Cash and equivalents[1]	-26	-44	-101
Net liabilities	**1,364**	**652**	**1,116**

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

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

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Shareholders' equity and liabilities	**3,907**	**2,976**	**3,907**	**3,699**
Other non-current liabilities	-60	-4	-60	-83
Deferred tax liabilities	-273	-220	-273	-271
Accounts payable	-305	-258	-305	-357
Other current liabilities	-92	-45	-92	-33
Accrued expenses and deferred income	-107	-117	-107	-108
Capital employed	**3,070**	**2,332**	**3,070**	**2,847**
Capital employed at the beginning of the period	2,847	2,256	2,332	2,256
Average capital employed	**2,959**	**2,294**	**2,701**	**2,552**

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

SEK million	Rolling 12-month	Full year 2018
Profit/loss before tax	**120**	**163**
Financial expenses	43	31
Profit before taxes, excluding financial expenses	**163**	**194**
Average capital employed	2,701	2,552
Return on capital employed, %	**6.0**	**7.6**

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

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Shareholders' equity	**1,680**	**1,636**	**1,680**	**1,630**
Shareholders' equity at the beginning of the period	1,630	1,550	1,636	1,550
Average shareholder's equity	**1,655**	**1,593**	**1,658**	**1,590**

Return on equity – profit for the period in relation to average shareholders' equity

SEK million	Rolling 12-month	Full year 2018
Profit for the period	**94**	**129**
Average shareholder's equity	1,658	1,590
Return on equity, %	**5.7**	**8.1**

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

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Cash flow from operating activities	**-35**	**2**	**175**	**212**
Cash flow from investing activities	-7	-6	-358	-357
Acquisitions of companies or operations	–	–	295	295
Expansion investment, new production line	–	–	26	26
Non-restricted cash flow	**-42**	**-4**	**138**	**176**

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

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
Net sales	**786**	**610**	**3,028**	**2,852**
Net sales compared with the corresponding period in the preceding year	-610	-521	-2,146	-2,146
Net sales, change	**176**	**89**	**882**	**706**
Structural changes	-173	-71	-659	-557
Exchange rate changes	-19	-4	-100	-85
Organic change	**-16**	**14**	**123**	**64**
Organic change	-2.6%	2.7%	5.7%	3.0%
Structural changes	28.4%	13.6%	30.7%	26.0%
Exchange rate changes	3.1%	0.8%	4.7%	4.0%

EBITDA, before items affecting comparability adjusted for the IFRS 16 effect – EBITDA before items affecting comparability adjusted for the effect of leasing fees on ROU assets as a result of the introduction of IFRS 16, i.e. as it would have looked if IAS 17 had still applied.

SEK million	Jan–Mar 2019	Jan–Mar 2018	Rolling 12-month	Full year 2018
EBITDA, before items affecting comparability	**73**	**57**	**257**	**241**
Leasing fees on ROU assets with application of IFRS 16	-11	–	-11	–
EBITDA, before items affecting comparability adjusted for the IFRS 16 effect	**62**	**57**	**246**	**241**

Presented financial measurements are not restated retrospectively for IFRS 16 effects except for EBITDA before items affecting comparability adjusted for the IFRS 16 effect. The introduction of IFRS 16 was deemed to have a minor impact on other key performance indicators which is why no restatement of them is presented.

Quarterly data[1]

SEK million	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Net sales	786	755	773	714	610	571	573	481	521	521	522	351
Expenses for goods sold	-570	-536	-546	-496	-402	-376	-377	-328	-354	-337	-348	-223
Gross profit	216	219	227	218	208	195	196	153	167	184	174	128
Selling expenses	-131	-119	-125	-119	-110	-102	-109	-88	-94	-108	-107	-79
Administrative expenses	-61	-52	-56	-56	-48	-42	-62	-39	-36	-42	-44	-32
Other operating income	1	1	3	2	1	1	0	1	1	3	0	1
Other operating expenses	-3	-3	2	-11	-4	-2	-4	-1	-1	-5	-7	-1
Operating profit/loss	22	46	51	34	47	50	21	26	37	32	16	17
Financial income	0	6	0	4	6	0	0	0	0	0	1	0
Financial expenses	-17	-8	-10	-8	-5	-4	-5	-7	-6	-7	-9	-5
Profit/loss before tax	5	44	41	30	48	46	16	19	31	25	8	12
Tax on profit for the period	-1	-11	-9	-5	-9	-12	-5	-4	-7	-9	-1	-1
Profit for the period	4	0	32	25	39	34	11	15	24	16	7	11
Items affecting comparability												
Non-recurring items included in operating profit	25	–	-1	12	–	-1	22	–	–	7	19	1
Operating profit, before items affecting comparability	47	46	50	46	47	49	43	26	37	39	35	18
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating profit	26	13	18	11	10	10	9	8	8	7	7	5
EBITDA	48	59	69	45	57	60	30	34	45	39	23	22
Depreciation/amortisation, impairment and non-recurring items												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	51	13	17	23	10	9	31	8	8	14	26	6
EBITDA, before items affecting comparability	73	59	68	57	57	59	52	34	45	46	42	23
Free cash flow	-42	44	96	40	-4	49	17	29	30	53	8	-26
Number of employees as per the balance sheet date	526	525	533	528	382	384	386	329	326	322	341	275

[1] Quarterly data for 2016 have not been recalculated for effects on net sales and operating expenses in connection with conversion to IFRS 15.
[2] The quarterly data for 2016–2018 have not been restated for effects in the income statement in connection with conversion to IFRS 16.

Urtekram launched two toothpastes and a mouth wash in the Danish market.

Financial calendar

JUL	AUG	SEP	OCT	NOV	DEC

Interim Report January–June 2019
19 July 2019

Interim Report, January–September 2019
23 October 2019

This is Midsona

Strong brands

Midsona is the leading consumer goods company in the Nordic region in health and well-being with proven products in the categories organic products, healthfoods and personal care products. In 2018, the Group took the first major step outside the Nordic region through a major acquisition in Germany, which is the largest market for organic products in Europe. Our attractive portfolio of well-known products is focused on helping people lead a healthier life. A growing proportion of the product portfolio has an organic profile. The business model is based on strong brands with good market positions, innovation and an effective marketing and distribution structure. Midsona series A and B share have been listed on the OMX Nasdaq Stockholm exchange since 1999, in the FMCG sector.

Clear vision

Our vision is to become one of Europe's leading companies in health and well-being.

Clear strategies

- *Leading brands in prioritised categories* – We work with strong proprietary brands together with a select number of licensed brands in our primary geographical markets of Sweden, Denmark, Norway, Finland and Germany. Our brands should be ranked in first or second position in their categories and should be available through appropriate sales channels, where we have the best knowledge and opportunities for strong growth.
- *Cost-effective value-chain* – We work continuously to adapt and streamline the organisation. We assess the product range from the perspective of profitability and in recent years, a large number of products have been removed that do not fit into the Group's strategy deemed not to meet the profitability requirements. To streamline operations, we have been working 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 production that can be adjusted to trends and demands, without compromising on quality.
- *Selective acquisitions* – Acquisitions are an integral and fundamental part of our business. We have played a major role in consolidating the market in the Nordic region. The strategy is now to apply corresponding concepts to the growing market in the rest of Europe outside the Nordic region. We have shown a very good ability to find the right acquisitions and integrate and develop businesses with good short- and long-term synergies.
- *Healthy and sustainable culture* – We offer products that help people achieve a healthier life and we seek to build on our strong position as the expert in health and well-being. Our brands and products play a fundamental role in those efforts. Working and acting sustainably through the entire value chain up to the consumer is becoming increasingly important and our customers and consumers set high standards on sustainable products. There is a strong relationship between their interest in organic products and sustainability. We presented our sustainability efforts in a Sustainability Report, included in the 2018 Annual Report on pages 53–73.

Long-term financial targets

New long-term financial targets were set by the Board of Directors of Midsona AB (publ) in April 2019.

- Net sales growth of >15.0 percent through organic growth and acquisitions.
- EBITDA margin >12.0 percent.
- A ratio between net debt/EBITDA of a multiple of 3.0–4.0.
- A dividend over time of >30.0 percent of profit after tax.

The financial targets are a way for Group management to manage the Group, but also a tool for the financial market to clearly monitor the Group's development. The targets show how the Group develops in the long term, regardless of the economy and what phase the Group is in. In individual years, the fulfilment of certain targets can deviate.

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

Eight priority brands

Our operations are based on our own strong brands. Eight of these play a very central role in the Group's growth and account for around 45 percent of net sales. These are the brands Urtekram, Friggs, Dalblads, Naturdiet, Eskimo-3, Kung Markatta, Helios and Davert.

Urtekram

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

Friggs

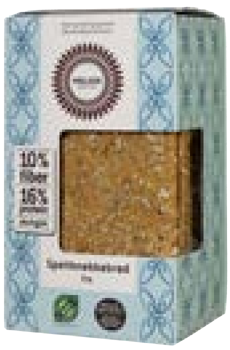
A broad health products brand with a distinct FMCG profile, mainly available in supermarkets in Sweden, Finland and Norway.

Dalblads

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

Naturdiet

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



Kung Markatta

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

Eskimo-3

A range of high-quality dietary supplements naturally rich in omega-3 fatty acids, which are sold primarily through specialist healthfood retailers and pharmacies in the Nordic region.

Helios

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

Davert

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

URTEKRAM · FRIGGS · DALBLADS SPORTS NUTRITION · naturdiet · ESKIMO-3 · DAVERT

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