midsona

YEAR-END REPORT 2020

Organic and acquisition-driven sales growth with a significantly improved EBITDA

October–December 2020 (fourth quarter)

- Net sales amounted to SEK 1,083 million (825). Organic growth amounted to 10.4 percent. This was achieved despite certain disruptions in the supply chain due to Covid-19.
- EBITDA amounted to SEK 114 million (81) before items affecting comparability, corresponding to a margin of 10.5 percent (9.8).
- Profit for the period was SEK 55 million (35), corresponding to earnings per share of SEK 0.85 (0.64) before and after dilution.
- Free cash flow amounted to SEK 102 million (103).
- Midsona acquired System Frugt A/S, a leading Nordic player in plant-based foods with its premium Earth Control brand.
- Swedish financial newspaper Dagens Industri and sustainability website Aktuell Hållbarhet named Midsona as the most sustainable company on OMX Nasdaq Stockholm in the FMCG category.

January–December 2020 (full-year)

- Net sales amounted to SEK 3,709 million (3,081). Organic growth amounted to 3.9 percent.
- EBITDA amounted to SEK 390 million (290) before items affecting comparability, corresponding to a margin of 10.5 percent (9.4).
- Profit for the period was SEK 176 million (97), corresponding to earnings per share of SEK 2.70 (2.02) before dilution and SEK 2.69 (2.02) after dilution.
- Free cash flow amounted to SEK 252 million (155).
- A different year characterised by both positive and negative factors attributable to the Covid-19 pandemic.
- For 2020, a dividend of SEK 1.25 per share (1.25) is proposed, corresponding to SEK 81,255,760 (81,255,760) before the on-going issue in the warrant programme.

Change in Group Management after the end of the period

- Max Bokander took office as the CFO for Midsona on 11 January 2021.

Key figures, Group[1]

	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Net sales growth,%	31.3	9.3	20.4	8.0
Gross margin, before items affecting comparability, %	28.1	28.0	28.1	29.5
Gross margin, %	27.6	28.0	28.0	29.3
EBITDA-margin, before items affecting comparability, %	10.5	9.8	10.5	9.4
EBITDA margin, %	9.9	10.4	10.9	9.2
Operating margin, before items affecting comparability, %	6.7	5.7	6.6	5.7
Operating margin,%	6.1	6.3	6.9	5.5
Profit margin, %	4.7	5.1	5.5	3.8
Average capital employed, SEK million	3,948	3,550	3,970	3,348
Return on capital employed, %			6.6	5.0
Return on equity, %			7.6	4.9
Net debt, SEK million	1,584	1,353	1,584	1,353
Net debt / Adjusted EBITDA, multiple			4.2	4.4
Net debt/equity ratio, multiple	0.7	0.6	0.7	0.6
Interest coverage ratio, multiple	6.7	5.2	7.0	4.2
Equity/assets ratio, %	45.1	48.6	45.1	48.6

[1] Midsona presents certain financial measures in the Year-end Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 25–26 of this Year-end Report and to pages 128–131 of the 2019 Annual Report.

Note: This Year-end Report is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation and the Securities Market Act. This Year-end Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 5 February 2021 at 8:00 a.m. CET.

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QUARTER 4

SEK 1,083 million

Net sales

SEK 114 million

EBITDA, before items affecting comparability

10.5 percent

EBITDA-Margin, before items affecting comparability

Comment by the CEO

Midsona's strongest quarter ever

Midsona concluded the very special year 2020 strongly. From consumers bunkering products contributing to a strong start to the year, the trend shifted to a temporary sales decrease in the summer when several countries lifted their restrictions. In this respect, the fourth quarter is the most normal of the year; we saw neither bunkering tendencies nor restraint, but rather the consumers seemed to have resumed earlier consumption patterns. The fourth quarter was our strongest quarter ever in terms of sales and earnings. Net sales of SEK 1,083 million were above one billion Swedish kronor in a single quarter for the first time. Organic growth amounted to more than 10 percent.

The net sales increase is primarily attributable to the acquisition of the Danish company System Frugt, which is part of the Group from 7 October and has had a very good start. The fourth quarter is also System Frugt's strongest by far in terms of the season. System Frugt strengthens our position in dried fruits and nuts in the Nordic region and is a platform for continued growth in plant-based foods. In order to not risk disrupting sales in the key fourth quarter, the integration of System Frugt was not initiated until the end of the quarter and the gains from synergies will begin to have some effects in the first quarter of 2021.

Our organic roll-out has gained speed

During the quarter, we saw organic growth in all three of our business areas. The strategic roll-out of a broad assortment of organic products in FMCG in Europe, which began in the spring, was interrupted in the middle of the year due to the pandemic, but gained speed again in the fourth quarter. The Davert brand grew strongly in the DACH region and the continued roll-out of Happy Bio in the French and Spanish FMCG was very strong. We have new listings with several leading players that both filled and refilled the shelves with our organic products.

Clear focus on sustainability and a stake on plant-based meat alternatives

In December, we announced the investment of around SEK 45 million in our production unit for plant-based meat alternatives in Castellcir in northern Spain. This investment means a sharply increased production capacity at the same time that economies of scale and improved efficiency will entail lower costs. The production facility will be the hub for our plant-based meat alternatives and provide the Group's operations with products. With this investment, we intend to double sales in plant-based meat alternatives to around SEK 300 million. We are at the beginning of a paradigm shift as consumers replace meat with plant-based sources of protein. Demand for plant-based alternatives has steadily increased in recent years and is expected to continue to grow as growing numbers of people see the benefit of a plant-based diet for both personal health and the well-being of the planet. Our entire strategy and business idea build on a passion for healthy, natural and sustainable food, which makes sustainability a well-integrated part of our business. To continue to develop and be on the forefront, we devote extensive resources to our sustainability efforts and we were therefore very proud in November to receive, from Swedish financial newspaper Dagens Industri and sustainability website Aktuell Hållbarhet, the award as the stock exchange's most sustainable company in the FMCG category, where we were competing with the giants of the industry.

Strong financial position

Altogether, we had a very good quarter and it was pleasing that this was also visible in a strong cash flow from operating activities of SEK 113 million. In light of our stable financial position, the Board of Directors has decided to propose to the annual general meeting a dividend per share of SEK 1.25 per share, which is unchanged from the previous year. The dividend proposal is in line with the company's financial target of a dividend ratio of at least 30 percent of profit after tax, at the same time that financial flexibility is maintained for acquisitions.

We have a strong ambition to reinvest our profits in the business and continue to evaluate acquisitions in Europe. Our strong history of incorporating products and businesses, together with our size and our geographic coverage, makes us an attractive partner, which we notice in our discussions with potential acquisition objects. In accordance with our strategy, I hope and believe we will be able to make further complementary acquisitions in one or more of our three divisions in 2021.

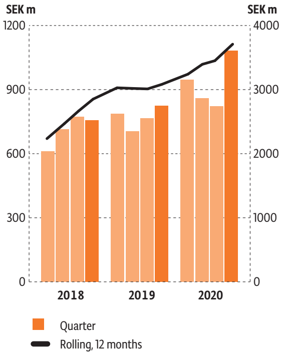
I am proud of how well our organisation has handled the challenges we were faced with in 2020. We are beginning 2021 with confidence, but considering the strong product bunkering that took place in the first quarter of 2020, the comparative figures for the current quarter are challenging. We have a strong portfolio of healthy products that the consumers have clearly shown that they appreciate and we are steadfast in our optimistic view of the future. The strategy we have worked by for several years has been successful and I see opportunities for a continued strong development in upcoming years. I am looking forward to keeping you updated.

Peter Åsberg
President and CEO

Financial information

Net sales

Net sales



October–December

Net sales amounted to SEK 1,083 million (825), an increase of 31.3 percent. The organic change in net sales was 10.4 percent while structural changes contributed by 24.7 percent and exchange rate fluctuations negatively by 3.8 percent. The Group's ten prioritised brands showed sales growth of 9.1 percent. As a whole, the sales trend was good for the Group with a more stable demand for products after a few quarters of unforeseen fluctuations in consumer consumption patterns. However, sales continued to be impacted by some positive and negative factors stemming from the Covid-19 pandemic. In October and November, demand for organic products was slightly elevated in some geographic markets as a result of a second wave of lockdowns although not at the same level as the lockdown in the second quarter. Sales of organic products to Food service customers continued to be at slightly lower levels as a result of the Covid-19 pandemic. There were fewer disruptions to the supply chain compared with the previous quarter and the service level to customers improved in several geographic markets with a marginal sales decline.

The sales trend was strong in both North Europe and South Europe and was driven by organic growth. For North Europe, the prioritised brand Davert had a particularly strong sales growth resulting from new business volumes after a Covid-19-related store launch postponement at a customer. New business volumes were also rolled out in FMCG retail in South Europe at the same time that demand for organic products was slightly elevated as a result of lockdowns. The sales trend for Nordics was strongly driven by good sales growth for several prioritised brands and acquired business volumes. Sales in the acquired business System Frugt were good during the period, which is seasonally the business' strongest quarter with deliveries of large volumes of dried fruits and nuts prior to the Christmas holidays. Demand for consumer health products remained somewhat weak as a result of the lower store activity among pharmacies and healthfood retailers.

January–December

Net sales amounted to SEK 3,709 million (3,081), an increase of 20.4 percent. The organic change in net sales was a decline of 3.9 percent while structural changes contributed by 18.6 percent and exchange rate fluctuations by –2.1 percent. The Group's ten prioritised brands showed a strong sales growth of 9.7 percent*, primarily driven by brands in the categories organic products and healthfoods. While sales for the period were strong, the quarter-to-quarter trend was broken by the Covid-19 pandemic with completely new and different patterns of purchasing and consumption. The first quarter was pervaded by increased demand for several product categories, which can be attributed both to hoarding and increased household consumption stemming from the Covid-19 outbreak. The second quarter was characterised by a certain levelling off in the heightened demand as countries eased restrictions, albeit at a higher level of sales with many new consumers finding organic products in particular on store shelves as a result of the changing patterns of consumption. The supply chain was impacted by some disruptions, with deliveries of some raw materials and finished goods being either delayed or postponed due to lockdowns. Although capacity utilisation at the Group's production facilities was very high, goods could not really be produced at the rate required by customers. Accordingly, the degree of service was a challenge in most geographic markets and, combined, these factors led to a certain loss of sales. The third quarter was pervaded by lower sales volumes due to fewer sales campaigns, cancelled trade fairs, narrower launch windows and a decline in demand for consumer health products, associated with the reduced customer flows at pharmacies and healthfood retailers brought by Covid-19. In the fourth quarter, sales were more stable than earlier quarters, but continued to be affected by both positive and negative factors stemming from the Covid-19 pandemic although not to the same extent as in earlier periods.

Sales increased for the Nordics and were driven by acquired business volumes. Several prioritised brands, such as Urtekram and Helios, showed strong growth in sales as a result of the gradual breakthrough among retailers for the new Nordic shared communications platform for organic brands, One-Organic. For North Europe, the sales trend was strong as a consequence of organic growth and acquired business volumes. The priority brand Davert had strong sales growth, partly with new business volumes in FMCG retail. The sales trend in the South Europe segment was also strong, with a highly favourable sales trend for the prioritised brands Celnat and Happy Bio. Among other actions, Happy Bio rolled out new business volumes, with favourable listings in FMCG retail.

* The prioritised brands Celnat, Happy Bio and Vegetalia, are compared in the period with sales in the same period last year, although Midsona did not own the brands during the entire period.

Gross profit

October–December

Gross profit amounted to SEK 304 million (231) before items affecting comparability, corresponding to a margin of 28.1 percent (28.0). The gross margin development improved in several geographic markets through a favourable product mix and currency trend, as well as improved productivity in several of the Group's production facilities. However, this was countered to some extent by higher prices on some key raw materials as a result of poor harvests and significant price increases on shipping. The cost structure in the acquired business System Frugt also entailed a reduced gross margin as a whole for the Group. System Frugt has a gross margin in the lower range of 20–30 percent as a result of a higher share of production and inventory-related costs. However, this is compensated by lower indirect costs and entailed an EBITDA margin in line with the rest of Midsona during the period.

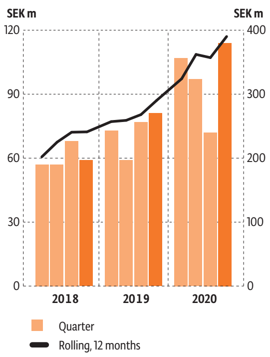
January–December

Gross profit amounted to SEK 1,042 million (910) before items affecting comparability, corresponding to a margin of 28.1 percent (29.5).

The lower gross margin was primarily related to the Group's changed cost structure, with a higher proportion of production and inventory-related costs in relation to indirect costs, as well as a product mix that was occasionally unfavourable to a certain extent. Prices also increased on both some key raw materials and on transports. Altogether, synergies in the supply chain and implemented price increases did not fully compensate for the negative margin development.

Operating profit/loss

EBITDA, before items affecting comparability



October–December

EBITDA amounted to SEK 114 million (81), before items affecting comparability, corresponding to a margin of 10.5 percent (9.8), and was driven by good cost control, acquired operations and volume growth in the underlying operations. Amortisation and depreciation for the period amounted to SEK –41 million (–34), divided between SEK –14 million (–12) in amortisation of intangible fixed assets and depreciation of SEK –27 million (–22) on tangible fixed assets. Depreciation increased as a consequence of both acquired operations and new investments brought into use. Operating profit amounted to SEK 73 million (47) before items affecting comparability, corresponding to a margin of 6.7 percent (5.7). The operating profit for the period amounted to SEK 66 million (52), corresponding to a margin of 6.1 percent (6.3).

EBITDA, before items affecting comparability, increased for both the Nordics and North Europe. For the Nordics, this was a consequence of stable sales and acquired business volumes, as well as improved margins and good cost control. For North Europe, it was a consequence of organic growth and improved margins, despite temporary additional production- and sales-related costs. South Europe had a slightly weaker earnings trend compared with the previous year, essentially attributable to both increased market investments in prioritised brands and increased sales costs as a consequence of accelerated volume roll-outs to FMCG retail.

January–December

EBITDA amounted to SEK 390 million (290), before items affecting comparability, corresponding to a margin of 10.5 percent (9.4), and was driven by acquired operations and volume growth in the underlying operations. Viewed over the period, although profit was satisfactory, the quarter to quarter trend has been impacted by the ongoing Covid-19 pandemic. Amortisation and depreciation for the period amounted to SEK –147 million (–114), divided between SEK –48 million (–36) in amortisation of intangible fixed assets and depreciation of SEK –99 million (–78) on tangible fixed assets. Depreciation increased as a consequence of both acquired operations and new investments brought into use. Operating profit amounted to SEK 243 million (176) before items affecting comparability, corresponding to a margin of 6.6 percent (5.7). The operating profit for the period amounted to SEK 257 million (170), corresponding to a margin of 6.9 percent (5.5).

EBITDA, before items affecting comparability, improved for the Nordics and North Europe. For the Nordics, this was mainly a result of good sales growth for several prioritised brands and acquired business volumes, as well as a lower cost base. The lower cost base stems from the current savings programme initiated in early 2019 to strengthen competitiveness by harmonising and optimising shared processes. For North Europe, EBITDA improved as a consequence of both organic growth and acquired business volumes despite challenges mainly with additional temporary production-related costs during the year. South Europe provided a strong EBITDA mainly through good sales growth.

Items affecting comparability

October–December

Operating profit for the period included negative items affecting comparability by a net SEK 7 million (positive 5), comprising an estimated conditional purchase consideration of SEK 18 million (20), restructuring costs of SEK 20 million (2), restructuring costs of SEK 20 million (2) and acquisition-related costs of SEK 5 million (13). Restructuring costs were essentially attributable to warehousing- and administration-related functions in the Nordic region, as well as integration costs related to acquired business.

January–December

Operating profit for the period included positive items affecting comparability by a net SEK 14 million (negative 6), comprising an estimated conditional purchase consideration of SEK 36 million (26), restructuring costs of SEK 25 million (15), acquisition-related income (negative consolidated goodwill) of SEK 8 million and acquisition-related costs of SEK 5 million (17). Restructuring costs were related to a reorganisation of administrative, warehousing and commercial functions in the Nordic region, as well as integration costs attributable to acquired business. Acquisition-related income consisted of negative consolidated goodwill on business acquisitions at low prices; see Note 11 *Business acquisitions* on pages 23–24.

Financial items

October–December

Net financial items amounted to an expense of SEK 15 million (10). Interest expenses for external loans to credit institutions amounted to SEK 7 million (10) and interest expenses attributable to leases were SEK 1 million (2). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 3 million (positive 5). Other financial items amounted to a negative SEK 4 million (2). In the comparative period, earnings from shares in joint ventures made a negative contribution of SEK 1 million.

January–December

Net financial items amounted to an expense of SEK 53 million (54). Interest expenses for external loans to credit institutions amounted to SEK 28 million (32) and interest expenses attributable to leases were SEK 5 million (5). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 5 million (6). Earnings from shares in the joint venture were negative in the amount of SEK 8 million (1) and were attributable to a revaluation of shares in a joint venture on obtaining a controlling influence. This revaluation resulted in a loss as the previously recognised book value of shares in joint ventures in the consolidated accounts exceeded fair value. Other financial items were negative in the amount of SEK 7 million (10).

Profit for the period

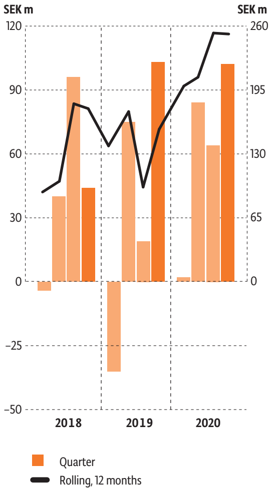
October–December

Profit for the period amounted to SEK 55 million (35), corresponding to earnings per share of SEK 0.85 (0.64) before and after dilution. Tax on the profit for the period amounted to a positive SEK 4 million (negative 7), of which the current tax was negative SEK 1 million (8), tax attributable to previous years was positive SEK 1 million (negative 2) and deferred tax was SEK 4 million (3).

January–December

Profit for the period was SEK 176 million (97), corresponding to earnings per share of SEK 2.70 (2.02) before dilution and SEK 2.69 (2.02) after dilution. Tax on profit for the period amounted to a negative SEK 28 million (19), of which a negative SEK 28 million (24) consisted of current tax, a positive SEK 1 million (negative 2) was tax attributable to preceding years and negative SEK 1 million (positive 7) was in deferred tax. The effective tax rate for the period was 13.8 percent (16.0) and was lower than the current tax rate applicable to the Parent Company. The low tax rate was mainly attributable to income from estimated purchase considerations from previous years' acquisitions expected to be entered as liabilities and not corresponding to taxes in any legal entity and effects of a changed tax rate in France.

Free cash flow



Cash flow

October–December

Cash flow from operating activities before changes in working capital improved to SEK 88 million (57), as a result of strong underlying business operations. Capital tied up in operating receivables decreased as a result of several major customer payments before the end of the period, but this was countered by lower operating liabilities. Capital tied-up in inventories decreased by SEK 64 million (31) primarily related to very strong product sales in the acquired business System Frugt, which had a high inventory build-up at the acquisition date prior to the seasonally strong fourth quarter. For the most critical raw materials and finished goods, the reserve inventory levels remained elevated in the Group's operations. Overall, changes in working capital were a positive SEK 25 million (60). Cash flow from operating activities amounted to SEK 113 million (117).

Cash flow from investing activities amounted to a negative SEK 254 million (606), consisting of business acquisitions for a negative SEK 243 million (582), investments in tangible and intangible fixed assets of a negative SEK 9 million (16), and a change in financial assets by a negative SEK 2 million (8). Free cash flow amounted to SEK 102 million (103).

Cash flow from financing activities was a SEK 206 million (530), consisting of loans raised of SEK 340 million (625), amortisation of loans by SEK 90 million (658), amortisation of leasing liabilities by SEK 16 million (13), dividends of SEK 39 million (28) and proceeds for the on-going issue of the warrant programme TO2017/2020 in an amount of SEK 11 million. The comparative period also included a new share issue of SEK 603 million, including issue expenses and a paid-in premium of SEK 1 million for the TO2019/2022 warrant programme.

Cash flow amounted to SEK 65 million (41).

January–December

Cash flow from operating activities before changes in working capital improved to SEK 319 million (221) and changes in working capital were a negative SEK 36 million (23). Capital tied up in inventories and operating receivables increased from the start of the year, essentially as a consequence of increased business volumes and increased reserve inventory levels of certain raw materials and finished goods. Cash flow from operating activities improved to SEK 283 million (198).

Cash flow from investing activities amounted to a negative SEK 369 million (712), consisting of acquisitions of operations of a negative SEK 278 million (659), investments in tangible and intangible fixed assets of a negative SEK 88 million (41), of which the Gainomax trademark rights accounted for negative SEK 60 million, and a change in financial assets for a negative SEK 3 million (12). Business acquisitions included purchase considerations paid for earlier years' business acquisitions of SEK 35 million and this year's acquisition of System Frugt of SEK 243 million. Free cash flow improved to SEK 252 million (155).

Cash flow from financing activities was a SEK 117 million (589), comprising issue expenses of SEK 1 million attributable to the previous year's new share issue, a positive SEK 402 million (1,855) in loans raised, SEK 163 million (1,786) in loan repayments, SEK 51 million (47) in amortisations on lease liabilities, dividends of SEK 81 million (58) and proceeds from the on-going issue of the warrant programme TO2017/2020 of SEK 11 million. The comparative period also included a new share issue of SEK 603 million including issue expenses, proceeds from the issue of the warrant programme TO2016/2019 of SEK 21 million including issue expenses and premiums paid in of SEK 1 million for the TO2019/2022 warrant programme. In the comparison period, existing debt was refinanced and the framework for the financing of working capital was broadened.

Cash flow amounted to SEK 31 million (75).

Liquidity and financial position

Cash and equivalents amounted to SEK 195 million (173) and there were unused credit facilities of SEK 150 million (350) at the end of the period. Net debt amounted to SEK 1,584 million (1,353) and was SEK 1,352 million at the end of the preceding quarter. Over the quarter at hand, net debt increased by SEK 232 million, attributable primarily to financing of business acquisitions. The net debt/equity ratio was a multiple of 0.7 (0.6). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.2 (4.4) and at the end of the previous quarter it was a multiple of 3.9.

Shareholders' equity amounted to SEK 2,313 million (2,322). At the end of the preceding quarter, shareholders' equity was SEK 2,314 million. The changes consisted of profit for the period of SEK 55 million, translation differences on translating foreign operations of a negative SEK 67 million, and payments received in the on-going issue of the warrant programme of SEK 11 million. The equity/assets ratio was 45.1 percent (48.6) at the end of the period.

Investments

October–December

Investments in intangible and tangible fixed assets amounted to SEK 9 million (16) and consisted mainly of investments in software and replacement investments in production facilities.

January–December

Investments in intangible and tangible fixed assets amounted to SEK 83 million (41). This was essentially comprised of the Gainomax trademark rights, software and replacement investments in production facilities. An expansion investment, in the form of a new packing line, was commissioned in South Europe at the start of the year.

Other information

Personnel

The average number of employees during the quarter was 808 (685), while the number of employees at the end of the period was 834 (721). The number of employees increased compared with the previous year as a result of a business being acquired.

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 59 million (47), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 102 million (134). The profit before tax included dividends from subsidiaries of SEK 153 million (218), of which an anticipated SEK 19 million (96), impairment of shares in subsidiaries of a negative SEK 49 million (85) and Group contributions received totalling SEK 41 million (32). Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of a negative SEK 5 million (4) and exchange-rate differences of net investment in subsidiaries in an amount of a negative SEK 19 million (positive 6).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 232 million (459). Borrowing from credit institutions was SEK 1,422 million (1,121) at the end of the period. On the balance sheet date, there were 14 employees (15).

The financing agreement with Danske Bank, valid for three years until September 2022 (with options for extension until September 2024) was extended by one year until September 2023.

Closely-related parties

Transactions

For the Parent Company, SEK 59 million (47), equivalent to 100 percent (100) of sales for the period and SEK 1 million (0), corresponding to 2 percent (1) 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.

Persons or companies

In December, senior executives subscribed for Series B shares with support from warrants, which were issued in the scope of the warrant programme TO2017/2020; see the section on the share on page 8. Beyond the aforementioned transaction, there have been no loans, purchases or sales involving owners, members of the Board or senior executives.

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.

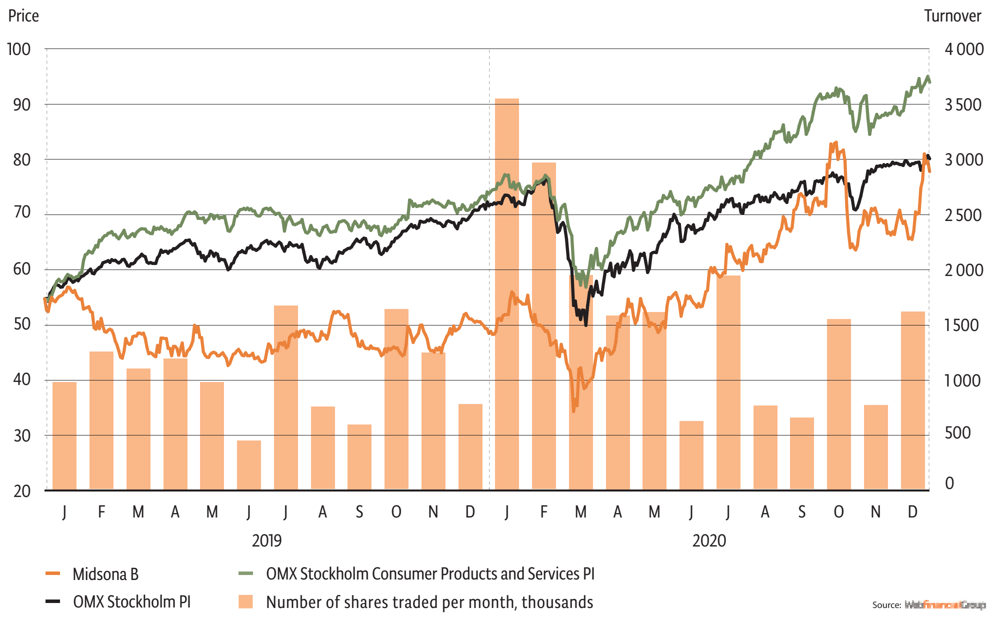
At the end of the period, the total number of shares was 65,004,608 (65,004,608), divided between 755,820 Series A shares (755,820) and 64,248,788 Series B shares (64,248,788). At the end of the period, the number of votes was 71,806,988 (71,806,988), where one Series A share carries ten votes and one Series B share carries one vote.

During the period January–December 2020, 19,467,106 shares (12,577,144) were traded. The highest price paid for Series B shares was SEK 84.80 (57.07), and the lowest was SEK 32.60 (42.67). On 30 December, the most recent price paid for the share was SEK 77.80 (49.40). For the comparison year, the share price has been adjusted for the new share issue.

In December, senior executives subscribed for 213,180 Series B shares with support from warrants, which were issued in the scope of the warrant programme TO2017/2020. Of the 187,000 warrants transferred to senior executives, 187,000 warrants were exercises, whereby the company received SEK 10,659,000. Each warrant entitled the holder to 1.14 Series B shares at the subscription price of SEK 50.00, after translation according to the terms. The shares have not yet been registered and the issue is noted as on-going at 31 December. The increase in the number of Series B shares will entail a dilution by 0.3 percent of the shares.

One option programme was outstanding at the end of the period, the TO2019/2022 series, which can provide a maximum of 149,480 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for the warrants outstanding, and accordingly the earnings per share after full dilution were calculated. For more information on TO2017/2020 and TO2019/2022, see Note 10 *Employees, personnel expenses and senior executives' remuneration* in the 2019 annual report, pages 95–96.

Strong price trend for the Midsona share, up +57.5 percent compared with the corresponding period in the preceding year.



In Germany, Davert launched two new versions of porridge cups.

Ownership

Stena Adactum AB was the largest shareholder with 23.4 percent of the capital and 28.0 percent of the voting rights on 31 December 2020. 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	15,229,789	23.4	28.0
Insurance company Avanza Pension	5,114,005	7.9	7.3
BNP PARIBAS SEC SERVICES PARIS, W8IMY (GC)	3,535,631	5.4	4.9
Swedbank Robur Funds	3,343,682	5.1	4.7
Cliens Funds	2,450,000	3.8	3.4
Lannebo Funds	2,435,773	3.8	3.4
Handelsbanken Fonder	2,131,843	3.3	3.0
Nordea Investment Funds	1,963,105	3.0	2.7
Peter Wahlberg and companies	1,544,122	2.4	2.1
Spiltan Fonder AB	1,478,490	2.3	2.1
Total	**39,226,440**	**60.4**	**61.6**
Other shareholders	25,778,168	39.6	38.4
Total	**65,004,608**	**100.0**	**100.0**

Source: Euroclear

Total number of shareholders (including nominee-registered) was 11,701 (7,756). In the current quarter, the number of shareholders increased by 1,849. Foreign ownership amounted to 17.2 percent (22.9) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

Risks and uncertainties including impact from Covid-19

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent. For a detailed account of risks and uncertainty factors, please see the section Risks and risk management on pages 62–71 and Note 31 *Financial risk management* on pages 106–108 in the 2019 annual report.

In the first quarter of 2020, risks and uncertainty factors were significantly elevated as a result of the rapid global spread of Covid-19. The outbreak affects everyone on a global basis and, as a result of the extraordinary social measures implemented to reduce contagion, we were in a position that is exceptional for people, communities and companies. Midsona prioritised keeping its employees and customers safe. All guidelines and recommendations established at the national, regional and local levels were and are still being adhered to. An action plan was drafted and implemented with the aim of minimising or eliminating risks associated with the spread of disease, which has driven changed consumer behaviour, delivery and production disruptions and disruptions in retailing. We experienced a certain negative impact on our operations from Covid-19 during both the second and third quarters, in contrast to the first quarter when the effects were largely only positive. The fourth quarter was characterised by both positive and negative factors stemming from the Covid-19 pandemic, but to a limited extent compared with earlier quarters. We are, however, monitoring ongoing developments very closely, particularly considering that we are now seeing a second wave of both local and regional infection outbreaks in the community, and we are implementing measures rapidly when necessary.

Demand increased in March for the majority of product categories in all geographic markets, as a consequence of the spread of Covid-19 in society. The increase in demand the largest in baking, breakfast and cooking products, rice and corn cakes, canned goods, tea and hand soap. Consumer behaviour changed drastically with both a hoarding effect and a shift of purchases from restaurants/catering to both physical stores and online stores for food. The increase in demand persisted into the second quarter, but was related partly to the extent to which society was locked down. In countries with a more extensive lockdown, demand for organic products remained very strong until the restrictions were lifted, at which time the heightened demand began levelling off to some extent. We saw also many new consumers finding our products on store shelves as a result of the changing patterns of consumption. Sales campaigns being withdrawn or postponed as a consequence of Covid-19 impacted the sales trend negatively, as was particularly clear in the third quarter for both organic products and healthfoods. However, sales recovered well in the fourth quarter for products in these two categories, with some higher demand for organic products, mainly in France and Spain. Towards the end of the second quarter and during the third quarter, we saw a decline in demand in the Nordic market for consumer health products. This can be attributed to Covid-19 and the lower levels of activity among pharmacies and healthfood retailers that this entailed. In the fourth quarter, the sales trend for consumer health products remained somewhat weak. Demand for consumer health products is expected to probably remain stagnant with slightly lower sales volumes, as long as local and regional infection outbreaks are occurring in the community. One reason for this is that the older generations account for a fairly large proportion of the consumer health products sold. The pandemic has partly broken the quarter-to-quarter sales trend, with completely new and different patterns of purchasing and consumption. Both the first and second quarters were stronger than normal in terms of sales, while the third quarter was weaker, to which cancelled trade fairs and narrower launch windows also contributed. In the fourth quarter, sales recovered well to more normal sales volumes, mainly for products in the organic products and healthfoods categories.

Due to changed patterns of consumption, customer credit risk remained heightened with regard to Food Service customers. This brought increased uncertainty regarding these customers' payment capacity, leading to adjustments being made to the calculation of expected credit losses. A number of customers, particularly in southern Europe, filed for bankruptcy in the third quarter. These customer losses were, however, relatively minor in nature. We are monitoring closely how our customers in the Food Service sector are developing. Sales to Food service customers continued to be at slightly lower sales volumes compared with before the spread of Covid-19 in society. Food service customers account for slightly less than 10 percent of the Group's total net sales.

Midsona has a well-functioning supply chain, which was, however, exposed to certain disruptions during the second quarter. We worked intensively with our customers and suppliers to ensure the supply of goods to retailers. To meet the increased demand, production capacity was expanded for several important product groups at our suppliers. Goods production at our own facilities generally functioned well, with the number of shifts being increased to meet the high level of demand. Despite high capacity utilisation at our production facilities, we were not fully able meet customer all customer deliveries. The increased production capacity essentially caught up with demand towards the end of June. To ensure the flow of raw materials, wrapping and packaging to our production facilities, we engaged in close dialogue with our key suppliers. Most suppliers of raw materials, wrapping and packaging alike, as well as suppliers of finished goods essentially delivered according to plan. Increased demand for organic products, however, meant that new volumes of some important raw materials had to be procured outside contractual volumes at higher spot market prices. Transport costs also increased to some extent due to prevailing cross-border transport restrictions. There were also occasional shortages of certain wrapping and packaging materials, partly affecting our delivery and production capacity. As country after country shut down, certain negative consequences were incurred, for which no alternative solutions could be found. Both delayed and postponed deliveries of some important raw materials had to be acknowledged as a consequence of shutdowns in countries including India and Sri Lanka. Postponed deliveries until July of certain raw materials for our organic brands in the Nordic region resulted in some loss of sales in the second quarter. Inventory levels for most critical raw materials and finished goods increased in the second quarter, as there was some uncertainty regarding lead times under the prevailing circumstances. In the third quarter, the situation stabilised, with fewer disruptions to our supply chain from Covid-19. Our capacity to deliver to customers improved gradually to an acceptable level in several geographic markets. In the fourth quarter, the disruptions to the supply chain related to the pandemic were limited. However, we saw cost increases for shipping as a consequence of a shortage of containers, which can basically be attributed to the pandemic and the lockdown in China at the beginning of the year. The assessment is that this cost increase will be lasting, at least in

In Germany, Davert launched two new versions of Crunchys (müsli).

the first half of 2021. The reserve inventory levels for the most critical raw materials and finished products remained elevated as we still have a somewhat unstable external situation and cannot rule out any problems arising in our supply chain. However, the current assessment is that we will not suffer any sales volume losses due to delivery problems among sub-suppliers in the first quarter of 2021.

The Swedish and Norwegian currencies (SEK and NOK) weakened significantly against both the EUR and the USD at the end of March, which increased the risk of negative currency effects for the Group, which conducts significant purchases of goods in these currencies. During the second quarter, the SEK and, to some extent, the NOK gradually strengthened against both the EUR and the USD, which was positive for the Group. In Norway, price increases were implemented to offset the unfavourable exchange rate trend. In the third quarter, both the SEK and NOK continued to strengthen against the USD, while the exchange rate trend against the EUR was less favourable for both the SEK and NOK. In the fourth quarter, both the SEK and NOK strengthened against the EUR, which entailed positive currency effects for the Group.

The ongoing Covid-19 pandemic continued to affect operations to some extent in the quarter at hand, but not to the same extent as in earlier quarters. We saw a return to a more and more normalised situation for the Group. On the whole, it is our assessment that Midsona will make it through this crisis stronger, with minimal impact on financial position and performance, or without suffering any negative effects at all.

Changes in segment reporting

As of 1 January 2020, Midsona changed its segment reporting to report three geographic segments, which agree with the internal reporting provided to Group Management. The four geographic segments Sweden, Norway, Finland and Denmark were merged to form the Nordics segment under joint management, and the comparative figures for 2019 have been recalculated. The geographic segment Germany changed name to North Europe. The geographic segment South Europe continues to be presented in the same way as in earlier financial statements.

Changes in prioritised brands

To drive sales growth effectively, Midsona prioritises a number of brands. Due to the on-going expansion in new geographic markets in Europe, a decision has been made to increase the number of prioritised brands. The Dalblads brand was replaced as a prioritised brand by the Celnat, HappyBio and Vegetalia brands as of 1 January 2020. Celnat and HappyBio, both strong brands in the French market in the organic product category, and Vegetalia, a strong brand in the Spanish market in the organic product category, were acquired in October 2019. Dalblads, a strong brand in the Swedish market in the health-foods category, will continue to be further developed within the Group. After the change, our prioritised brands include – Urtekram, Friggs, Davert, Kung Markatta, Vegetalia, Naturdiet, Eskimo-3, Celnat, HappyBio and Helios.

New sustainability targets

Midsona drives a change agenda with the clear goal of influencing people's eating habits towards healthy and sustainable alternatives. In line with our ambitions and the requirements customers, consumers and investors set on a clear sustainability agenda, new sustainability targets have been set for the period 2020 to 2030. They are:

- *Sustainable brands* – By 2025, our plastic consumer packages will be made of 100-percent recycled materials and by 2030, 100 percent of the products shall be plant based or vegetarian.
- *Healthy environment* – Healthy workplaces will promote healthy employees without work-related injuries. We will have an even gender distribution in management positions in the entire organisation.
- *Responsible purchasing* – By 2025, 100 percent of our suppliers will be classified according to sustainable guidelines in procurement.
- *Safe products* – By 2025, 100 percent of our suppliers will be risk classified and risk-based audits will take place annually.
- *Efficient resource use* – By 2025, 90 percent of our waste will be recycled. Food waste will be reduced and 100 percent of our food waste will be re-used by 2025.
- *Efficient transports* – By 2030, 100 percent of our transports will be fossil free.

Change in Group Management

CFO, Lennart Svensson, has chosen to leave Midsona in the first quarter of 2021. Max Bokander was appointed as Midsona's new CFO. He will start work in this position on 11 January 2021 and will, from that date, be part of Group Management.

Acquisitions of businesses and trademark rights

The business Paradiset EMV AB

On 6 May, the remaining 49 percent of the shares and votes in Paradiset EMV AB were acquired, with a trademark license right to develop, manufacture, market and sell products that focus on sustainability and health under the Everyday by Paradiset brand, see Note 11 *Acquisition of business* on pages 23–24 for preliminary acquisition analysis.

Paradiset EMV AB was reported as a collaborative arrangement in the form of a joint venture in accordance with the equity method in the financial statements until 6 May, when the controlling influence in the company was obtained. The previous holding in Paradiset EMV AB was valued at fair value based on the transaction in which the controlling influence was obtained. This revaluation resulted in a loss as the previously recognised book value of shares in joint ventures in the consolidated accounts exceeded fair value. The capital loss amounted to SEK 8 million and was reported as earnings from participations in joint ventures in the profit for the period for the second quarter of 2020.

Gainomax trademark rights

On 1 September, the trademark rights to Gainomax were acquired – this is one of Sweden's most well-known brands in sports nutrition, offering products for exercise recovery and functional snacks, such as milk-based sports drinks and protein bars. The purchase consideration amounted to SEK 60 million, including acquisition-related expenses, with SEK 55 million being paid for the brand and SEK 5 million being paid for related brand profiled inventory. Acquired assets were financed with new loans of SEK 60 million within the agreed credit framework.

Net sales for the Gainomax brand amounted to SEK 79 million for 2019, of which 90 percent was attributable to the Swedish market and the remaining 10 percent to the Finnish market. The brand's customers are mainly FMCG retailers. Gainomax is expected to contribute an EBITDA margin well in line with that of the Midsona Group and to have a positive effect on earnings per share for the financial year 2020.

Acquired assets are consolidated into the Midsona Group as of 1 September 2020, and are included in the Nordics operating segment in the segment reporting. The Gainomax brand is assessed to have a useful life of 20 years.

The business System Frugt A/S

On 7 October, all shares were acquired in the Danish company System Frugt A/S with a strong position in plant-based food in the Nordic region; see Note 11 *Business acquisitions* on pages 23–24 for the preliminary acquisition analysis.

Supplement to existing financing agreement

On October 5, an agreement was reached supplementing an existing financing agreement with Danske Bank and Svensk Exportkredit with an extended credit limit of SEK 200 million to partly finance the acquisition of System Frugt A/S.

Award-winning sustainability work

In November, Midsona was named the stock exchange's most sustainable company in the FMCG category. Dagens Industri and the periodical Aktuell Hållbarhet named the stock exchange's most sustainable company for the third consecutive year. The ranking measures how well Swedish listed companies handle sustainability issues and is done by Lund University under the supervision of an advisory committee.

Expansion investment

A decision was made to make an expansion investment of around SEK 45 million in the Group's production unit for plant-based meat alternatives in Castellcir, Spain. The investment is expected to be able to be commissioned in the fourth quarter of 2021 and will become the Group's hub for the production of both the first and second generation of plant-based meat alternatives, such as tofu, tempeh and seitan, as well as vegetarian hamburgers, pâté and meatballs. The increased sales and expected cost synergies are expected to strengthen the Group's EBITDA by up to SEK 50 million on an annual basis three years after the start of production.

Annual General Meeting

2020

The Annual General Meeting on 25 June addressed dividends and other matters. A decision was made on a dividend to shareholders of SEK 1.25 per share, corresponding to SEK 81 million, divided into two payouts with SEK 0.65 being paid on the record date of 29 June and SEK 0.60 to be paid on the record date of 30 October. On 2 July, SEK 42 million was paid out and on 4 November, SEK 39 million was paid out to the shareholders.

2021

The Annual General Meeting will be held in Malmö on 5 May 2021. The Board of Directors will publish its invitation to the Annual General Meeting by 7 April 2021.

Board of Directors' dividend proposal

The Board of Directors proposes a dividend for the 2020 financial year of SEK 1.25 per share (1.25), corresponding to SEK 81,255,760 (81,255,760) before the on-going share issue or 46.1 percent (83.6) of the profit for the year, and the dividend is to be divided up into two payments of SEK 0.65 per share and SEK 0.60 per share, respectively.

The objective is to continue to use future cash flows for share dividends, but also provide financial flexibility for acquisitions. The long-term goal of paying at least 30 percent of the profit after tax in dividends to the shareholders has been achieved in the past eight years.

Annual report

The Annual Report for 2020 will be available on the website www.midsona.com no later than 13 April 2021. The printed Annual Report will preliminarily be available at the head office in Malmö on 20 April 2021. Printed copies of the Annual Report will be sent to shareholders on request.

Significant events following the end of the report period.

Change in prioritised brands

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

Judgment from the Patent and Market Court (PMC)

On 18 January 2021, a judgment from the PMC was pronounced regarding Urtekram's marketing of skin and haircare products in the Swedish market, which was marketed as organic on the Internet and in social media. The question was raise as to whether or not parts of it were misleading for the consumer. Midsona has a positive view of the judgment, which includes a clarification of the question, and in the respects that can be deemed to be necessary will adjust its communication to be even clearer towards its customers. Midsona also looks forward to the rest of the market's actors complying with the ruling from the PMC in terms of marketing of skin and haircare products as organic.

Malmö, 5 February 2021
Midsona AB (publ)
BOARD OF DIRECTORS

Review by auditor

This year-end report has been reviewed by the company's auditors.

Report of Review of Interim Financial Information

Introduction

We have reviewed the year-end report (interim report) of Midsona AB (publ) for the period 1 January 2020 to 31 December 2020. 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, 5 February 2021
Deloitte AB

Per-Arne Pettersson
AUTHORISED PUBLIC ACCOUNTANT

Financial statements

Summary consolidated income statement

SEK million	Note	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Net sales	3.4	**1,083**	**825**	**3,709**	**3,081**
Expenses for goods sold		-784	-594	-2,672	-2,178
Gross profit		**299**	**231**	**1,037**	**903**
Selling expenses		-161	-129	-542	-505
Administrative expenses		-88	-64	-284	-240
Other operating income		17	30	52	37
Other operating expenses		-1	-16	-6	-25
Operating profit/loss	3	**66**	**52**	**257**	**170**
Profit/loss from participations in joint ventures		–	0	-8	-1
Financial income		7	0	14	0
Financial expenses		-22	-10	-59	-53
Profit/loss before tax		**51**	**42**	**204**	**116**
Tax on profit for the period		4	-7	-28	-19
Profit for the period		**55**	**35**	**176**	**97**
Profit for the period is divided between:					
Parent Company shareholders (SEK million)		55	35	176	97
Earnings per share before dilution attributable to Parent Company shareholders (SEK)		0.85	0.64	2.70	2.02
Earnings per share after dilution attributable to Parent Company shareholders (SEK)		0.85	0.64	2.69	2.02
Number of shares (thousands)					
On the balance sheet date		65,005	65,005	65,005	65,005
On the balance sheet date, after full dilution		65,367	65,005	65,367	65,005
Average during the period		65,005	54,572	65,005	48,179
Average during the period, after full dilution		65,365	54,572	65,364	48,179

Summary consolidated statement of comprehensive income

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Profit for the period	**55**	**35**	**176**	**97**
Items that have or can be reallocated to profit for the period				
Translation differences for the period on translation of foreign operations	-67	-34	-114	32
Other comprehensive income for the period	**-67**	**-34**	**-114**	**32**
Comprehensive income for the period	**-12**	**1**	**62**	**129**
Comprehensive income for the period is divided between:				
Parent Company shareholders (SEK million)	-12	1	62	129

Some products from the premium Earth Control brand, which came with Midsona's acquisition of System Frugt A/S.

Summary consolidated balance sheet

SEK million	Note	31 Dec 2020	31 Dec 2019
Intangible fixed assets	5	3,289	3,058
Tangible assets	6	548	585
Participations in joint ventures		–	26
Non-current receivables	8	4	4
Deferred tax assets		85	71
Fixed assets		**3,926**	**3,744**
Inventories		643	529
Accounts receivable		290	290
Tax receivables		11	–
Other receivables	8	44	18
Prepaid expenses and accrued income		18	26
Cash and cash equivalents		195	173
Current assets		**1,201**	**1,036**
Assets		**5,127**	**4,780**
Share capital		325	325
Additional paid-up capital		1,169	1,159
Reserves		-58	56
Profit brought forward, including profit for the period		877	782
Shareholders' equity		**2,313**	**2,322**
Non-current interest-bearing liabilities	7	1,526	1,408
Other non-current liabilities	8, 10	38	92
Deferred tax liabilities		342	321
Non-current liabilities		**1,906**	**1,821**
Current interest-bearing liabilities	7	253	118
Accounts payable		405	288
Tax liabilities		0	2
Other current liabilities	8, 10	80	89
Accrued expenses and deferred income		170	140
Current liabilities		**908**	**637**
Liabilities		**2,814**	**2,458**
Shareholders' equity and liabilities		**5,127**	**4,780**

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 2019	230	629	24	747	1,630
Changed accounting principle (IFRS 16)	–	–	–	-4	-4
Profit for the period	–	–	–	97	97
Other comprehensive income for the period	–	–	32	–	32
Comprehensive income for the period	**–**	**–**	**32**	**97**	**129**
New share issue	93	520	–	–	613
Issue expenses	–	-10			-10
Redemption of warrants in warrant programme, TO2016/2019	2	19	–	–	21
Issue expenses, TO2016/2019	–	0	–	–	0
Premium receipts upon issue of warrant programme, TO2019/2022	–	1	–	–	1
Dividend	–	–	–	-58	-58
Transactions with the Group's owners	**95**	**530**	**–**	**-58**	**567**
Closing shareholders' equity 31 December 2019	**325**	**1,159**	**56**	**782**	**2,322**
Opening shareholders' equity 1 January 2020	325	1,159	56	782	2,322
Profit for the period	–	–	–	176	176
Other comprehensive income for the period	–	–	-114	–	-114
Comprehensive income for the period	**–**	**–**	**-114**	**176**	**62**
Issue expenses, TO2016/2019	–	-1	–	–	-1
On-going issue of warrant programme, TO2017/2020	–	11	–	–	11
Dividend	–	–	–	-81	-81
Transactions with the Group's owners	**–**	**10**	**–**	**-81**	**-71**
Closing shareholders' equity 31 December 2020	**325**	**1,169**	**-58**	**877**	**2,313**

Summary consolidated cash flow statement

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Profit before tax	51	42	204	116
Adjustment for items not included in cash flow	53	29	155	124
Income tax paid	–16	–14	–40	–19
Cash flow from operating activities before changes in working capital	**88**	**57**	**319**	**221**
Increase (–)/decrease (+) in inventories	64	31	–25	27
Increase (–)/decrease (+) in operating receivables	56	75	–9	32
Increase (+)/decrease (–) in operating liabilities	–95	–46	–2	–82
Changes in working capital	**25**	**60**	**–36**	**–23**
Cash flow from operating activities	**113**	**117**	**283**	**198**
Acquisitions of companies or operations	–243	–582	–278	–659
Acquisitions of intangible assets	–1	–6	–67	–22
Acquisitions of tangible assets	–8	–10	–21	–19
Divestments of tangible assets	–	0	–	0
Change in financial assets	–2	–8	–3	–12
Cash flow from investing activities	**–254**	**–606**	**–369**	**–712**
Cash flow after investing activities	**–141**	**–489**	**–86**	**–514**
New share issue	–	613	–	613
Issue expenses	–	–10	–1	–10
Issue of warrant programme, TO2016/2019	–	0	–	21
Issue expenses warrant programme, TO2016/2019	–	–	–	0
Premium receipts warrant programme, TO2019/2022	–	1	–	1
On-going issue of warrant programme, TO2017/2020	11	–	11	–
Loans raised	340	625	402	1,855
Repayment of loans	–90	–658	–163	–1,786
Amortisation of lease liabilities	–16	–13	–51	–47
Dividend paid	–39	–28	–81	–58
Cash flow from financing activities	**206**	**530**	**117**	**589**
Cash flow for the period	**65**	**41**	**31**	**75**
Cash and equivalents at beginning of period	138	134	173	101
Translation difference in cash and cash equivalents	–8	–2	–9	–3
Cash and cash equivalents at end of the period	**195**	**173**	**195**	**173**

Summary income statement, Parent Company

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Net sales	**18**	**13**	**59**	**47**
Selling expenses	–	0	–	–1
Administrative expenses	–19	–19	–77	–64
Other operating income	0	0	0	0
Other operating expenses	0	0	0	–3
Operating profit/loss	**–1**	**–6**	**–18**	**–21**
Profit from participations in subsidiaries	–20	11	104	133
Financial income	18	6	44	31
Financial expenses	–22	–3	–69	–41
Profit/loss after financial items	**–25**	**8**	**61**	**102**
Allocations	41	32	41	32
Profit/loss before tax	**16**	**40**	**102**	**134**
Tax on profit for the period	0	0	0	–1
Profit for the period	**16**	**40**	**102**	**133**

Summary balance sheet, Parent Company

SEK million	Note	31 Dec 2020	31 Dec 2019
Intangible fixed assets		55	57
Tangible assets		3	3
Participations in subsidiaries		2,546	2,202
Receivables from subsidiaries		1,097	1149
Deferred tax assets		2	2
Financial assets		**3,645**	**3,353**
Fixed assets		**3,703**	**3,413**
Receivables from subsidiaries		57	152
Other receivables		12	17
Cash and bank balances		82	109
Current assets		**151**	**278**
Assets		**3,854**	**3,691**
Share capital		325	325
Statutory reserve		58	58
On-going issue of warrant programme, TO2017/2020		11	–
Profit brought forward, including profit for the period and other reserves		1,725	1,706
Shareholders' equity		**2,119**	**2,089**
liabilities to credit institutions		1,324	1,066
Other non-current liabilities	10	11	31
Non-current liabilities		**1,335**	**1,097**
liabilities to credit institutions		98	55
Liabilities to subsidiaries		281	390
Other current liabilities	10	21	60
Current liabilities		**400**	**505**
Equity and liabilities		**3,854**	**3,691**

In the project One-Organic, Urtekram launched several products with new designs, including their spice series.

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 2020 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 Year-end 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 year-end 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 year-end report for 2020, the same accounting principles and calculation methods were applied as in the last annual report issued for 2019 (Note 1 *Accounting principles*, pages 82–90) The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2020 had no impact on the Group's accounting for financial year of 2020.

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.

In the fourth quarter of 2020, an assessment was made of the fair value of the assets and liabilities identified in relation to the acquired System Frugt A/S. In connection with the preparation of the acquisition analysis, brands were valued at SEK 155 million, of which SEK 150 million was with an indefinite useful life and SEK 5 million with a definite useful life, customer contracts at SEK 16 million, goodwill at SEK 149 million and deferred tax liabilities at SEK 38 million.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 *Important estimates and assessments* on pages 109–110 of the 2019 Annual Report. No new significant estimates, assessments and assumptions, beyond identified assets and liabilities related to the acquisition of System Frugt A/S, have been made since the publication of the most recent annual report.

Note 3 | Operating segments, Group[1]

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
October–December	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales, external	758	536	227	200	98	89	–	–	**1,083**	**825**
Net sales, intra-Group	3	1	4	7	0	0	-7	-8	–	–
Net sales	**761**	**537**	**231**	**207**	**98**	**89**	**-7**	**-8**	**1,083**	**825**
Operating expenses (excluding depreciation/amortisation and impairment), external	-677	-461	-205	-186	-83	-73	-11	-19	**-976**	-739
Operating expenses, intra-Group	-14	-14	-3	-2	-3	-1	20	17	–	–
Operating expenses (excluding depreciation/amortisation and impairment)	**-691**	**-475**	**-208**	**-188**	**-86**	**-74**	**9**	**-2**	**-976**	**-739**
EBITDA	**70**	**62**	**23**	**19**	**12**	**15**	**2**	**-10**	**107**	**86**
Depreciation/amortisation and impairment	-15	-10	-11	-12	-4	-4	-11	-8	**-41**	-34
Operating profit/loss	**55**	**52**	**12**	**7**	**8**	**11**	**-9**	**-18**	**66**	**52**
Financial items									**-15**	-10
Profit/loss before tax									**51**	**42**
Significant income and expense items reported in the income statement:										
Items affecting comparability	19	0	-6	-8	–	0	-6	3	7	-5
EBITDA, before items affecting comparability	**89**	**62**	**17**	**11**	**12**	**15**	**-4**	**-7**	**114**	**81**

[1] From 1 January 2020, Midsona changed its segment reporting. For more information, see the section *Changes in the segment reporting*, page 11.

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January–December	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales, external	2,419	2,261	883	731	407	89	–	–	**3,709**	**3,081**
Net sales, intra-Group	9	8	16	14	1	–	-26	-22	–	–
Net sales	**2,428**	**2,269**	**899**	**745**	**408**	**89**	**-26**	**-22**	**3,709**	**3,081**
Operating expenses (excluding depreciation/amortisation and impairment), external	-2,101	-1,973	-801	-668	-353	-73	-50	-83	**-3,305**	-2,797
Operating expenses, intra-Group	-50	-39	-10	-9	-4	-1	64	49	–	–
Operating expenses (excluding depreciation/amortisation and impairment)	**-2,151**	**-2,012**	**-811**	**-677**	**-357**	**-74**	**14**	**-34**	**-3,305**	**-2,797**
EBITDA	**277**	**257**	**88**	**68**	**51**	**15**	**-12**	**-56**	**404**	**284**
Depreciation/amortisation and impairment	-43	-42	-45	-43	-18	-4	-41	-25	**-147**	-114
Operating profit/loss	**234**	**215**	**43**	**25**	**33**	**11**	**-53**	**-81**	**257**	**170**
Financial items									**-53**	-54
Profit/loss before tax									**204**	**116**
Significant income and expense items reported in the income statement:										
Items affecting comparability	11	-14	-14	-7	–	–	-11	27	-14	6
EBITDA, before items affecting comparability	**288**	**243**	**74**	**61**	**51**	**15**	**-23**	**-29**	**390**	**290**

[1] From 1 January 2020, Midsona changed its segment reporting. For more information, see the section *Changes in the segment reporting*, page 11.

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
October–December	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Geographical areas[1]										
Sweden	322	262	1	0	0	–	-1	-1	**322**	261
Rest of Europe	438	274	230	205	97	88	-6	-7	**759**	560
Other countries outside Europe	1	1	0	2	1	1	–	–	**2**	4
Net sales	**761**	**537**	**231**	**207**	**98**	**89**	**-7**	**-8**	**1,083**	**825**
Sales channel										
Pharmacies	81	87	–	–	–	–	–	–	**81**	87
FMCG retailers	553	327	102	80	23	22	–	–	**678**	429
Food Service	21	21	54	58	0	1	–	–	**75**	80
Healthfood retailers	40	46	64	56	61	60	–	–	**165**	162
Other specialist retailers	37	25	5	5	0	0	–	–	**42**	30
Others	26	30	3	1	14	6	–	–	**43**	37
Group-internal sales	3	1	3	7	0	–	-7	-8	–	–
Net sales	**761**	**537**	**231**	**207**	**98**	**89**	**-7**	**-8**	**1,083**	**825**
Product categories[2]										
Organic products	212	–	231	–	98	–	-7	–	**534**	0
Healthfoods	369	–	–	–	–	–	–	–	**369**	0
Consumer health products	177	–	–	–	–	–	–	–	**177**	0
Services linked to product handling	3	–	–	–	0	–	0	–	**3**	0
Net sales	**761**	**–**	**231**	**–**	**98**	**–**	**-7**	**–**	**1,083**	**0**
Brands										
Proprietary	514	379	144	132	78	70	-7	-8	**729**	573
Licensed	129	145	–	–	9	5	–	0	**138**	150
Contract manufacture	115	7	87	75	11	13	–	–	**213**	95
Services linked to product handling	3	6	0	0	0	1	0	0	**3**	7
Net sales	**761**	**537**	**231**	**207**	**98**	**89**	**-7**	**-8**	**1,083**	**825**

[1] Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.
[2] Income for product categories is not available for the comparison year 2019.

SEK million	Nordics		North Europe		South Europe		Group functions		Group	
January–December	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Geographical areas[1]										
Sweden	1,098	1,075	1	1	0	–	–1	–1	**1,098**	1,075
Rest of Europe	1,325	1,191	896	741	395	88	–25	–21	**2,591**	1,999
Other countries outside Europe	5	3	2	3	13	1	–	–	**20**	7
Net sales	**2,428**	**2,269**	**899**	**745**	**408**	**89**	**–26**	**–22**	**3,709**	**3,081**
Sales channel										
Pharmacies	340	386	–	–	–	–	–	–	**340**	386
FMCG retailers	1,601	1,371	390	291	106	22	–	–	**2,097**	1,684
Food Service	70	83	223	220	3	1	–	–	**296**	304
Healthfood retailers	168	194	246	194	225	60	–	–	**639**	448
Other specialist retailers	134	112	20	20	3	0	–	–	**157**	132
Others	106	115	4	6	70	6	–	–	**180**	127
Group-internal sales	9	8	16	14	1	–	–26	–22	–	–
Net sales	**2,428**	**2,269**	**899**	**745**	**408**	**89**	**–26**	**–22**	**3,709**	**3,081**
Product categories[2]										
Organic products	834	–	899	–	407	–	–26	–	**2,114**	–
Healthfoods	838	–	–	–	–	–	–	–	**838**	–
Consumer health products	744	–	–	–	–	–	–	–	**744**	–
Services linked to product handling	12	–	0	–	1	–	0	–	**13**	–
Net sales	**2,428**	**–**	**899**	**–**	**408**	**–**	**–26**	**–**	**3,709**	**–**
Brands										
Proprietary	1,717	1,535	540	488	319	70	–26	–22	**2,550**	2,071
Licensed	557	692	–	–	35	5	–	0	**592**	697
Contract manufacture	142	24	359	257	53	13	–	–	**554**	294
Services linked to product handling	12	18	0	0	1	1	0	0	**13**	19
Net sales	**2,428**	**2,269**	**899**	**745**	**408**	**89**	**–26**	**–22**	**3,709**	**3,081**

[1] Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.
[2] Income for product categories is not available for the comparison year 2019.

Note 5 | Intangible assets, Group

SEK million	31 Dec 2020	31 Dec 2019
Brands	1,239	1,081
Goodwill	1,880	1,810
Other intangible fixed assets	170	167
Total	**3,289**	**3,058**

Note 6 | Tangible assets, Group

SEK million	31 Dec 2020	31 Dec 2019
Owned assets	334	358
ROU assets	214	227
Total	**548**	**585**

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

SEK million	31 Dec 2020	31 Dec 2019
Non-current interest-bearing liabilities		
Bank loans	1,367	1,229
Lease liabilities	159	179
Total	**1,526**	**1,408**
Current interest-bearing liabilities		
Bank loans	198	71
Lease liabilities	55	47
Total	**253**	**118**
Total	**1,779**	**1,526**

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

SEK million	31 Dec 2020	31 Dec 2019
Assets		
Financial instruments not measured at fair value		
Other non-current liabilities	4	4
Other current receivables	44	18
Total	**48**	**22**
Total receivables	**48**	**22**
Liabilities		
Financial instruments measured at fair value via the income statement		
Currency risk	0	1
Currency option	–	0
Interest-rate swaps	–	0
Conditional purchase considerations	24	78
Total	**24**	**79**
Financial instruments not measured at fair value		
Other non-current liabilities	15	17
Other current liabilities	79	85
Total	**94**	**102**
Total liabilities	**118**	**181**

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

The Group holds supplementary purchase considerations, which are measured at fair value. The valuation is at level 3, according to IFRS 13 *Fair Value Measurement*. Fair value of supplementary purchase considerations is calculated by discounting the present value of the expected cash flows with an adjusted discount rate. Expected cash flows are determined based on likely scenarios for future gross profit, amounts that will be payable in the event of respective outcomes and the probability of the respective outcome. The fair value of the supplementary purchase considerations can change if the underlying assumptions for valuation change.

Assets at fair value are recognised in the items non-current receivables and other receivables in the consolidated balance sheet. Liabilities at fair value are recognised in the items other non-current liabilities and other current liabilities in the consolidated balance sheet. In all material respects, the fair value of other financial instruments is consistent with their book value.

For further information, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown in the 2019 annual report*, pages 108–109.

Note 9 | Pledged assets and contingent liabilities, Group

SEK million	31 Dec 2020	31 Dec 2019
Pledged assets		
Blocked bank balances	17	2
Net assets in subsidiaries	2,292	1,941
Others	282	245
Total	**2,591**	**2,188**
Contingent liabilities		
Guarantees	11	10
Total	**11**	**10**

Note 10 | Conditional purchase considerations, Group

SEK million	
Opening conditional purchase considerations, 1 Jan 2019	86
Supplemental conditional purchase considerations	17
Exchange-rate change	1
Assessment conditional purchase considerations	–26
Closing conditional purchase considerations, 31 Dec 2019	**78**
Opening conditional purchase considerations, 1 Jan 2020	78
Exchange-rate change	0
Assessment conditional purchase considerations	–54
Closing conditional purchase considerations, 31 Dec 2020	**24**
Expected disbursements	
Expected disbursement 2021	1
Expected disbursement 2022	23
Total	**24**

Remaining conditional purchase considerations in the Group amounted to SEK 24 million (78) and was attributable to the business acquisitions of Davert GmbH (2018) by SEK 11 million (31) and Eisblümerl Naturkost GmbH (2019) by SEK 13 million (28). The comparative period included the conditional purchase considerations for Ekko Gourmet (2019) of SEK 2 million and for the joint venture Paradiset EMV AB (2019) of SEK 17 million. The Parent Company, Midsona AB, holds conditional supplemental purchase considerations attributable to the business combination with Davert GmbH.

Note 11 | Business acquisitions, Group

Paradiset EMV AB

On 6 May, the remaining 49 percent of the shares and votes in Paradiset EMV AB were acquired, with a trademark license right to develop, manufacture, market and sell products that focus on sustainability and health under the Everyday by Paradiset brand. The purchase consideration amounted to SEK 0 million and was paid in cash. Through the acquisition, Midsona gained access to the Everyday by Paradiset brand, which constituted the most important asset in the company.

Paradiset EMV AB is currently in a product development phase and is expected to be able to launch and establish its first products among Swedish FMCG retailers in 2021. At the time of acquisition, the company had 3 employees.

The acquired business was consolidated into the Midsona Group from 6 May 2020, and is included in the Nordics operating segment in the segment reporting.

The acquired company's net assets on the acquisition date, SEK million	Fair value
Intangible fixed assets	10
Financial assets	1
Other receivables	0
Cash and cash equivalents	0
Deferred tax liabilities	–2
Accounts payable	0
Other current liabilities	–1
Total	**8**
Fair value of previous holding	0
Negative consolidated goodwill	–8
Total	**0**

Transferred consideration, SEK million	Fair value
Cash on transfer of control	0
Total	**0**

The fair value of identified assets and liabilities of SEK 8 million was allocated to brand license rights of SEK 10 million and a deferred tax liability of SEK 2 million related to the identified intangible fixed asset. This entailed negative consolidated goodwill of SEK 8 million as a result of a low-price acquisition from a bankruptcy, where the pricing of the trademark rights was not market-based. The value of the negative consolidated goodwill corresponds to future expected cash flows from the trademark rights. The negative consolidated goodwill was reported as other operating income in the profit for the period for the second quarter of 2020.

A loss of SEK 8 million was reported following the revaluation of the former 49 percent holding in Paradiset EMV AB. The loss was reported as earnings from participations in joint ventures in the profit for the period for the second quarter of 2020.

Acquisition-related expenses amounted to SEK 0 million and were reported as other operating expenses in the profit for the period in the second quarter of 2020. The integration of the acquired operations was implemented in the third quarter and did not entail any restructuring costs.

The acquisition analysis that has been prepared is preliminary.

System Frugt A/S

On October 7, Midsona acquired all of the shares in the Danish company System Frugt A/S with its head office in Tilst, Denmark. The company has three wholly owned subsidiaries with operations in Finland, Sweden and Norway. Midsona is significantly strengthening its position in plant-based foods in the Nordic region and through the acquisition is gaining access to the premium Earth Control brand. The total purchase consideration amounted to SEK 248 million (DKK 175.4 million), corresponding to SEK 297 million (DKK 210.0 million) on a debt-free basis, and was paid in cash. The acquisition was financed partly with new loans of SEK 200 million from the extended credit framework and partly with new loans within the previously agreed credit framework of SEK 48 million.

System Frugt holds a very strong position in plant-based foods in Denmark. The company offers a large selection of dried fruits and nuts both under its own brand and as private label (contract manufacturing). The operation is strongly impacted by seasonal variations. In the fourth quarter, sales are significantly higher than in the three first quarters, which is mainly due to increased sales of dried fruits and nuts prior to the Christmas holidays. Net sales amounted to SEK 566 million (DKK 399 million) and EBITDA, adjusted for the effects of IFRS 16, to SEK 35 million (24.8 million) in 2019. Applying IFRS 16, leasing fees on ROU assets amounted to SEK 13 million (DKK 8.9 million) for 2019. Sales are mainly made to customers in the Nordic market, and these operate primarily in FMCG retail. At the time of the acquisition, System Frugt had 113 full-time employees, most of whom were located at the production and warehouse facility at the company's headquarters in Tilst, Denmark.

The acquired business was consolidated into the Midsona Group as of 7 October 2020, and is included in the Nordics operating segment in the segment reporting. From the acquisition date until 31 December 2020, the acquired operations contributed SEK 203 million to consolidated net sales and SEK 22 million to consolidated EBITDA. If the acquisition had occurred on 1 January 2020, estimated consolidated net sales for the period January–December 2020 would have been SEK 4,067 million and EBITDA SEK 413 million.

The acquired company's net assets on the acquisition date, SEK million	Fair value
Intangible fixed assets	173
Tangible assets	48
Deferred tax assets	20
Inventories	119
Accounts receivable	18
Other receivables	9
Prepaid expenses and accrued income	2
Cash and cash equivalents	5
Deferred tax liabilities	-38
Non-current interest-bearing liabilities	-20
Current interest-bearing liabilities	-58
Accounts payable	-111
Other current liabilities	-30
Accrued expenses and deferred income	-38
Total	**99**
Consolidated goodwill	149
Total	**248**

Transferred consideration, SEK million	Fair value
Cash on transfer of control	248
Total	**248**

The fair value of identified assets and liabilities of SEK 282 million was allocated to brands at SEK 155 million (DKK 109.7 million), customer relationships at SEK 16 million (DKK 11.2 million), deferred tax liabilities at SEK 38 million (DKK 26.6 million) and goodwill at SEK 149 million (DKK 105.2 million), after reduction of values in System Frugt. A brand with a fair value of SEK 150 million (DKK 106.4 million) was deemed to have an indefinite useful life and is not amortised, but is annually tested for impairment. It belongs to the category of strategic brands, which will play a significant future role for the Midsona Group's development in the Nordic market for plant-based foods in the healthfoods category. The other brand with a fair value of SEK 5 million (DKK 3.3 million) was deemed to have a useful life of five years. Customer contracts were assessed as having a useful life of 8 years. The goodwill recognised is not expected to be tax deductible. It corresponds to the acquired company's market position in the Nordic market for plant-based foods in the healthfoods category, the expertise and experience in the industry of its personnel, as well as expected future income and expenditure synergies. The acquisition is expected to generate synergies of SEK 34 million on an annual basis, achieving full effect as of late 2022. The fair value of accounts receivable amounted to SEK 18 million and was, in all material regards, fully settled at the end of the period.

Acquisition-related expenses amounted to SEK 5 million (DKK 3.8 million) and was reported as other operating expenses in the period's earnings for the fourth quarter of 2020. The integration of the acquired operations was begun during the period and entailed restructuring expenses of SEK 12 million.

The acquisition analysis that has been prepared is preliminary.

Definitions

Midsona presents certain financial measures in the Year-end report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the Company's management as they facilitate the evaluation of the Company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these financial measures should not be considered a substitute for measurements as defined under IFRS. For the definition and purpose of respective measures not defined under IFRS, please see the Definitions section on pages 128–131 in the 2019 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	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Operating profit/loss	**66**	**52**	**257**	**170**
Amortisation of intangible assets	14	12	48	36
Depreciation of tangible assets	27	22	99	78
EBITDA	**107**	**86**	**404**	**284**
Items affecting comparability [2,3]	7	–5	–14	6
EBITDA, before items affecting comparability	**114**	**81**	**390**	**290**
Net sales	1,083	825	3,709	3,081
EBITDA-Margin, before items affecting comparability	**10.5%**	**9.8%**	**10.5%**	**9.4%**

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

[2]Specification of items affecting comparability

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Restructuring expenses, net	20	2	25	15
Assessed conditional purchase consideration	–18	–20	–36	–26
Acquisition-related expenses	5	13	5	17
Acquisition-related revenues (negative consolidated goodwill)	–	–	–8	–
Total	**7**	**–5**	**–14**	**6**

[3]Corresponding line in the consolidated income statement

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Expenses for goods sold	5	–	5	7
Selling expenses	4	2	5	5
Administrative expenses	11	–	15	2
Other operating income	–18	–20	–44	–26
Other operating expenses	5	13	5	18
Total	**7**	**–5**	**–14**	**6**

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

SEK million	Full year 2020	Full year 2019
EBITDA	**404**	**284**
Acquisition-related transaction expenses	–39	–11
Pro forma adjustment	9	32
Adjusted EBITDA	**374**	**305**

Net liabilities. Interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments

SEK million	31 Dec 2020	31 Dec 2019
Non-current interest-bearing liabilities	1,526	1,408
Current interest-bearing liabilities	253	118
Cash and cash equivalents [1]	–195	–173
Net liabilities	**1,584**	**1,353**

[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 liability 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	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Equity and liabilities	**5,127**	**4,780**	**5,127**	**4,780**
Other non-current liabilities	–38	–92	–38	–92
Deferred tax liabilities	–342	–321	–342	–321
Accounts payable	–405	–288	–405	–288
Other current liabilities	–80	–91	–80	–91
Accrued expenses and deferred income	–170	–140	–170	–140
Capital employed	**4,092**	**3,848**	**4,092**	**3,848**
Capital employed at the beginning of the period	3,804	3,252	3,848	2,847
Average capital employed	**3,948**	**3,550**	**3,970**	**3,348**

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

SEK million	Full year 2020	Full year 2019
Profit before tax	**204**	**116**
Financial expenses	59	53
Profit before taxes, excluding financial expenses	**263**	**169**
Average capital employed	3,970	3,348
Return on capital employed, %	**6.6**	**5.0**

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	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Shareholders' equity	**2,313**	**2,322**	**2,313**	**2,322**
Shareholders' equity at the beginning of the period	2,314	1,717	2,322	1,630
Average shareholder's equity	**2,314**	**2,020**	**2,318**	**1,976**

Return on equity. Profit for the period in relation to average shareholder's equity

SEK million	Full year 2020	Full year 2019
Profit for the period	**176**	**97**
Average shareholder's equity	2,318	1,976
Return on equity, %	**7.6**	**4.9**

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 and expansion investments

SEK million	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Cash flow from operating activities	**113**	**117**	**283**	**198**
Cash flow from investing activities	–254	–606	–369	–712
Acquisitions of companies or operations	243	582	278	659
Acquisition of joint venture	–	8	–	8
Expansion investment, new production line	–	2	–	2
Acquisitions of brands and product rights	–	–	60	–
Free cash flow	**102**	**103**	**252**	**155**

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	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
Net sales	**1,083**	**825**	**3,709**	**3,081**
Net sales compared with the corresponding period in the preceding year	–825	–755	–3,081	–2,852
Net sales, change	**258**	**70**	**628**	**229**
Structural changes	–203	–107	–574	–355
Exchange rate changes	31	–11	65	–48
Organic change	**86**	**–48**	**119**	**–174**
Organic change	10.4%	–6.4%	3.9%	–6.1%
Structural changes	24.7%	14.2%	18.6%	12.4%
Exchange rate changes	–3.8%	1.5%	–2.1%	1.7%

EBITDA, before items affecting comparability and 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	Oct–Dec 2020	Oct–Dec 2019	Full year 2020	Full year 2019
EBITDA, before items affecting comparability	**114**	**81**	**390**	**290**
Leasing fees on ROU assets with application of IFRS 16	–15	–10	–50	–44
EBITDA, before items affecting comparability and adjusted for the IFRS 16 effect	**99**	**71**	**340**	**246**

Quarterly data[1]

SEK million	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Net sales	**1,083**	**821**	**859**	**946**	**825**	**765**	**705**	**786**	**755**	**773**	**714**	**610**
Expenses for goods sold	-784	-598	-619	-671	-594	-524	-490	-570	-536	-546	-496	-402
Gross profit	**299**	**223**	**240**	**275**	**231**	**241**	**215**	**216**	**219**	**227**	**218**	**208**
Selling expenses	-161	-128	-123	-130	-129	-122	-123	-131	-119	-125	-119	-110
Administrative expenses	-88	-60	-70	-66	-64	-56	-59	-61	-52	-56	-56	-48
Other operating income	17	16	17	2	30	-1	7	1	1	3	2	1
Other operating expenses	-1	-4	9	-10	-16	-5	-1	-3	-3	2	-11	-4
Operating profit/loss	**66**	**47**	**73**	**71**	**52**	**57**	**39**	**22**	**46**	**51**	**34**	**47**
Profit/loss from participations in joint ventures	–	–	-8	0	-1	–	–	–	–	–	–	–
Financial income	7	3	-29	33	0	0	0	0	6	0	4	6
Financial expenses	-22	-10	16	-43	-9	-13	-14	-17	-8	-10	-8	-5
Profit/loss before tax	**51**	**40**	**52**	**61**	**42**	**44**	**25**	**5**	**44**	**41**	**30**	**48**
Tax on profit for the period	4	-6	-12	-14	-7	-9	-2	-1	-11	-9	-5	-9
Profit for the period	**55**	**34**	**40**	**47**	**35**	**35**	**23**	**4**	**33**	**32**	**25**	**39**
Items affecting comparability												
Items affecting comparability included in operating profit	7	-10	-11	–	-5	-8	-6	25	–	-1	12	–
Operating profit, before items affecting comparability	**73**	**37**	**62**	**71**	**47**	**49**	**33**	**47**	**46**	**50**	**46**	**47**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating income	41	35	35	36	34	28	26	26	13	18	11	10
EBITDA	**107**	**82**	**108**	**107**	**86**	**85**	**65**	**48**	**59**	**69**	**45**	**57**
Depreciation/amortisation, impairment and items affecting comparability												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	48	25	24	36	29	20	20	51	13	17	23	10
EBITDA, before items affecting comparability	**114**	**72**	**97**	**107**	**81**	**77**	**59**	**73**	**59**	**68**	**57**	**57**
Free cash flow	102	64	84	2	103	19	75	-42	44	96	40	-4
Cash flow from operating activities	113	71	89	10	117	29	87	-35	58	98	54	2
Number of employees as per the balance sheet date	834	723	730	713	721	571	530	526	525	533	528	382

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

The premium Earth Control brand, which came with Midsona's acquisition of System Frugt A/S.

Financial calendar

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

Interim Report Jan–March 2021
29 April 2021

Interim Report Jan–June 2021
22 July 2021

Interim report, January–September 2021
22 October 2021

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 consumer health products. In 2018, the Group took the first major step outside the Nordic region through a major business acquisition in Germany, which is the largest market for organic products in Europe. In 2019, Midsona established operations both in France, which is the second largest market for organic products in Europe, and in Spain through business acquisitions. We also strengthened our position in Germany in 2019 and in the Nordic region in 2020 through add-on acquisitions.

Our attractive product portfolio, with well-known products, is focused on helping people to live a more healthy and sustainable life and to gain greater insight into the raw material's origin and transparency on ingredients. 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.

The share was introduced on the Stockholm Stock Exchange in 1999. Series A and series B shares are listed on the OMX Nasdaq Stockholm Mid Cap list in the FMCG segment under the tickers MSON A and MSON B.

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, Germany, France and Spain. 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 evaluate our product range in terms of profitability. In recent years, the range has been evaluated and optimised with a focus on eliminating the products that do not fit into our strategy or that are not deemed able to meet the profitability requirements. In order to improve the efficiency of the operations, we are working to increase the sales volumes that come from our own production facilities. Both existing suppliers and our own production structure are continually evaluated to ensure optimal cost-effectiveness and quality. The combination of our own production and external suppliers creates a cost-effective and flexible supply chain that can more easily be adapted to trends and a volatile demand.
- *Selective acquisitions* – Acquisitions are an integral and fundamental part of our business. In recent years, we have played a major part in consolidating the market in 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. The strategy is now to establish an important base in the rest of Europe outside the Nordic region, geographically or in a product category, through a platform acquisition and thereafter increase the presence in the area or the category through add-on acquisitions, as we did in Germany in 2018 and 2019.
- *Healthy and sustainable culture* – Our core and mission is about offering products that help people live a healthier life. We want to build further on our position as experts 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 on pages 37–57 of the 2019 Annual Report.

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 percent through organic growth and acquisitions.
- EBITDA margin >12 percent.
- A ratio between net debt/EBITDA of a multiple of 3–4.
- A dividend over time of >30 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.

Prioritised brands

Our operations are based on our own strong brands. Some of these play a very central role in the Group's growth and account for around 50 percent of net sales. These brands are Urtekram, Friggs, Naturdiet, Davert, Kung Markatta, Helios, Celnat, Happy Bio, Vegetalia and Eskimo-3.

Urtekram

A leading brand in the organic product category. Urtekram offers a broad range of organic food (dried fruit, beans, seeds, canned goods, nuts, oils, spices, stewed fruit, muesli, rice, grain, ketchup and pasta) and organically certified hair and body care products, primarily for the FMCG retail in Denmark, Sweden and Finland. The hair and body care products are also sold on export to around 30 countries outside the Nordic region.

Friggs

A leading brand in the health-foods category. Friggs is a broad health brand that focuses on the latest trends in healthfood (corn, lentil and rice cakes, teas and dietary supplements) and the products are primarily available in FMCG retail in the Nordic region.

Naturdiet

A leading brand in the health-foods category. Naturdiet offers weight control products. Common to all products is their low calorie content, at the same time that they contain the vitamins and minerals needed in meal replacement products. The range consists of shakes, smoothies, bars and drink mixes that are primarily available through FMCG retail in Sweden and Finland.

Davert

A leading brand in the organic product category. Davert offers a broad range of organic foods (rice, dried fruit, seeds, legumes, sugar, nuts, snacks, flakes and other breakfast products) primarily available in FMCG and the healthfood retail in Germany and Austria.

Kung Markatta

A leading brand in the organic product category. Kung Markatta offers a broad range of organic food products for all kinds of cooking and baking (oils, grains, pasta, bouillon, flour, jam, marmalade, sauces, bread and beverages) primarily available in FMCG retail in Sweden.

Helios

A leading brand in the organic product category. Helios offers a broad range of organic food (beverages, grains, seeds, flour, spices, nuts, dried fruit, oils, pasta, rice, bread and seasoning) primarily available in FMCG and the healthfood retail in Norway.

Celnat

A leading brand in the organic product category. Celnat offers a broad range of organic and plant-based products (roasted grains, cereals, flakes, flour, rice, seeds and veggie mix) primarily available in healthfood retail in France and Spain.

Happy Bio

A relatively recently established brand in the organic product category. Happy Bio offers a broad range of organic foods (flour, seeds, grains, flakes and other breakfast products) primarily available in FMCG retail in France.

Vegetalia

A leading brand in the organic product category. Vegetalia has a broad range of organic and plant-based foods (organic baby food, vegetable protein, vegetable burgers and pâté) primarily available in healthfood retail in Spain and France.

Eskimo-3

A brand with high-quality products in the consumer health product category. Eskimo-3 is a series of dietary supplements that are rich in Omega-3, the fatty acids EPA & DHA for the heart, brain and vision. The range includes both natural and highly concentrated fish oils primarily available in healthfood, pharmacy and FMCG retail in the Nordic region. The range is also sold on export to around 10 countries outside the Nordic region.

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