



midsona

INTERIM REPORT JANUARY–SEPTEMBER 2023

Strong cash flow and improved operating profit

July–September 2023 (third quarter)

- Net sales amounted to SEK 923 million (944). In the comparison period, distribution agreements that have now been terminated contributed to net sales of SEK 47 million.
- EBITDA, before items affecting comparability, amounted to SEK 58 million (50), corresponding to a margin of 6.3 percent (5.3) and EBITDA amounted to SEK 49 million (47).
- Operating profit/loss, before items affecting comparability, amounted to SEK 18 million (10), corresponding to a margin of 2.0 percent (1.1) and the operating profit/loss amounted to SEK 9 million (–468). Items affecting comparability of SEK –9 million (–478) were included in the operating profit/loss.
- The profit/loss for the period amounted to SEK –18 million (–478), corresponding to earnings/loss per share of SEK –0.12 (–6.57) before and after dilution.
- Cash flow from operating activities amounted to SEK 87 million (29).

January–September 2023 (nine months)

- Net sales amounted to SEK 2,790 million (2,872). In the comparison period, distribution agreements that have now been terminated contributed to net sales of SEK 144 million.
- EBITDA, before items affecting comparability, amounted to SEK 157 million (146), corresponding to a margin of 5.6 percent (5.1) and EBITDA amounted to SEK 129 million (137).
- Operating profit/loss, before items affecting comparability, amounted to SEK 38 million (25), corresponding to a margin of 1.4 percent (0.9) and the operating profit/loss amounted to SEK 10 million (–459). Items affecting comparability of SEK –28 million (–484) were included in the operating profit/loss.
- The profit/loss for the period amounted to SEK –56 million (–486), corresponding to earnings/loss per share of SEK –0.39 (–6.68) before and after dilution.
- Cash flow from operating activities amounted to SEK 186 million (75).

Key figures, Group ¹	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales growth, %	-2.2	5.7	-2.9	4.0	-1.7	3.3
Gross margin, before items affecting comparability, %	25.7	23.6	26.1	24.5	25.2	24.0
Gross margin, %	25.2	17.9	25.5	22.6	24.7	22.5
EBITDA margin, before items affecting comparability, %	6.3	5.3	5.6	5.1	5.3	4.9
EBITDA margin, %	5.3	5.0	4.6	4.8	4.4	4.5
Operating margin, before items affecting comparability, %	2.0	1.1	1.4	0.9	1.1	0.8
Operating margin, %	1.0	-49.6	0.4	-16.0	0.1	-11.9
Profit margin, %	-1.2	-51.2	-1.4	-17.3	-1.9	-13.6
Return on capital employed, %					0.6	Neg.
Net debt, SEK million	678	1,475	678	1,475	678	774
Net debt / Adjusted EBITDA, multiple					4.0	4.4
Equity/assets ratio, %	62.8	49.4	62.8	49.4	62.8	62.8
Free cash flow, SEK million	80	22	164	60	284	180

¹ Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 19–20 of this interim report and to pages 184–187 in the 2022 Annual Report.



Note:

This interim report presents information that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation. This Interim Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 26 October 2023 at 8:00 a.m. CEST.

For further information

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Peter Åsberg, President and CEO

Comment by the CEO

We took clear steps in the right direction in the third quarter, despite a challenging market situation. Net sales decreased by 2 percent to SEK 923 million (944), but adjusted for terminated distribution agreements corresponding to combined net sales of SEK 47 million in the comparison period, net sales increased by 3 percent. Several of our own larger brands developed well, including Friggs which demonstrated strong sales growth of 16 percent. As a whole, sales in the organic products category increased by 5 percent, with several of the Group's own brands had a positive trend.

Improved gross margin

The gross margin, before items affecting comparability, increased to 25.7 percent (23.6) supported by price increases and the discontinuation of unprofitable products and brands, but was partly counteracted by continued high operating expenses for input and completed goods. In addition, the product mix was unfavourable with a relatively higher proportion of contract manufactured products with generally lower margins. Our cost of materials remain high, both due to continuing high prices for raw materials, as well as unfavourable exchange rate trends for both the SEK and NOK against the USD and EUR alike.

Implemented measures improved earnings

In the Nordics, profitability remained strong with an improved, double-digit EBITDA margin, despite currency headwinds and terminated distribution agreements, as well as larger sequential long-term investments in our own brands. The earnings were mainly a consequence of a favourable trend for most of our own brands, as well as a successful change process in the Danish market. We face challenges in North and South Europe, where, although improved, profitability is weak. In North Europe, the market for organic products is particularly challenging, resulting in what are, for us, decreased volumes. We have initiated a dedicated process to grow the customer base, both for our own brands and for contract manufactured products. Over the quarter presented here, we have also signed a number of new agreements that are expected to have a positive effect from the start of 2024. In South Europe, we saw improved profitability in the French market, while we continued to face production technical challenges in the Spanish market. We are now working dedicatedly to improve production flows and renegotiate or terminate a number of unprofitable contracts in the Spanish market. Synergies were realised from restructuring programmes, lowering the cost base for both selling and administrative expenses. EBITDA, before items affecting comparability was improved to SEK 58 million (50).

New innovative market concept to increase sales

Our new innovative market concept, "Short-cut to a good deed" is one of our long-term marketing initiatives aimed at increasing sales of our own organic brands in the organic products category. The concept has been launched for Kung Markatta in Sweden, with a positive initial response from customers and consumers. The concept will now be launched in one market after another and, in the fourth quarter, the Urtekram brand is in turn to launch in Denmark and Finland.

Strong free cash flow

Substantial focus has been placed on reducing working capital and improving cash flow. In fixed currencies, inventories have been reduced by more than SEK 200 million compared with the corresponding period last year through, for example, improved inventory management procedures and optimised inventory levels. This led to free cash flow which improved to SEK 80 million (22), with the measures allowing net debt to be reduced by SEK 95 million over the quarter at hand.

We move forward strengthened

I remain certain that the long-term prospects for our healthy and sustainable options are positive. We continue to work in accordance with our long-term plan for our brands to be relevant even when consumers tighten their purse strings. To improve our position, we will also implement the necessary cost savings and continue to optimise our working capital. Strengthened by the effects achieved through the measures we have implemented to date; we look ahead with confidence.

Peter Åsberg
President and CEO

THIRD QUARTER

SEK 923 million

Net sales

SEK 58 million

EBITDA, before items affecting comparability

6.3 percent

EBITDA margin, before items affecting comparability

Financial information – Group

July–September

Net sales

Net sales amounted to SEK 923 million (944), a decrease of 2.2 percent. The organic change in net sales was –8.0 percent, while exchange rate changes contributed 5.8 percent. Terminated distribution agreements for licensed brands representing combined net sales of SEK 47 million in the comparison period, contributed strongly to the negative organic change in net sales. For the Group's own brands, organic growth was –4.3 percent, although several of Group's major own brands developed well. The sales trend was stable for the own brands portfolio in the consumer health products category, while it was generally weak for the health foods category, excluding the Friggs brand, which continued to show strong sales growth. For own brands in the organic products category, the sales trend was variable, with Kung Markatta, Happy Bio and Helios showing organic growth, while sales were more challenging for some of the others in this category. For licensed brands, sales volumes were significantly lower as a consequence of terminated distribution agreements and, in contract manufacturing, sales fell, to a certain extent due to terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit before items affecting comparability amounted to SEK 238 million (223), corresponding to a margin of 25.7 percent (23.6), with gross profit amounting to SEK 233 million (169) where the comparison period included an impairment of tangible fixed assets by SEK –54 million, see the *items affecting comparability* section on page 3 for further information. Price increases implemented to offset earlier cost increases resulted in a favourable margin trend that was partly counteracted by several negative factors. A continued strong exchange rate trend for both the USD and EUR against the SEK and NOK exerted strong pressure on the margin trend as large volumes of input and finished goods are purchased in USD and EUR. The price scenario for most key input and finished goods, as well as for road transport, was essentially stable, although price levels remained high. Moreover, efficiency was relatively low at most of the Group's production sites due to lower production volumes. Production overheads remained high and have yet to be fully adapted to the lower production volumes.

Operating profit/loss

Operating profit/loss, before items affecting comparability, amounted to SEK 18 million (10), corresponding to a margin of 2.0 percent (1.1) and the operating profit/loss amounted to SEK 9 million (–468). Amortisation and depreciation for the period amounted to SEK –40 million (–40), divided between SEK –13 million (–12) in amortisation of intangible assets and SEK –27 million (–28) in depreciation of tangible assets. In the comparison period, impairments of SEK –475 million were recognised in intangible and tangible fixed assets following impairment testing, see the *Items affecting comparability* section on page 3 for further information. EBITDA amounted to SEK 49 million (47) and EBITDA, before items affecting comparability, amounted to SEK 58 million (50), corresponding to a margin

of 6.3 percent (5.3). The EBITDA margin improved, essentially as a consequence of the positive gross margin trend, despite major long-term investments in own brands being implemented. Good cost control and cost awareness pervaded the period at the same time as synergies from restructuring programmes were realised to lower the cost base.

Items affecting comparability

Operating profit/loss included items affecting comparability of SEK –9 million (–478) comprising restructuring costs of SEK –9 million (–3) attributable to a reorganisation in the Danish market. The comparison period also included impairment of intangible fixed assets of SEK –421 million and impairment of tangible fixed assets of SEK –54 million following the completion of impairment testing for cash-generating units and an indication of a need to recognise impairment as a result of low capacity utilisation respectively.

Financial items

Net financial items amounted to SEK –20 million (–15). Interest expenses for external loans to credit institutions amounted to SEK –15 million (–13) and interest expenses attributable to leases were SEK –2 million (–1). Interest expenses to credit institutions increased, despite lower debt, as a consequence of higher interest rates on the credit facilities. Net translation differences on financial receivables and liabilities in foreign currency were SEK –1 million (0). Other financial items were SEK –2 million (–1).

Profit/loss for the period

The profit/loss for the period amounted to SEK –18 million (–478), corresponding to earnings/loss per share of SEK –0.12 (–6.57) before and after dilution. Tax on the profit/loss for the period amounted to SEK –7 million (5), of which the current tax was SEK –7 million (–6), tax attributable to previous years was SEK 1 million (0) and deferred tax was SEK –1 million (11).

Cash flow

Cash flow from operating activities amounted to SEK 87 million (29) and improved as a result of stronger cash flow from changes in working capital driven by less capital being tied up in inventories. Improved inventory management procedures, optimised inventory levels and postponed incoming deliveries of seasonally related products to match better with outgoing deliveries in the fourth quarter, in the run-up to the Christmas holiday, helped reduce the capital tied up in inventories. Cash flow from investing activities amounted to SEK –7 million (–6), consisting of investments in tangible and intangible fixed assets of SEK –7 million (–6), and a change in financial assets by SEK 0 million (0). Free cash flow amounted to SEK 80 million (22). Cash flow from financing activities was SEK –33 million (–32), comprising amortisation of loans for –19 million (–32) and amortisation of lease liabilities for SEK –14 million (–14). The comparison period also included loans raised of SEK 14 million, of which SEK 54 million comprised utilised credit facilities and SEK –40 million comprised a reduced utilisation of overdrafts, as well as premiums of SEK 0 million paid in for warrants programme TO2022/2025. Cash flow for the period amounted to SEK 47 million (–9).

71 percent¹

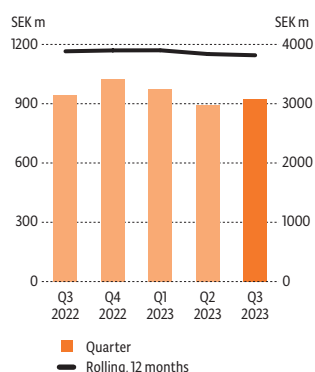
Percentage of own brands, income

–4.3 percent¹

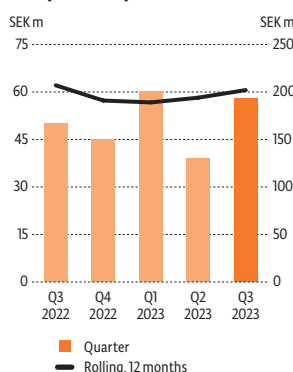
Organic growth of own brands

¹For Q3, 2023

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



January–September

Net sales

Net sales amounted to SEK 2,790 million (2,872), a decrease of 2.9 percent. The organic change in net sales was –7.5 percent, while exchange rate changes contributed 4.6 percent. The negative organic change in net sales was largely attributable to terminated distribution agreements for licensed brands that combined contributed net sales of SEK 144 million in the comparison period. For the Group's own brands, the organic sales growth was –3.5 percent. The sales trend was challenging for parts of the own brand portfolio, particularly for the organic products category with lower sales volumes in a somewhat shrinking market. Dramatically increased living costs for households led to a temporary shift in consumers purchasing patterns, where price value became increasingly important, leading to more consumers seeking out private label products in the lower price segment or to conventional products in the health foods category. The sales trend was relatively stable for the own brand portfolio in the consumer health products and health foods categories, in which several brands experienced favourable sales growth. For contract manufacture, the sales trend was relatively good, despite lower volumes in some markets as a result of terminated unprofitable contract manufacturing assignments. Sales volumes for licensed brands were significantly lower, which was entirely attributable to terminated distribution agreements.

Gross profit

Gross profit before items affecting comparability amounted to SEK 729 million (703), corresponding to a margin of 26.1 percent (24.5) and gross profit amounting to SEK 711 million (648) where the comparison period included an impairment of tangible fixed assets by SEK –54 million, see the *Items affecting comparability* section on page 4 for further information. The positive margin trend was attributable to price increases implemented to offset the previous year's accelerating cost increases. Unprofitable own brands and products were discontinued during the period, as a stage in decreasing complexity and improving profitability. In addition, the price scenario for the contract manufacturing assignments began, to some extent, to gradually improve, both through renegotiated contracts and terminated loss-making contracts. The product mix was somewhat unfavourable, particularly in the first quarter, as a result of a higher proportion of sales of contract manufacture products with generally lower margins. For most input and finished goods, as well as road transport, the price scenario stabilised but at continued high price levels, while prices for energy and gas for the production sites fell back to more normal levels compared with last year's peaks. For maritime transports, prices improved with declining global demand for such transports. A strong exchange rate trend for the USD and EUR against the SEK and NOK exerted considerable pressure on the margin trend, however, as most input and finished goods are purchased in USD and EUR. Efficiency was low at most of the Group's production sites due to gradually lowered production volumes. In addition, gross profit/loss was burdened by high temporary production overheads at a production plant, particularly in the first quarter.

Operating profit/loss

Operating profit/loss, before items affecting comparability, amounted to SEK 38 million (25), corresponding to a margin of 1.4 percent (0.9) and the operating profit/loss amounted to SEK 10 million (–459). Amortisation and depreciation for the period amounted to SEK –119 million (–121), divided between SEK –37 million (–36) in amortisation of intangible assets and SEK –82 million (–85) in depreciation of tangible assets. In the comparison period, impairments of SEK –475 million were recognised in intangible and tangible fixed assets following impairment testing, see the *Items affecting comparability* section on page 4 for further information. EBITDA amounted to SEK 129 million (137) and EBITDA, before items affecting comparability, amounted to SEK 157 million (146), corresponding to a margin of 5.6 percent (5.1). The EBITDA margin improved as a result of the positive gross margin trend, while synergies from the completed restructuring programme were realised to lower the cost base. Several major selective investments were made in own brands and other sales promoting activities.

Items affecting comparability

Operating profit/loss included items affecting comparability of SEK –28 million (–484) and comprised restructuring costs of SEK –28 million (–9) related to the discontinuation of unprofitable brands of SEK –14 million, the expanded (but in June completed) restructuring programme of SEK –5 million to further reduce the cost base by a further SEK 20 million on an annual basis, as well as a reorganisation in the Danish market for SEK –9 million. The comparison period also included impairment of intangible fixed assets of SEK –421 million and impairment of tangible fixed assets of SEK –54 million following the completion of impairment testing for cash-generating units and an indication of a need to recognise impairment as a result of low capacity utilisation respectively.

Financial items

Net financial items amounted to SEK –49 million (–37). Interest expenses for external loans to credit institutions amounted to SEK –41 million (–32) and interest expenses attributable to leases were SEK –4 million (–3). Interest expenses to credit institutions increased, despite lower debt, as a consequence of higher interest rates on the credit facilities. Net translation differences on financial receivables and liabilities in foreign currency were SEK 0 million (1). Other financial items were SEK –4 million (–3).

Profit/loss for the period

The profit/loss for the period amounted to SEK –56 million (–486), corresponding to earnings/loss per share of SEK –0.39 (–6.68) before and after dilution. Tax on the profit/loss for the period amounted to SEK –17 million (10), of which the current tax was SEK –15 million (–9), tax attributable to previous years was SEK 1 million (0) and deferred tax was SEK –3 million (19). The effective tax rate was –45.5 percent (2.1) and was a consequence of a loss before tax combined with a high tax expense, which was essentially related to new tax loss carryforwards in a number of subsidiaries not being activated.

Cash flow

Cash flow from operating activities amounted to SEK 186 million (75) as a result of a significantly stronger cash flow from changes in working capital driven by less capital being tied up in both operating receivables and inventories, as a consequence of lower invoiced sales of goods and improved inventory management procedures and optimised inventory levels. In addition, incoming deliveries of seasonal products were postponed to harmonise better with the outgoing deliveries in the run-up to the Christmas holiday. Cash flow from investing activities amounted to SEK –24 million (–20), consisting of investments in tangible and intangible fixed assets of SEK –24 million (–27), of which divestments of tangible fixed assets accounted for SEK 0 million (7), and a change in financial assets of SEK 0 million (0). Free cash flow amounted to SEK 164 million (60). Cash flow from financing activities was –98 SEK million (–51), comprising loans raised of SEK 6 million (84), of which SEK 24 million comprised an un-utilised overdraft facility in the comparison period, loan amortisations of SEK –55 million (–92), amortisations of lease liabilities by SEK –42 million (–43) and issue expenses of SEK –7 million from the rights issue implemented in December 2022. A larger loan repayment to credit institutions in December 2022 brought lower loan repayments. The comparison period also included a paid-in premium of SEK 0 million for warrant programme TO2022/2025. Cash flow for the period amounted to SEK 64 million (4).

Liquidity and financial position

Cash and equivalents amounted to SEK 180 million (55) and there were unused credit facilities of SEK 327 million (379) at the end of the period. Net debt amounted to SEK 678 million (1,475) and was SEK 773 million at the end of the previous quarter. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.0 (7.4) and at the end of the previous quarter it was a multiple of 4.7. Shareholders' equity amounted to SEK 3,044 million (2,474) and was SEK 3,088 million at the end of the previous quarter. The changes consisted of profit/loss for the period of SEK –18 million and exchange rate differences of SEK –26 million on the translation of foreign operations. The equity/assets ratio was 62.8 percent (49.4) at the end of the period.

Division Nordics

Percentage net sales
in the Group²



Division Nordics ¹	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales	618	656	1,858	1,970	2,590	2,702
Gross profit	197	194	591	578	797	784
Gross margin, %	31.9	29.5	31.8	29.3	30.8	29.0
EBITDA	63	63	171	155	232	216
EBITDA margin, %	10.1	9.7	9.2	7.9	8.9	8.0

¹ Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

July–September

Net sales

Net sales amounted to SEK 618 million (656), a decrease of 5.8 percent. The organic change in net sales was –9.7 percent, relating in all material respects to terminated distribution agreements representing combined net sales of SEK 47 million in the comparison period and involving the licensed brands Compeed and Probi, among others. The organic change for own brands in external product sales was –2.5 percent, with a stable trend for the health foods and consumer health products categories. The Friggs and Eskio-3 brands both demonstrated strong sales growth. For our own brands in the organic products category, the sales trend was varied. The Helios brands had strong sales growth in the Norwegian market and the Kung Markatta brand had a smaller sales growth in the Swedish market, following several quarters of negative growth, while the Danish market remained challenging. For licensed brands, sales volumes were significantly lower as a consequence of the terminated distribution agreements. Sales of contract manufactured products developed more weakly in comparison with the previous year due to certain contracts previously running at margins that were too low not being extended.

Gross profit

Gross profit amounted to SEK 197 million (194), corresponding to a margin of 31.9 percent (29.5). The favourable margin trend was supported by the price increases that had been implemented, improved governance of supply chain activities, discontinued loss-making contract manufacture assignments and terminated distribution agreements, whose gross margin was below average. Inflationary pressure remained high and the exchange rate trend, primarily for EUR, continued exerting some pressure on the margin. The efficiency of some production sites was relatively low as a result of lower production volumes.

EBITDA

EBITDA amounted to SEK 63 million (63), corresponding to a margin of 10.1 percent (9.7). The marginal improvement was essentially driven by the improved gross margin, good cost control and synergies realised from the discontinued restructuring programme. Major long-term selective investments were made in own brands during the period. A new restructuring programme was adopted to improve competitiveness in the Danish market and synergies will, in all material respects, be realised as of the fourth quarter of 2023.

January–September

Net sales

Net sales amounted to SEK 1,858 million (1,970), a decrease of 5.7 percent, where the organic change in net sales was –8.5 percent, related largely to discontinued distribution agreements representing combined net sales of SEK 144 million in the comparison period. The organic change for the Group's own brands in external product sales was –0.9 percent, although the trend remained strong for several brands in the health foods and consumer health products categories. Sales volumes for own brands in the organic products category were more restrained, however, despite a strong sales trend for the Helios brand in the Norwegian market. For licensed brands, sales volumes were significantly lower as a consequence of terminated distribution agreements. Sales of contract manufactured products developed more weakly in comparison with the previous year due to certain contracts previously running at margins that were too low not being extended.

Gross profit

Gross profit amounted to SEK 591 million (578), corresponding to a margin of 31.8 percent (29.3). The favourable margin trend was supported by the price increases that had been implemented, improved governance of supply chain activities and terminated distribution agreements, whose gross margin was below average. Inflationary pressure remained high and the exchange rate trend for both USD and EUR continued exerting some pressure on the margin trend. The margin on contract manufacture assignments is continuously improving, both by renegotiating some contracts and terminating loss-making contracts.

EBITDA

EBITDA amounted to SEK 171 million (155), corresponding to a margin of 9.2 percent (7.9). The improvement in the margin was essentially driven by the improved gross margin, good cost control and synergies realised from the completed restructuring programme and a process of change in the Danish market to improve profitability.

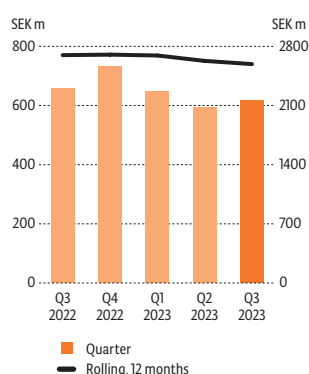
76 percent²

Percentage of own brands, income

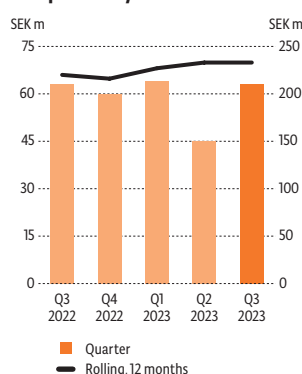
–2.5 percent²

Organic growth of own brands³

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



² For Q3, 2023

³ For external product sales

Division North Europe

Percentage net sales
in the Group²

23%

Division North Europe ¹	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales	214	211	640	648	852	860
Gross profit	30	25	95	91	119	114
Gross margin, %	13.8	11.7	14.9	14.0	13.9	13.3
EBITDA	2	-1	10	15	12	16
EBITDA margin, %	1.0	-0.3	1.6	2.3	1.4	1.9

¹ Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

July–September

Net sales

Net sales amounted to SEK 214 million (211), an increase of 1.4 percent, where the organic change in net sales was -8.5 percent. The organic change for own brands in external product sales was -9.9 percent and the overall sales trend for the period was weak. With households' increased living costs, price value has become increasingly important, which is why consumers have temporarily sought out private label products in the lower price segment or conventional health foods instead of more sustainable products at higher price points. Sales of contract manufactured products were also somewhat restrained.

Gross profit

Gross profit amounted to SEK 30 million (25), corresponding to a margin of 13.8 percent (11.7). The margin trend was supported by implemented price increases, but was partially offset by an unfavourable product mix resulting from the higher share of sales of contract manufacture products with generally lower margins. Despite lower volumes, the efficiency of the production facilities improved and production overheads decreased in relation to net sales compared with the previous year.

EBITDA

EBITDA amounted to SEK 2 million (-1), corresponding to a margin of 1.0 percent (-0.3). The improvement in the margin was essentially driven by the improved gross margin.

January–September

Net sales

Net sales amounted to SEK 640 million (648), a decrease of 1.2 percent, where the organic change in net sales was -9.3 percent. For own brands, the organic change in external product sales was -12.3 percent, where sales in the first quarter comparison period were to some extent affected by a hoarding effect among households in connection with the geopolitical situation in Europe being changed by Russia's invasion of Ukraine. Price value has become increasingly important to consumers as a result of dramatically increased living expenses, which is why sustainable products at higher price points have temporarily been prioritised down to the benefit of private label products in the lower price segment or for the benefit of conventional health foods. Sale of contract manufactured products developed better even though business volumes began to slow down in the second quarter.

Gross profit

Gross profit amounted to SEK 95 million (91), corresponding to a margin of 14.9 percent (14.0). Price increases were implemented in the latter part of the first quarter. The product mix was however unfavourable as a consequence of the higher proportion of contract manufactured products with generally lower margins. The efficiency of the production facilities was relatively low as a result of lower production volumes overall, although they gradually improved in the third quarter. Taking into account planned temporary additional production overheads for machine maintenance in the first quarter, production overheads in relation to net sales on par with the previous one year.

EBITDA

EBITDA amounted to SEK 10 million (15), corresponding to a margin of 1.6 percent (2.3). The weak EBITDA margin was to all intents and purposes a consequence of lower business volumes that were not fully offset by lower sales and administration overheads. Investment in sales promotion activities also increased, which was partially mitigated by synergies realised by discontinued restructuring programmes.

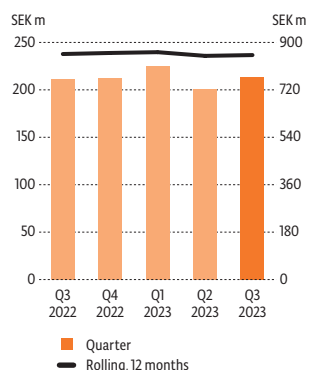
59 percent²

Percentage of own brands, income

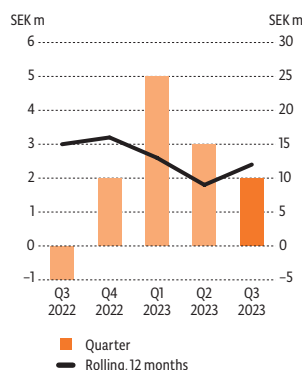
-9.9 percent²

Organic growth of own brands³

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



² For Q3, 2023

³ For external product sales

Division South Europe

Percentage net sales
in the Group²

11%

Division South Europe ¹	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales	102	88	321	284	411	374
Gross profit	12	5	44	36	47	39
Gross margin, %	11.8	5.9	13.7	12.6	11.5	10.5
EBITDA	-3	-8	-7	-6	-16	-16
EBITDA margin, %	-3.3	-8.7	-2.1	-2.2	-4.0	-4.3

¹ Earnings and margin measurements refer to before items affecting comparability unless otherwise stated.

July–September

Net sales

Net sales amounted to SEK 102 million (88), an increase of 15.9 percent, where the organic change in net sales was 5.1 percent. The organic change for own brands in external product sales was -6.3 percent. The sales trend for our own brands continued to weaken as a result of a shift in purchasing patterns among consumers towards increasingly choosing to make their purchases from the grocery trade to a greater extent, rather than from health food stores, which nonetheless remain the operations' foremost sales channel. However, the Happy Bio brand, which is sold exclusively through the grocery trade, showed growth compared with last year. The sales trend for licensed brands was favourable during the quarter, with strong growth in the grocery trade. Sales volumes for contract manufactured products continued to increase as a result of new business volumes rolled out to the grocery trade.

Gross profit

Gross profit amounted to SEK 12 million (5), corresponding to a margin of 11.8 percent (5.9). The positive margin trend was supported by implemented price increases, but was partially offset by an unfavourable product mix, as a consequence of a higher proportion of sales of contract manufactured products with a generally lower margin.

EBITDA

EBITDA amounted to SEK -3 million (-8), corresponding to a margin of -3.3 percent (-8.7). The margin improvement was essentially driven by the improved gross margin, but was offset to some extent by increased investments in sales promotion activities and certain temporary additional administrative costs.

January–September

Net sales

Net sales amounted to SEK 321 million (284), an increase of 13.0 percent, where the organic change in net sales was 3.8 percent. The organic change for own brands in external product sales was -5.4 percent. On the whole, the sales trend for our own brands was weak as a result of a shift among consumers towards choosing to make their purchases from the grocery trade to a greater extent, rather than from health food stores, which nonetheless remain the operations' foremost sales channel. Sales volumes for contract manufactured products continued to increase as a result of new business volumes rolled out to the grocery trade, while the sales trend for licensed brands was weak, although sales picked up somewhat in the third quarter.

Gross profit

Gross profit amounted to SEK 44 million (36), corresponding to a margin of 13.7 percent (12.6). The positive margin trend was supported by implemented price increases, but was partly counteracted by high temporary production overheads. The product mix was also unfavourable because a higher proportion of sales involved contract manufactured products, which generally have lower margins. The margin improved over the period, however, with the implemented price increases having an impact, and the temporary production overheads began to decrease.

EBITDA

EBITDA amounted to SEK -7 million (-6) corresponding to a margin of -2.1 percent (-2.2), having decreased substantially as a consequence of increased investments in sales promotion activities and certain temporary additional administrative costs.

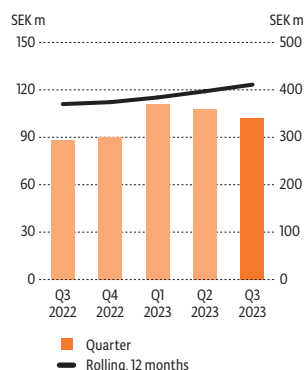
65 percent²

Percentage of own brands, income

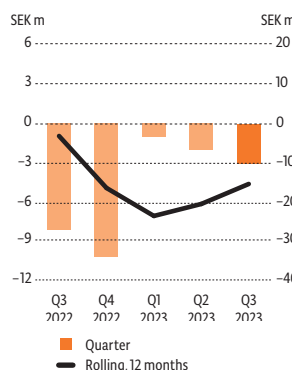
-6.3 percent²

Organic growth of own brands³

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel

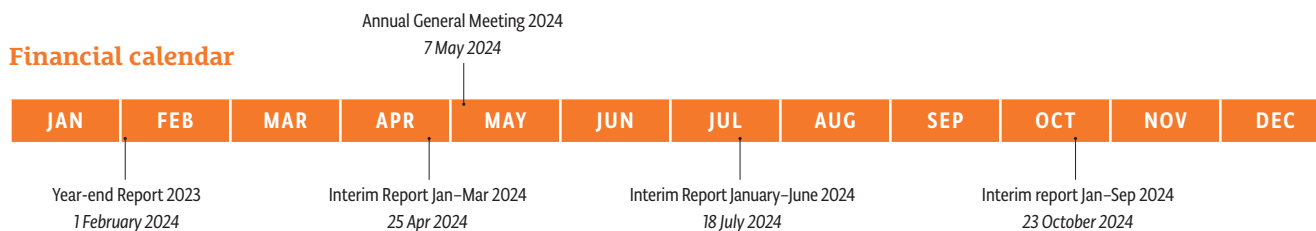


² For Q3, 2023

³ For external product sales

Other information

Financial calendar



Seasonal variations

Sales and earnings are affected to some extent by seasonal variations. Sales in the first and second quarter are affected by Easter week, depending on which quarter it occurs in. Easter week does not favour sales for the Group's product groups. Warm summer months normally entail lower sales for most product groups as the consumers prioritise different consumption. The second quarter of the year is usually the Group's weakest in terms of sales and profit. Sales are generally higher in the fourth quarter than in the first three quarters, which is mainly due to seasonally high deliveries of dried fruits and nuts prior to Christmas.

Parent Company

Net sales amounted to SEK 47 million (47), and related primarily to invoicing of services provided internally within the Group. The operating profit/loss amounted to SEK -14 million (-16). Profit/loss before tax amounted to SEK -80 million (-16). Profit/loss before tax included impairment of shares in subsidiaries by SEK -71 million (0). Net financial items included interest income from subsidiaries of SEK 50 million (32), interest expenses to credit institutions of SEK 35 million (31), exchange rate differences on financial receivables and liabilities in foreign currency by SEK 0 million (-2), exchange rate differences on net investments in subsidiaries of SEK -7 million (3) and other financial items of SEK -3 million (-2).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 447 million (379). Borrowing from credit institutions was SEK 667 million (1,320) at the end of the period. In December 2022, an additional amortisation of SEK 578 million was made on liabilities to credit institutions using proceeds from the new share issue. On the balance sheet date, there were 15 employees (17).

Closely-related parties

There were no significant related party transactions during the period January-September. Also see Note 33 *Related parties* on page 164 in the 2022 Annual Report for a description of the Group's and the Parent Company's related party transactions.

Risks and uncertainties

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent.

In the first quarter of 2022, the geopolitical situation in Europe changed drastically when Ukraine was invaded by Russia, further fuelling the wave of challenges in the wake of the pandemic, with shortages of raw materials, higher prices for input goods, energy, fuel, gas and transport and considerable difficulties in maintaining a stable supply of goods. These factors contributed collectively to sharply increased inflation as central and national banks in Europe tried to mitigate this with rapid increases in key interest rates. This has resulted in sharply rising market interest rates, which have led

to successively higher interest expenses on the Group's financing despite debt being lower than a year ago. The assessment is that significant key rates will be further raised somewhat for the short term to fully address excessive inflationary pressure. At the same time, this leads to continued slowdowns in economic development, placing consumers' already stretched private finances under further pressure, with eroded purchasing power as a consequence. The increasingly harsh private finance climate for consumers has led to a temporary shift towards more private label products in the lower price segment or towards conventional products in the health foods category. Accordingly, affordability has grown in importance and it is evident that many consumers have sought out low-price products and promotional items. This has brought challenges in demand for some product groups among the Group's own brands, particularly in the organic products category where volumes have gradually slowed down.

Volatility in prices for raw materials, packaging materials, energy, gas and transport, as well as exchange rate trends for key currencies, including USD and EUR, will be an ongoing challenge for the Group. Although the price scenario for most key raw materials and packaging, as well as for road transport, has stabilised over the year, price levels have remained high, while prices on energy and gas for the Group's production sites fell back to more normal levels compared with last year's peaks. An energy crisis like the one that spread across Europe last year, with rapidly rising electricity and gas prices, is not expected in the short term as a consequence of coordinated and prioritised activities by the EU. The price scenario for maritime transports has improved, having now returned to pre-pandemic price levels due to lower demand for such transports globally. Prices for key raw materials, such as chia and sesame seeds, nuts, rice, maize, raisins and dried fruit will largely be determined by the results of the harvests this summer and autumn. Prevailing climate related risks, with extreme weather in the form of drought and floods, are leaving their mark on prices for raw materials. To date, there have been both positive and negative signals regarding the outcome of the harvests - it is, however, too early to present an overall picture and to say how the Group will be affected in the upcoming quarters. In the third quarter, the exchange rate trend for both the USD and EUR continued to strengthen against the SEK and NOK, with it not being possible for the Group to absorb price increases on raw materials, packaging and finished goods, and these having to be taken out at the next stage instead. An overall assessment is that selective price increases to customers cannot be ruled out in some geographic markets due to prevailing uncertainties regarding harvest outcomes of key raw materials and the continued unfavourable exchange rate trend for the Group.

Beyond the aforementioned, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the section *Risks and risk management* on pages 120-130 and Note 30 *Financial risk management* on pages 161-163 in the 2022 Annual Report.

Significant events January–September

Award-winning sustainability work

Midsona received recognition for being the stock exchange's most sustainable company in the groceries category and took third place overall the Sustainable Company rankings for 2022. Lund University, Swedish business newspaper Dagens Industri and e-magazine Aktuell Hållbarhet joined forces to survey Swedish listed companies, focusing on risk and governance.

Prestigious appointment for supplier engagement

The global environmental initiative CDP named Midsona a Supplier Engagement Leader for its commitment along the entire supply chain. The award means that Midsona is seen as one of the best companies globally when it comes to climate change strategy and leadership.

Review by auditor

This interim report was subject to review by the Company's auditors.

Changes on the Board of Directors

At the 2023 Annual General Meeting on 4 May, Anna-Karin Falk was elected as a new Member of the Board in accordance with the Nomination Committee's proposal. She is independent in relation to the Company, its management and major shareholders. Heli Arantola declined re-election. As of the summer of 2023, the Board of Directors of Midsona AB comprises Patrik Andersson (Chairman), Anna-Karin Falk, Sandra Kottenauer, Jari Latvanen, Henrik Stenqvist, Anders Svensson and Johan Wester.

Malmö, 26 October 2023
Midsona AB (publ)
Board of Directors

Report of Review of Interim Financial Information

Introduction

We have reviewed the interim report of Midsona AB (publ) for the period 1 January 2023 to 30 September 2023. 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 stan-

dards. 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, 26 October 2023
Deloitte AB

Jeanette Roosberg
AUTHORISED PUBLIC ACCOUNTANT

Financial statements

Summary consolidated income statement

SEK million	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales	3, 4	923	944	2,790	2,872	3,817	3,899
Expenses for goods sold		-690	-775	-2,079	-2,224	-2,876	-3,021
Gross profit		233	169	711	648	941	878
Selling expenses		-149	-567	-461	-886	-620	-1,045
Administrative expenses		-80	-72	-243	-222	-319	-298
Other operating income		6	3	10	7	13	10
Other operating expenses		-1	-1	-7	-6	-11	-10
Operating profit/loss	3	9	-468	10	-459	4	-465
Financial income		2	20	6	55	18	67
Financial expenses		-22	-35	-55	-92	-94	-131
Profit/loss before tax		-11	-483	-39	-496	-72	-529
Tax on profit for the period		-7	5	-17	10	1	28
Profit/loss for the period		-18	-478	-56	-486	-71	-501
<i>Profit/loss for the period is divided between:</i>							
Parent Company shareholders (SEK million)		-18	-478	-56	-486	-71	-501
Earnings/loss per share before and after dilution attributable to Parent Company shareholders (SEK)		-0.12	-6.57	-0.39	-6.68	-0.55	-6.73

Summary consolidated statement of comprehensive income

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Profit/loss for the period	-18	-478	-56	-486	-71	-501
<i>Items that have or can be reallocated to profit/loss for the period</i>						
Translation differences for the period on translation of foreign operations	-26	21	19	85	55	121
Other comprehensive income for the period	-26	21	19	85	55	121
Comprehensive income for the period	-44	-457	-37	-401	-16	-380
<i>Comprehensive income for the period is divided between:</i>						
Parent Company shareholders (SEK million)	-44	-457	-37	-401	-16	-380

German brand Davert launched three new portion pack meals during the quarter.



Summary consolidated balance sheet

SEK million	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
Intangible fixed assets		3,000	3,003	3,020
Tangible fixed assets		438	461	451
Non-current receivables		5	4	5
Deferred tax assets		107	107	116
Fixed assets		3,550	3,575	3,592
Inventories		678	871	727
Accounts receivable		389	452	398
Tax receivables		11	10	17
Other receivables		21	29	27
Prepaid expenses and accrued income		18	20	22
Cash and cash equivalents		180	55	121
Current assets		1,297	1,437	1,312
Assets	5	4,847	5,012	4,904
Share capital	6	727	363	727
Additional paid-up capital		1,849	1,627	1,850
Reserves		145	90	126
Profit brought forward, including profit/loss for the period		323	394	379
Shareholders' equity		3,044	2,474	3,082
Non-current interest-bearing liabilities		729	1,331	776
Other non-current liabilities		8	10	8
Deferred tax liabilities		343	354	347
Non-current liabilities		1,080	1,695	1,131
Current interest-bearing liabilities		129	199	119
Accounts payable		344	410	358
Tax liabilities		6	10	7
Other current liabilities		61	39	43
Accrued expenses and deferred income		183	185	164
Current liabilities		723	843	691
Liabilities	5	1,803	2,538	1,822
Shareholders' equity and liabilities		4,847	5,012	4,904

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit/loss for the period	Shareholders' equity
Opening shareholders' equity, 1 Jan 2022	363	1,627	5	880	2,875
Profit/loss for the period	-	-	-	-486	-486
Other comprehensive income for the period	-	-	85	-	85
Comprehensive income for the period	-	-	85	-486	-401
Premium paid in on issuing warrant programme, T02022/2025	-	0	-	-	0
Transactions with the Group's owners	-	0	-	-	0
Closing shareholders' equity, 30 Sep 2022	363	1,627	90	394	2,474
Opening shareholders' equity, 1 Oct 2022	363	1,627	90	394	2,474
Profit/loss for the period	-	-	-	-15	-15
Other comprehensive income for the period	-	-	36	-	36
Comprehensive income for the period	-	-	36	-15	21
New share issue	364	236	-	-	600
Issue expenses	-	-13	-	-	-13
Transactions with the Group's owners	364	223	-	-	587
Closing shareholders' equity, 31 Dec 2022	727	1,850	126	379	3,082
Opening shareholders' equity, 1 Jan 2023	727	1,850	126	379	3,082
Profit/loss for the period	-	-	-	-56	-56
Other comprehensive income for the period	-	-	19	-	19
Comprehensive income for the period	-	-	19	-56	-37
Issue expenses	-	-1	-	-	-1
Transactions with the Group's owners	-	-1	-	-	-1
Closing shareholders' equity, 30 Sep 2023	727	1,849	145	323	3,044

Summary consolidated cash flow statement

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Profit/loss before tax	-11	-483	-39	-496	-72	-529
Adjustment for items not included in cash flow	53	526	154	620	217	683
Income tax paid	3	0	-8	-6	-15	-13
Cash flow from operating activities before changes in working capital	45	43	107	118	130	141
Increase (-)/decrease (+) in inventories	39	-21	33	-60	169	76
Increase (-)/decrease (+) in operating receivables	-13	-13	28	-30	85	27
Increase (+)/decrease (-) in operating liabilities	16	20	18	47	-70	-41
Changes in working capital	42	-14	79	-43	184	62
Cash flow from operating activities	87	29	186	75	314	203
Divestments of companies or operations	-	-	-	-	0	0
Acquisitions of intangible assets	0	0	0	-1	0	-1
Acquisitions of tangible assets	-7	-6	-24	-26	-32	-34
Divestments of tangible assets	0	0	0	7	0	7
Change in financial assets	0	0	0	0	-1	-1
Cash flow from investing activities	-7	-6	-24	-20	-33	-29
Cash flow after investing activities	80	23	162	55	281	174
New share issue	-	-	-	-	600	600
Issue expenses	-	0	-7	0	-16	-9
Premium paid in, warrant programme, TO2022/2025	-	0	-	0	0	0
Loans raised	-	14	6	84	-18	60
Repayment of loans	-19	-32	-55	-92	-664	-701
Amortisation of lease liabilities	-14	-14	-42	-43	-57	-58
Cash flow from financing activities	-33	-32	-98	-51	-155	-108
Cash flow for the period	47	-9	64	4	126	66
Cash and equivalents at beginning of period	128	64	121	53	55	53
Translation difference in cash and cash equivalents	5	0	-5	-2	-1	2
Cash and cash equivalents at end of the period	180	55	180	55	180	121

Summary income statement, Parent Company

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Net sales	16	15	47	47	63	63
Administrative expenses	-19	-19	-61	-63	-83	-85
Other operating income	2	0	1	0	1	0
Other operating expenses	-2	0	-1	0	-3	-2
Operating profit/loss	-3	-4	-14	-16	-22	-24
Result from participations in subsidiaries	-71	-	-71	-	-520	-449
Financial income	14	36	77	88	109	120
Financial expenses	-7	-34	-72	-88	-108	-124
Profit/loss after financial items	-67	-2	-80	-16	-541	-477
Allocations	-	-	-	-	52	52
Profit/loss before tax	-67	-2	-80	-16	-489	-425
Tax on profit for the period	0	0	0	0	-5	-5
Profit/loss for the period¹	-67	-2	-80	-16	-494	-430

¹ Profit for the period and comprehensive income for the period are the same, as the Parent Company has no transactions that are reported in other comprehensive income.

Summary balance sheet, Parent Company

SEK million	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
Intangible fixed assets		35	44	42
Tangible fixed assets		2	4	3
Participations in subsidiaries		2,410	2,553	2,481
Receivables from subsidiaries		983	1,384	1,030
Deferred tax assets		0	2	0
Financial fixed assets		3,393	3,939	3,511
Fixed assets		3,430	3,987	3,556
Receivables from subsidiaries		156	163	87
Other receivables		13	11	11
Cash and bank balances		120	–	75
Current assets		289	174	173
Assets		3,719	4,161	3,729
Share capital	6	727	363	727
Statutory reserve		58	58	58
Profit brought forward, including profit/loss for the period and other reserves		1,831	2,102	1,912
Shareholders' equity		2,616	2,523	2,697
Untaxed reserves		20	5	20
Liabilities to credit institutions		608	1,186	640
Other non-current liabilities		0	0	0
Non-current liabilities		608	1,186	640
Liabilities to credit institutions		59	134	57
Liabilities to subsidiaries		400	297	290
Other current liabilities		16	16	25
Current liabilities		475	447	372
Equity and liabilities		3,719	4,161	3,729

Notes to the financial statements

Note 1 | Accounting principles

With regard to the Group, this Interim Report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Annual Accounts Act (ÅRL). In addition to being presented in the financial statements and their notes, disclosures in accordance with paragraph 16A of IAS 34 are also presented in other parts of the interim report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 *Accounting for Legal Entities*, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the

framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

In the interim report for January–September 2023, the same accounting principles and calculation methods were applied as in the 2022 Annual Report, which is the annual report issued most recently for Midsona (Note 1 *Accounting principles*, pages 142–148). The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2023 had no significant impact on the Group's accounting for the period January–September 2023.

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.

In the first and second and third quarters of 2023, estimates and assessments were made as to whether new tax loss carryforwards in some geographic markets should be capitalised as deferred tax assets to be realised through offset against future taxable income. Taking short-term earnings capacity forecasts and the levels of activated tax loss carryforwards from previous years into account, company management has chosen to hold off on activating any new tax loss carryforwards. Furthermore, in the third quarter of 2023, new estimates and assessments were made in our assumptions regarding future conditions and regarding parameters affecting the future profitability of those cash-generating units within the Group to which goodwill has been allocated. For one cash-generating unit, the assessment of the

company management was that no reasonable changes to the key assumptions would lead to the calculated recovery value being lower than the reported value. For two cash-generating units, company management's sensitivity analysis indicated that certain shifts in the key assumptions could lead to the calculated recovery value being slightly lower than the reported value. Moving forward, company management will be carefully monitoring the development of these the cash-generating units in the event that new estimates and assessments must be made in the assumptions due to altered conditions.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 34 *Important estimates and assessments* on page 165 of the 2022 Annual Report.

In other regards, no new significant estimates and assessments have been added since the publication of the most recent annual report.

Note 3 | Operating segments, Group

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
July–September										
Net sales, external	614	655	210	204	99	85	–	–	923	944
Net sales, intra-Group	4	1	4	7	3	3	-11	-11	–	–
Net sales	618	656	214	211	102	88	-11	-11	923	944
Expenses for goods sold	-426	-462	-184	-240	-90	-83	10	10	-690	-775
Gross profit	192	194	30	-29	12	5	-1	-1	233	169
Other operating expenses	-152	-144	-37	-37	-21	-18	-14	-438	-224	-637
Operating profit/loss	40	50	-7	-66	-9	-13	-14	-439	9	-468
Financial items									-20	-15
Profit/loss before tax									-11	-483
<i>Significant income and expense items reported in the income statement:</i>										
Items affecting comparability ¹	9	1	–	55	0	1	–	421	9	478
Depreciation/amortisation and impairment	13	12	10	65	6	5	11	433	40	515
Gross profit, before items affecting comparability	197	194	30	25	12	5	-1	-1	238	223
Operating profit/loss, before items affecting comparability	49	51	-7	-11	-9	-12	-14	-18	18	10
EBITDA, before items affecting comparability	63	63	2	-1	-3	-8	-3	-4	58	50
Average number of employees	403	434	200	208	163	154	15	17	781	813
Number of employees as per the balance sheet date	394	422	195	202	163	160	15	17	767	801

¹ For a specification of items affecting comparability, refer to the definitions and reconciliations against IFRS, Group, on pages 19–20.

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
January–September										
Net sales, external	1,847	1,963	631	632	312	277	–	–	2,790	2,872
Net sales, intra-Group	11	7	9	16	9	7	-29	-30	–	–
Net sales	1,858	1,970	640	648	321	284	-29	-30	2,790	2,872
Expenses for goods sold	-1,284	-1,392	-545	-611	-278	-249	28	28	-2,079	-2,224
Gross profit	574	578	95	37	43	35	-1	-2	711	648
Other operating expenses	-469	-466	-113	-111	-70	-59	-49	-471	-701	-1,107
Operating profit/loss	105	112	-18	-74	-27	-24	-50	-473	10	-459
Financial items									-49	-37
Profit/loss before tax									-39	-496
<i>Significant income and expense items reported in the income statement:</i>										
Items affecting comparability ¹	27	5	–	56	1	2	–	421	28	484
Depreciation/amortisation and impairment	39	38	28	87	19	16	33	455	119	596
Gross profit, before items affecting comparability	591	578	95	91	44	36	-1	-2	729	703
Operating profit/loss, before items affecting comparability	132	117	-18	-18	-26	-22	-50	-52	38	25
EBITDA, before items affecting comparability	171	155	10	15	-7	-6	-17	-18	157	146
Average number of employees	406	448	199	217	160	148	15	18	780	831
Number of employees as per the balance sheet date	394	422	195	202	163	160	15	17	767	801

¹ For a specification of items affecting comparability, refer to the definitions and reconciliations against IFRS, Group, on pages 19–20.

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group	
July–September	2023	2022	2023	2022	2023	2022	2023	2022
<i>Geographical areas¹</i>								
Sweden	242	261	0	0	–	–	242	261
Denmark	128	145	0	0	–	–	128	145
Finland	115	119	–	–	0	0	115	119
Norway	97	106	–	0	–	–	97	106
France	1	1	3	4	55	47	59	52
Spain	3	3	3	3	38	34	44	40
Germany	0	0	182	175	0	–1	182	174
Rest of Europe	25	19	22	22	3	3	50	44
Other countries outside Europe	3	1	–	0	3	2	6	3
Net sales	614	655	210	204	99	85	923	944
<i>Sales channel</i>								
Pharmacies	63	100	–	–	–	–	63	100
Grocery trade	420	426	91	84	39	29	550	539
Food Service	28	26	61	63	2	2	91	91
Health food stores	41	39	53	53	46	44	140	136
Other specialist retailers	28	32	5	4	–	–	33	36
Others	34	32	0	0	12	10	46	42
Net sales	614	655	210	204	99	85	923	944
<i>Product categories</i>								
Organic products	169	167	210	204	99	85	478	456
Health foods	296	294	–	–	–	–	296	294
Consumer health products	144	191	–	–	–	–	144	191
Services linked to product handling	5	3	0	0	0	0	5	3
Net sales	614	655	210	204	99	85	923	944
<i>Brands</i>								
Own	465	462	122	121	64	61	651	644
Licensed	83	128	–	–	9	7	92	135
Contract manufacture	61	62	88	83	26	17	175	162
Services linked to product handling	5	3	0	0	0	0	5	3
Net sales	614	655	210	204	99	85	923	944

¹Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.

During the quarter, the Spanish brand Vegetalia launched two new vegetarian burgers in paprika, aubergine and blue cheese flavours, as well as in artichoke flavour



SEK million	Nordics		North Europe		South Europe		Group	
January–September	2023	2022	2023	2022	2023	2022	2023	2022
<i>Geographical areas¹</i>								
Sweden	762	820	0	0	–	–	762	820
Denmark	368	412	1	1	0	0	369	413
Finland	324	328	–	–	0	0	324	328
Norway	297	324	0	0	–	–	297	324
France	2	2	8	10	173	153	183	165
Spain	10	8	12	12	120	107	142	127
Germany	0	0	544	542	0	0	544	542
Rest of Europe	75	65	66	67	9	9	150	141
Other countries outside Europe	9	4	–	0	10	8	19	12
Net sales	1,847	1,963	631	632	312	277	2,790	2,872
<i>Sales channel</i>								
Pharmacies	218	317	–	–	–	–	218	317
Grocery trade	1,236	1,252	266	267	121	93	1,623	1,612
Food Service	84	73	179	191	6	5	269	269
Health food stores	119	121	172	160	150	145	441	426
Other specialist retailers	87	96	14	14	–	–	101	110
Others	103	104	0	0	35	34	138	138
Net sales	1,847	1,963	631	632	312	277	2,790	2,872
<i>Product categories</i>								
Organic products	509	517	630	632	312	276	1,451	1,425
Health foods	865	844	–	–	–	–	865	844
Consumer health products	461	593	–	–	–	–	461	593
Services linked to product handling	12	9	1	0	0	1	13	10
Net sales	1,847	1,963	631	632	312	277	2,790	2,872
<i>Brands</i>								
Own	1,410	1,386	368	385	211	204	1,989	1,975
Licensed	251	393	–	–	24	24	275	417
Contract manufacture	174	175	262	247	77	48	513	470
Services linked to product handling	12	9	1	0	0	1	13	10
Net sales	1,847	1,963	631	632	312	277	2,790	2,872

¹Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.

Note 5 | Assessment of financial assets and liabilities at fair value, Group

Fair value

The carrying amount on non-current receivables, accounts receivable, other receivables, cash and cash equivalents, other non-current receivables, accounts payable and other current liabilities measured at amortised cost constitutes a reasonable approximation of fair value.

Fair value and reported in the balance sheet, Group

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets			
<i>Financial instruments measured at fair value via the income statement</i>			
Other receivables	0	–	–
Total	0	–	–
<i>Financial instruments measured at amortised cost</i>			
Non-current receivables	5	4	5
Accounts receivable	389	452	398
Other receivables	21	29	27
Cash and cash equivalents	180	55	121
Total	595	540	551
Total receivables	595	540	551
Liabilities			
<i>Financial instruments measured at fair value via the income statement</i>			
Other current liabilities	0	–	2
Total	0	–	2
<i>Financial instruments measured at amortised cost</i>			
Non-current interest-bearing liabilities	729	1331	776
Other non-current liabilities	8	10	8
Current interest-bearing liabilities	129	199	119
Accounts payable	344	410	358
Other current liabilities	61	39	41
Total	1,271	1,989	1,302
Total liabilities and provisions	1,271	1,989	1,304

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

The Group held financial instruments in the form of forward exchange contracts recognised at fair value via the consolidated income statement. The valuation was at level 2, in accordance with IFRS 13 *Fair Value Measurement*. Actual values were based on quotes from brokers. Similar contracts were traded on an active market and the rates reflected actual transactions on comparable instruments. In the comparison period, the Group held no such financial instruments, recognised at fair value in the consolidated balance sheet.

Netting agreements and similar agreements

For derivative counterparties, there are ISDA agreements, meaning that derivative items can be reported net under certain conditions. The Group had no derivatives reported net in its consolidated balance sheet.

Calculation of fair value

Fair value of interest bearing liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date. Non-current interest-bearing liabilities essentially mature at variable interest rates and therefore correspond essentially to fair value with a carrying amount. For current interest-bearing liabilities, no discount is applied and the fair value corresponds, in all material respects, to the carrying amount. For further information on the valuation of financial assets and liabilities, refer to Note 32 *Valuation of financial assets and liabilities at fair value and the category breakdown* on page 164 in the 2022 Annual Report.

Note 6 | Change in number of shares, Group

Number	Series A shares	Series B shares	Total
Number of shares, 1 Jan 2022	298,320	72,415,720	72,714,040
Number of shares, 30 Sep 2022	298,320	72,415,720	72,714,040
Number of shares, 1 Oct 2022	298,320	72,415,720	72,714,040
New share issue	298,320	72,415,720	72,714,040
Number of shares, 31 Dec 2022	596,640	144,831,440	145,428,080
Number of shares, 1 Jan 2023	596,640	144,831,440	145,428,080
Reclassification	-172,856	172,856	0
Number of shares, 30 Sep 2023	423,784	145,004,296	145,428,080
Quota value per share, SEK			5.00
Share capital on the balance sheet date, SEK			727,140,400
Votes on the balance sheet date, number			149,242,136

Reclassification of Series A shares to Series B

In December 2022, at the request of shareholders, a reclassification of 172,856 Series A shares to Series B shares was initiated. The reclassification was registered in January 2023, whereby the number of votes changed to 149,242,136.

Warrant programme

Two warrant programmes, directed at senior executives, remained outstanding at the end of the period. TO2021/2024 that can maximally provide 171,000 new Series B shares on full conversion, with the exercise period for the warrants being 1 August 2024 to 20 December 2024, and TO2022/2025 that can maximally provide 120,000 new Series B shares on full conversion, with the exercise period for the warrants being 1 August 2025 to 20 December

2025. The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, distributed equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. In the third quarter of 2023, a resolution was taken not to offer senior executives the opportunity to subscribe for the TO2023/2026 series.

Earnings/loss per share after dilution were not calculated as the average price for the Series B shares fell short of the subscription price for TO2021/2024 and TO2022/2025 respectively on the balance sheet date. For more information on warrant programmes outstanding, see Note 10 *Employees, personnel expenses and senior executives' remuneration* on pages 151–153 in the 2022 Annual Report.

Average number of shares, Group

Number of shares (thousands)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Average during the period	145,428	72,714	145,428	72,714	128,983	74,447
Average during the period, after full dilution	145,719	72,714	145,719	72,714	129,274	74,668

Definitions

Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the Company's management as they facilitate the evaluation of the Company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these

financial measures should not be considered a substitute for measurements as defined under IFRS. For the definition and purpose of the respective measures not defined under IFRS, please see the Definitions section on pages 184–187 in the 2022 Annual Report. The following table presents reconciliations against IFRS.

IFRS reconciliations, Group

EBITDA. Operating profit/loss before amortisation/depreciation and impairment of tangible and intangible assets

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Operating profit/loss, before items affecting comparability	18	10	38	25	43	30
Items affecting comparability included in operating profit/loss ^{1,2}	-9	-478	-28	-484	-39	-495
Operating profit/loss	9	-468	10	-459	4	-465
Amortisation of intangible assets	13	12	37	36	49	48
Impairment of intangible assets	-	421	-	421	5	426
Depreciation of tangible fixed assets	27	28	82	85	110	113
Impairment of tangible fixed assets	-	54	-	54	0	54
EBITDA	49	47	129	137	168	176
Items affecting comparability included in EBITDA ^{1,2}	9	3	28	9	34	15
EBITDA, before items affecting comparability	58	50	157	146	202	191
Net sales	923	944	2,790	2,872	3,817	3,899
EBITDA margin, before items affecting comparability	6.3%	5.3%	5.6%	5.1%	5.3%	4.9%

¹ Specification of items affecting comparability

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Restructuring expenses, net	9	3	28	9	34	15
Impairment of intangible and tangible assets	-	475	-	475	5	480
Items affecting comparability included in operating profit/loss	9	478	28	484	39	495
Impairment of intangible and tangible assets	-	-475	-	-475	-5	-480
Items affecting comparability included in EBITDA	9	3	28	9	34	15

² Corresponding line in the consolidated income statement

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Expenses for goods sold	4	54	18	55	20	57
Selling expenses	1	423	6	427	14	435
Administrative expenses	4	1	4	2	5	3
Other operating expenses	0	-	0	-	0	0
Items affecting comparability included in operating profit/loss	9	478	28	484	39	495
Expenses for goods sold	-	-54	-	-54	0	-54
Selling expenses	-	-421	-	-421	-5	-426
Items affecting comparability included in EBITDA	9	3	28	9	34	15

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

SEK million	Rolling 12-month	Full year 2022
EBITDA	168	176
Adjusted EBITDA	168	176

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

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current interest-bearing liabilities	729	1,331	776
Current interest-bearing liabilities	129	199	119
Cash and cash equivalents ¹	-180	-55	-121
Net debt	678	1,475	774

¹ There were no current 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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Shareholders' equity and liabilities	4,847	5,012	4,847	5,012	4,847	4,904
Other non-current liabilities	-8	-10	-8	-10	-8	-8
Deferred tax liabilities	-343	-354	-343	-354	-343	-347
Accounts payable	-344	-410	-344	-410	-344	-358
Other current liabilities	-67	-49	-67	-49	-67	-50
Accrued expenses and deferred income	-183	-185	-183	-185	-183	-164
Capital employed	3,902	4,004	3,902	4,004	3,902	3,977
Capital employed at the beginning of the period	3,989	4,447	3,977	4,364	4,004	4,364
Average capital employed	3,946	4,226	3,940	4,184	3,953	4,171

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

SEK million	Rolling 12-month	Full year 2022
Profit/loss before tax	-72	-529
Financial expenses	94	131
Profit before taxes, excluding financial expenses	22	-398
Average capital employed	3,953	4,171
Return on capital employed, %	0.6	-9.5

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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Cash flow from operating activities	87	29	186	75	314	203
Cash flow from investment activities	-7	-6	-24	-20	-33	-29
Expansion investment, new production line	0	-1	2	5	3	6
Free cash flow	80	22	164	60	284	180

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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Net sales	923	944	2,790	2,872	3,817	3,899
Net sales compared with the corresponding period in the previous year	-944	-893	-2,872	-2,761	-3,884	-3,773
Net sales, change	-21	51	-82	111	-67	126
Structural changes	0	-32	0	-93	0	-93
Exchange rate changes	-55	-31	-132	-81	-183	-132
Organic change	-76	-12	-214	-63	-250	-99
Organic change	-8.0%	-1.3%	-7.5%	-2.3%	-6.4%	-2.6%
Structural changes	0.0%	3.6%	0.0%	3.4%	0.0%	2.5%
Exchange rate changes	5.8%	3.5%	4.6%	2.9%	4.7%	3.5%

Organic change in net sales of own brands. Net change in sales of own brands between years adjusted for translation effects on consolidation and for changes in the Group structure

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12-month	Full year 2022
Net sales own brands	651	644	1,989	1,975	2,681	2,667
Net sales own brands compared with the corresponding period in the previous year	-644	-620	-1,975	-1,931	-2,666	-2,622
Net sales own brands, change	7	24	14	44	15	45
Structural changes	0	-16	0	-47	0	-47
Exchange rate changes	-35	-20	-84	-52	-117	-85
Organic change own brands	-28	-12	-70	-55	-102	-87
Organic change	-4.3%	-1.9%	-3.5%	-2.9%	-3.8%	-3.3%
Structural changes	0.0%	2.6%	0.0%	2.5%	0.0%	1.8%
Exchange rate changes	5.4%	3.2%	4.3%	2.7%	4.4%	3.2%

Consolidated quarterly data

SEK million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales	923	893	974	1,027	944	956	972	1,012	893	903	965	1,083
Expenses for goods sold	-690	-671	-718	-797	-775	-731	-718	-770	-652	-646	-690	-784
Gross profit	233	222	256	230	169	225	254	242	241	257	275	299
Selling expenses	-149	-152	-160	-159	-567	-162	-157	-148	-138	-155	-151	-161
Administrative expenses	-80	-83	-80	-76	-72	-76	-74	-76	-67	-73	-73	-88
Other operating income	6	2	2	3	3	2	2	3	12	13	7	17
Other operating expenses	-1	-4	-2	-4	-1	-2	-3	-4	0	0	-4	-1
Operating profit/loss	9	-15	16	-6	-468	-13	22	17	48	42	54	66
Financial income	2	2	2	12	20	25	10	5	4	-5	7	7
Financial expenses	-22	-17	-16	-39	-35	-39	-18	-16	-16	-7	-18	-22
Profit/loss before tax	-11	-30	2	-33	-483	-27	14	6	36	30	43	51
Tax on profit/loss for the period	-7	-2	-8	18	5	7	-2	-5	-5	-6	-10	4
Profit/loss for the period	-18	-32	-6	-15	-478	-20	12	1	31	24	33	55
<i>Items affecting comparability</i>												
Items affecting comparability included in operating profit/loss	9	14	5	11	478	6	-	3	-6	-3	2	7
Operating profit/loss, before items affecting comparability	18	-1	21	5	10	-7	22	20	42	39	56	73
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating profit/loss	40	40	39	45	515	41	40	41	42	47	38	41
EBITDA	49	25	55	39	47	28	62	58	90	89	92	107
<i>Depreciation/amortisation, impairment and items affecting comparability</i>												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit/loss	49	54	44	51	518	47	40	44	32	36	40	48
EBITDA, before items affecting comparability	58	39	60	45	50	34	62	61	80	78	94	114
Free cash flow	80	8	76	120	22	53	-15	-25	-8	-35	-26	102
Cash flow from operating activities	87	17	82	128	29	54	-8	-16	0	-29	-19	113
Number of employees as of the balance sheet date	767	794	783	780	801	826	859	849	819	836	831	834

Exchange rates

SEK	Average exchange rate			Closing day rate		
	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	30 Sep 2023	30 Sep 2022	31 Dec 2022
DKK	1.5406	1.4151	1.4290	1.5412	1.4681	1.4965
EUR	11.4758	10.5287	10.6317	11.4923	10.9177	11.1283
GBP	13.1839	12.4308	12.4669	13.2748	12.4071	12.5811
NOK	1.0123	1.0525	1.0523	1.0202	1.0430	1.0572
USD	10.5887	9.9213	10.1245	10.8413	11.1227	10.4371

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