



midsona

INTERIM REPORT, JANUARY–JUNE 2023

Margins improved supported by price increases

April–June 2023 (second quarter)

- Net sales amounted to SEK 893 million (956). Terminated distribution agreements contributed to net sales of SEK 66 million in the comparison period.
- EBITDA, before items affecting comparability, amounted to SEK 39 million (34), corresponding to a margin of 4.4 percent (3.6) and EBITDA amounted to SEK 25 million (28).
- The operating profit/loss, before items affecting comparability, amounted SEK –1 million (–7), corresponding to a margin of –0.1 percent (–0.7) and the operating profit/loss amounted to SEK –15 million (–13).
- The profit/loss for the period was SEK –32 million (–20), corresponding to earnings/loss per share of SEK –0.22 (–0.28) before and after dilution.
- Cash flow from operating activities amounted to SEK 17 million (54).

January–June 2023 (six months)

- Net sales amounted to SEK 1,867 million (1,928). Terminated distribution agreements contributed to net sales of SEK 97 million in the comparison period.
- EBITDA, before items affecting comparability, amounted to SEK 99 million (96), corresponding to a margin of 5.3 percent (5.0) and EBITDA amounted to SEK 80 million (90).
- Operating profit, before items affecting comparability, amounted to SEK 20 million (15), corresponding to a margin of 1.1 percent (0.8) and the operating profit amounted to SEK 1 million (9).
- Profit/loss for the period was SEK –38 million (–8), corresponding to earnings/loss per share of SEK –0.26 (–0.11) before and after dilution.
- Cash flow from operating activities amounted to SEK 99 million (46).

Key figures, Group ¹	April–June 2023	April–June 2022	Jan–June 2023	Jan–June 2022	Rolling 12 months	Full year 2022
Net sales growth, %	–6.6	5.9	–3.2	3.2	0.1	3.3
Gross margin, before items affecting comparability, %	26.4	23.6	26.4	24.9	24.7	24.0
Gross margin, %	24.9	23.5	25.6	24.8	22.9	22.5
EBITDA margin, before items affecting comparability, %	4.4	3.6	5.3	5.0	5.1	4.9
EBITDA margin, %	2.8	2.9	4.3	4.7	4.3	4.5
Operating margin, before items affecting comparability, %	–0.1	–0.7	1.1	0.8	0.9	0.8
Operating margin, %	–1.7	–1.4	0.1	0.5	–12.3	–11.9
Profit margin, %	–3.4	–2.8	–1.5	–0.7	–14.2	–13.6
Return on capital employed, %					Neg.	Neg.
Net debt, SEK million	773	1,452	773	1,452	773	774
Net debt / Adjusted EBITDA, multiple					4.7	4.4
Equity/assets ratio, %	62.7	54.0	62.7	54.0	62.7	62.8
Free cash flow, SEK million	8	53	84	38	226	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 is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation and the Securities Market Act. This Interim Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 20 July 2023 at 8:00 a.m. CEST.

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Peter Åsberg, President and CEO

Comment by the CEO

The second quarter of the year was challenging, particularly due to weak demand in the organic products category, but also due to the weak SEK and, to some extent, NOK. Sales amounted to 893 SEK million (956), a reduction that was entirely attributable to terminated distribution agreements. These distribution agreements had combined net sales of SEK 66 million in the comparison period. For our conventional brands in the health foods category, development was highly favourable. Friggs grew by 19 percent for example.

The Nordics achieved good progress despite terminated distribution assignments and unfavourable exchange trends. North Europe experienced weaker development compared with the previous year as a result of lower business volumes, while South Europe experienced organic growth but with continued production challenges that we expect to resolve during the third quarter.

Diminishing market for organic food

Households' rapidly increasing living expenses have brought a temporary shift in consumers' purchasing patterns for organic products. Although we do not have any precise figures regarding market trends, they decreased in all of our geographic markets as consumers increasingly chose private label products in the lower price segment or conventional products in the health foods category. For Midsona this brought a reduction in volumes. Over the upcoming quarters, we will compensate for the decline in volumes by producing conventional products and we are working actively to identify new volume sources. We perceive extensive interest and have submitted multiple offers.

The gross margin improved supported by price increases

The gross margin for the quarter was significantly improved compared with the previous year. Although this is a direct effect of implemented price increases, the improvement would have been considerably greater if it weren't for negative currency effects, continued high prices for inputs and lower sales volumes.

The greatest negative impact came from the unfavourable development of SEK and NOK against EUR and USD, causing such a substantial negative effect that we are considering new price increases in certain geographic markets. Our costs for inputs also remained high. Over the quarter, prices on organic raw materials, for example, fell only marginally and not as much as one might think given the market's high inventory levels and decreased demand. Future price levels for organic raw materials will be largely determined by upcoming harvests, although it remains too early to comment on the outcome.

Continued efficiency enhancements

Our process to enhance the efficiency of the Company's and its product portfolio continues. Over the quarter, we discontinued unprofitable and under-performing brands and products, reducing complexity and, in the long run, strengthening profitability. Although the cost savings announced to date have achieved the intended effect, the weak volume trend requires that we further reduce our operating expenses.

The EBITDA, before items affecting comparability of 39 SEK million (34) was an improvement on the same quarter in the previous year, which was the first time in nearly two years that we saw such an improvement in earnings. Although we are not satisfied, we nonetheless see this as an initial indication of a turnaround. We remain focused on working capital and inventories in particular, where the capital tied up in inventories has been reduced by more than SEK 100 million compared with the corresponding period in the previous year.

Despite the challenging situation, we take a confident view of the future

Despite a challenging quarter, we take a positive view of the future. It is unfortunate that organic foods, which are both healthy and sustainable, are currently declining to the benefit of less sustainable alternatives, but I am nonetheless convinced that long-term prospects remain positive. We are continuing to implement numerous measures to strengthen earnings and, on the whole, look ahead with confidence.

Peter Åsberg
President and CEO

QUARTER 2

SEK 893 million

Net sales

SEK 39 million

EBITDA, before items affecting comparability

4.4 percent

EBITDA margin, before items affecting comparability

Financial information – Group

April–June

Net sales

Net sales amounted to SEK 893 million (956), a decrease of 6.6 percent. The organic change in net sales was –11.0 percent, while exchange rate changes contributed 4.4 percent. Terminated distribution agreements for licensed brands representing combined net sales of SEK 66 million in the comparison period, contributed strongly to the negative organic change in net sales. For the Group’s own brands, the organic sales growth was –3.2 percent. The sales trend remained challenging for parts of the own brand portfolio, particularly in the category organic products with slowing sales volumes in a shrinking market. Households’ rapidly rising living expenses have resulted in a temporary shift in consumers’ purchasing patterns for organic products. Price value has increased in importance and consumers have sought more private label products in the lower price segment or conventional products in the health foods category. Most own brands in the categories health foods and consumer health products experienced favourable sales growth. Sales for contract manufacture decreased, partly as a consequence of terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit, before items affecting comparability, amounted to SEK 236 million (226), corresponding to a margin of 26.4 percent (23.6) and gross profit amounted to SEK 222 million (225). The favourable margin trend was the result of implemented price increases, offsetting the previous year’s accelerating cost increases, although this was partially counteracted by several negative factors. A continued strong exchange rate trend for both the USD and EUR against the SEK and NOK exerted further pressure on the margin trend as most input and finished goods are purchased in USD and EUR. For most inputs and finished goods, as well as road transports, the price scenario stabilised, although at continued relatively high price levels. In addition, efficiency was low at most of the Group production sites due to lower production volumes. Production overheads have yet to be fully adjusted to lower production volumes. Several less unprofitable own brands were discontinued as part of a product rationalisation measure, and as a stage in reducing complexity and improving profitability.

Operating profit/loss

Operating profit/loss, before items affecting comparability, amounted to SEK –1 million (–7), corresponding to a margin of –0.1 percent (–0.7) and the operating profit/loss amounted to SEK –15 million (–13). Amortisation and depreciation for the period amounted to SEK –40 million (–41), divided between SEK –12 million (–12) in amortisation of intangible assets and SEK –28 million (–29) in depreciation of tangible assets. EBITDA amounted to SEK 25 million (28) and

EBITDA, before items affecting comparability, amounted to SEK 39 million (34), corresponding to a margin of 4.4 percent (3.6). The EBITDA margin improved substantially as a consequence of the positive gross margin trend. 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 –14 SEK million (–6), comprising restructuring costs related to the discontinuation of certain unprofitable brands to reduce complexity and improve profitability.

Financial items

Net financial items amounted to SEK –15 million (–14). Interest expenses for external loans to credit institutions amounted to SEK –13 million (–11) and interest expenses attributable to leases were SEK –1 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 0 million (–1). Other financial items were SEK –1 million (–1).

Profit/loss for the period

The profit/loss for the period amounted to SEK –32 million (–20), corresponding to earnings/loss per share of SEK –0.22 (–0.28) before and after dilution. Tax on the profit/loss for the period amounted to SEK –2 million (7), of which current tax was SEK –3 million (3) and deferred tax was SEK 1 million (4).

Cash flow

Cash flow from operating activities amounted to SEK 17 million (54) and deteriorated in all material regards as a consequence of weaker cash flow from changes in working capital, primarily as a result of reduced operating liabilities due to decreased purchases of goods. The capital tied up in operating receivables decreased due to lower invoicing in June compared with March. The seasonal capital tied up in inventories for the summer months was significantly lower compared with the previous year due to improved inventory management. Cash flow from investing activities amounted to SEK –9 million (–4), consisting of investments in tangible and intangible fixed assets of SEK –9 million (–11), divestments of tangible fixed assets SEK 0 million (7) and a change in financial assets of SEK 0 million (0). Free cash flow amounted to SEK 8 million (53). Cash flow from financing activities was SEK –31 million (–33), consisting amortisation of loans for –17 million (–30) and amortisation of lease liabilities for SEK –14 million (–15). The comparison period also included loans raised of SEK 12 million as a consequence of overdraft facilities being utilised. Cash flow for the period amounted to SEK –23 million (17).

74 percent¹

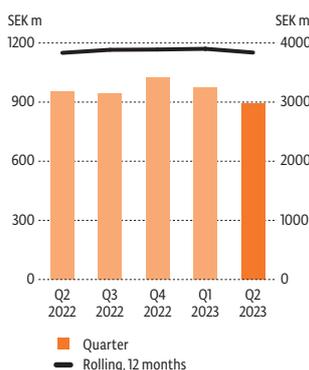
Percentage of own brands, income

–3.2 percent¹

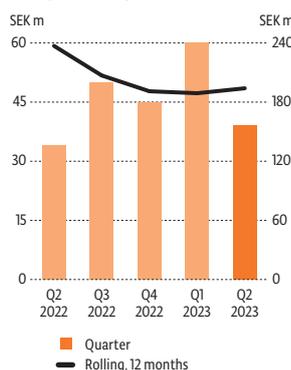
Organic growth of own brands

¹ For Q2, 2023

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



January–June

Net sales

Net sales amounted to SEK 1,867 million (1,928), a decrease of 3.2 percent. The organic change in net sales was –7.2 percent, while exchange rate fluctuations contributed 4.0 percent. The negative organic change in net sales was largely attributable to terminated distribution agreements for licensed brands that combined contributed to net sales of SEK 97 million in the comparison period. For the Group's own brands, the organic sales growth was –3.2 percent. For parts of the own brands portfolio, the sales trend remained challenging, particularly in the organic products category. Dramatically increased living costs for households have led to a temporary shift in consumers' purchasing patterns. Price value has increased in importance and, in the organic products category, more consumers have sought private label products in the lower price segment or conventional products in the health foods category. Most of our own brands in the health foods and consumer health products categories showed favourable sales growth. For contract manufacture, the sales trend was relatively favourable despite lower volumes in the second quarter, partly as a consequence of terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit, before items affecting comparability, amounted to SEK 492 million (480), corresponding to a margin of 26.4 percent (24.9) and gross profit amounted to SEK 478 million (479). The positive margin trend was supported by the gradual impact in the period of the price increases implemented in most geographical markets, compensating for last year's accelerating cost increases. For most inputs and finished goods, as well as road transport, the price scenario stabilised but at continued high price levels, while the price trend for energy and gas for the Group's production sites abated to some extent compared with last year's peak levels. For maritime transports, prices improved with declining global demand for such transports. A strong exchange rate trend, for both USD and EUR continued exerting some pressure on the margin trend, as most of our inputs and finished goods are purchased in those currencies. 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. However, the price scenario for contract manufacture assignments is continuously improving, both by renegotiating some contracts and terminating others that make a loss. Efficiency at most of the Group's production sites was relatively low as a result of lower production volumes. In addition, gross profit 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 20 million (15), corresponding to a margin of 1.1 percent (0.8) and the operating profit amounted to SEK 1 million (9). Amortisation and depreciation for the period amounted to SEK –79 million (–81), divided between SEK –24 million (–24) in amortisation of intangible assets and SEK –55 million (–57) in depreciation of tangible assets. EBITDA amounted to SEK 80 million (90) and EBITDA, before items affecting comparability, amounted to SEK 99 million (96), corresponding to a margin of 5.3 percent (5.0). The EBITDA margin improved to a certain extent as a consequence of the positive gross margin trend. Good cost control and cost awareness pervaded the period at the same time as synergies from the discontinued restructuring programme were realised to lower the cost base. Selective investments were made in own brands and other sales promoting activities.

Items affecting comparability

Operating profit/loss included items affecting comparability of SEK –19 million (–6) comprising restructuring costs of SEK –14 million for the phasing out of certain unprofitable brands, as well as restructuring costs of SEK –5 million related to the extended but now discontinued restructuring programme to reduce the cost base by a further SEK 20 million on an annual basis.

Financial items

Net financial items amounted to SEK –29 million (–22). Interest expenses for external loans to credit institutions amounted to SEK –26 million (–19) and interest expenses attributable to leases were SEK –2 million (–2). 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 (1). Other financial items were SEK –2 million (–2).

Profit/loss for the period

The profit/loss for the period was SEK –38 million (–8), corresponding to earnings/loss per share of SEK –0.26 (–0.11) before and after dilution. Tax on the profit/loss for the period amounted to SEK –10 million (5), of which the current tax was SEK –8 million (–3) and deferred tax was SEK –2 million (8). The effective tax rate was –37.4 percent (40.3) and was a consequence of a negative profit 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 99 million (46), mainly due to a significantly stronger cash flow from changes in working capital. This was driven by decreased capital tied up in both operating receivables and inventories as a consequence of reduced invoiced sales of goods as well as improved inventory management procedures and optimised inventory levels. Cash flow from investing activities amounted to SEK –17 million (–14), consisting of investments in tangible and intangible fixed assets of SEK –17 million (–21), of which SEK –2 million (–6) involved an on-going expansion investment in South Europe, and divestments of tangible fixed assets SEK 0 million (7) and a change in financial assets SEK 0 million (0). Free cash flow amounted to SEK 84 million (38). Cash flow from financing activities was –65 SEK million (–19), comprising loans raised of SEK 6 million (70), loan amortisations of SEK –36 million (–60), amortisations of lease liabilities by SEK –28 million (–29) and issue expenses of SEK –7 million from the rights issue implemented in December 2022. The comparison period included utilised overdraft facilities of SEK 64 million in the loans raised item. Cash flow for the period amounted to SEK 17 million (13).

Liquidity and financial position

Cash and equivalents amounted to SEK 128 million (64) and there were unused credit facilities of SEK 318 million (406) at the end of the period. Over the quarter at hand, unutilised credit facilities were reduced by SEK 250 million, as part of reducing interest expenses to credit institutes. Net debt amounted to SEK 773 million (1,452) and was SEK 721 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 4.7 (6.2) and, at the end of the previous quarter, it was a multiple of 4.3. Shareholders' equity amounted to SEK 3,088 million (2,931) and was SEK 3,057 million at the end of the previous quarter. The changes consisted of profit/loss for the period of SEK –32 million and exchange rate differences of SEK 63 million on the translation of foreign operations. The equity/assets ratio was 62.7 percent (54.0) at the end of the period.



Division Nordics ¹	April–June 2023	April–June 2022	Jan–June 2023	Jan–June 2022	Rolling 12-month	Full year 2022
Net sales	593	657	1,240	1,314	2,629	2,702
Gross profit	190	185	395	384	794	784
Gross margin, %	31.9	28.2	31.8	29.3	30.2	29.0
EBITDA	45	39	109	92	233	216
EBITDA margin, %	7.5	5.9	8.8	6.9	8.9	8.0

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

April–June

Net sales

Net sales amounted to SEK 593 million (657), a decrease of 9.7 percent. The organic change in net sales was –12.0 percent, relating in all material respects to terminated distribution agreements representing combined net sales of SEK 66 million in the comparison period and involving the Compeed and Probi brands, among others. The organic change for own brands in external product sales was 0.2 percent, with continued strong development for several brands the health foods and consumer health products categories, in particular for Friggs and Eskio-3. For own brands in the organic products category, however, sales volumes were more restrained as a result of a temporary shift in consumers' purchasing patterns where price value has increased in importance, which is why consumers have sought more private label products in the lower price segment or conventional products in the health foods category. For licensed brands, sales volumes were significantly lower as a consequence of the discontinued 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 190 million (185), corresponding to a margin of 31.9 percent (28.2). The favourable margin trend was supported by the price increases that had been implemented, improved governance of supply chain activities and terminated distribution agreements (the gross margin of which 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 45 million (39), corresponding to a margin of 7.5 percent (5.9). The marginal improvement was essentially driven by the improved gross margin, good cost control and synergies realised from the discontinued restructuring programme.

January–June

Net sales

Net sales amounted to SEK 1,240 million (1,314), a decrease of 5.6 percent, where the organic change in net sales was –7.8 percent, related largely to discontinued distribution agreements representing combined net sales of SEK 97 million in the comparison period. The organic change for own brands in external product sales was in line with the previous year, but with continued strong development for several brands in the health foods and consumer health product categories. Sales volumes for own brands in the organic products category were, however, more restrained. For licensed brands, sales volumes were significantly lower as a consequence of discontinued distribution agreements, while the sales trend for contract manufacture was relatively good, despite lower volumes in the second quarter as a result of terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit amounted to SEK 395 million (384), 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 (the gross margin of which 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 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. However, the price scenario for the assignments is continuously improving, both by renegotiating some contracts and terminating others that make a loss.

EBITDA

EBITDA amounted to SEK 109 million (92), corresponding to a margin of 8.8 percent (6.9). The marginal improvement was essentially driven by the improved gross margin, good cost control and synergies realised from the discontinued restructuring programme.

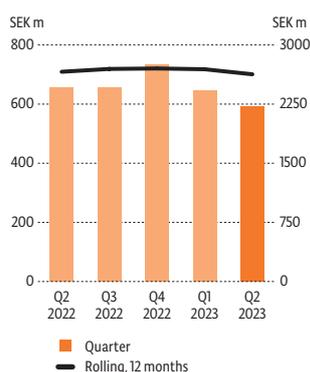
79 percent²

Percentage of own brands, income

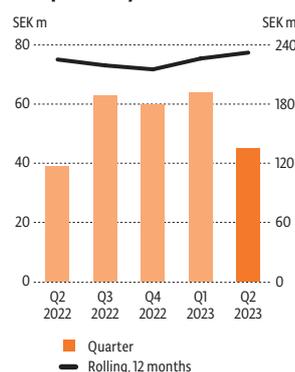
0.2 percent³

Organic growth of own brands

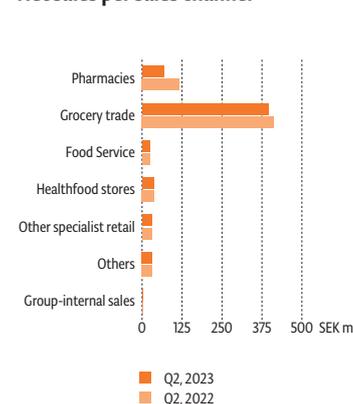
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



² For Q2, 2023

³ For external product sales

Division North Europe

Percentage net sales
in the Group²



Division North Europe ¹	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Rolling 12-month	Full year 2022
Net sales	201	215	426	437	849	860
Gross profit	31	31	66	66	114	114
Gross margin, %	15.2	14.6	15.4	15.1	13.4	13.3
EBITDA	3	6	8	15	9	16
EBITDA margin, %	1.3	3.0	1.9	3.5	1.1	1.9

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

April–June

Net sales

Net sales amounted to SEK 201 million (215), a decrease of 6.3 percent, where the organic change in net sales was –14.3 percent. The organic change for own brands in external product sales was –15.9 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 manufacture products were also somewhat restrained, partly as a result of weak delivery capacity and terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit amounted to SEK 31 million (31), corresponding to a margin of 15.2 percent (14.6). 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. In addition, the efficiency of the production facilities was relative low as a result of significantly lower production volumes, which were not fully compensated by lower production overheads.

EBITDA

EBITDA amounted to SEK 3 million (6), corresponding to a margin of 1.3 percent (3.0). The weak EBITDA margin was to all intents and purposes a consequence of lower business volumes that were not fully offset by lower production, warehousing, sales and administration overheads.

January–June

Net sales

Net sales amounted to SEK 426 million (437), a decrease of 2.5 percent, where the organic change in net sales was –9.7 percent. For own brands, the organic change in external product sales was –13.4 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. Sales of contract manufacture products developed relatively well even though business volumes slumped in the second quarter, partly as a consequence of weak delivery capacity and terminated unprofitable contract manufacture assignments.

Gross profit

Gross profit amounted to SEK 66 million (66), corresponding to a margin of 15.4 percent (15.1). 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, which were not fully offset by lower production overheads. In addition, gross profit in the first quarter was also burdened by planned temporary production overheads related to machinery maintenance.

EBITDA

EBITDA amounted to SEK 8 million (15), corresponding to a margin of 1.9 percent (3.5). The weak EBITDA margin was to all intents and purposes a consequence of lower business volumes that were not fully offset by lower production, sales and administration overheads. Investment in sales promotion activities also increased, which was partially mitigated by synergies realised by discontinued restructuring programmes.

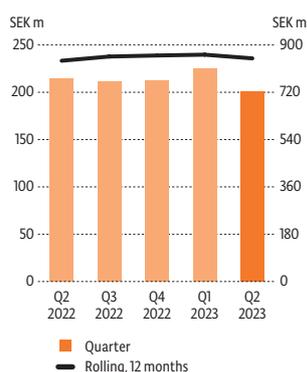
61 percent²

Percentage of own brands, income

–15.9 percent³

Organic growth of own brands

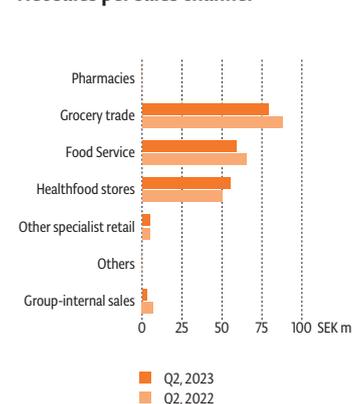
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



² For Q2, 2023

³ For external product sales

Division South Europe

Percentage net sales
in the Group²

12%

Division South Europe ¹	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Rolling 12-month	Full year 2022
Net sales	108	96	219	196	397	374
Gross profit	16	10	32	31	41	39
Gross margin, %	14.5	9.9	14.5	15.5	10.2	10.5
EBITDA	-2	-5	-3	1	-21	-16
EBITDA margin, %	-2.3	-5.5	-1.5	0.6	-5.2	-4.3

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

April-June

Net sales

Net sales amounted to SEK 108 million (96), an increase of 13.0 percent, where the organic change in net sales was 3.4 percent. The organic change in external product sales of own brands was -2.9 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. For licensed brands, the sales trend was weak, while sales volumes continued to increase for contract manufacture products as a consequence of new business volumes rolled out to the grocery store segment.

Gross profit

Gross profit amounted to SEK 16 million (10), corresponding to a margin of 14.5 percent (9.9). 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.

EBITDA

EBITDA amounted to SEK -2 million (-5), corresponding to a margin of -2.3 percent (-5.5). 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-June

Net sales

Net sales amounted to SEK 219 million (196), an increase of 11.5 percent, where the organic change in net sales was 3.2 percent. The organic change for own brands in external product sales was -5.1 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 continued to increase for contract manufacture products as a result of new business volumes rolled out to grocery stores, while the sales trend for licensed brands was weak.

Gross profit

Gross profit amounted to SEK 32 million (31), corresponding to a margin of 14.5 percent (15.5). The negative margin trend was strongly driven by high temporary additional costs in a production facility. 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 -3 million (1) corresponding to a margin of -1.5 percent (0.6), having decreased substantially as a consequence of increased investments in sales promotion activities and certain temporary additional administrative costs.

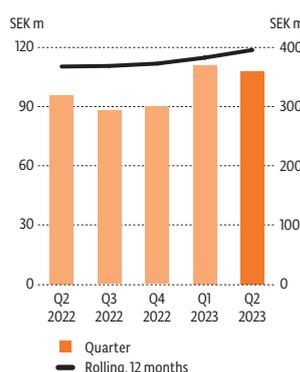
70 percent²

Percentage of own brands, income

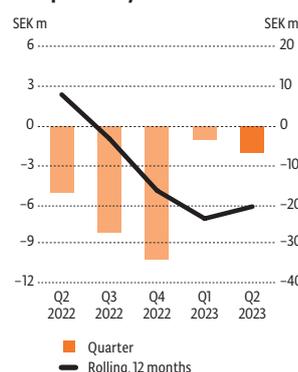
-2.9 percent³

Organic growth of own brands

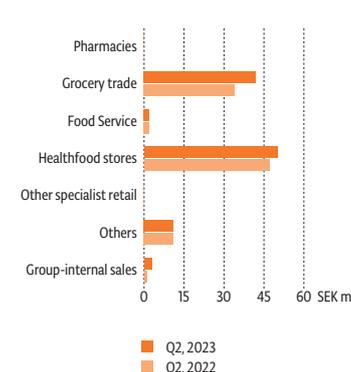
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



² For Q2, 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 the holidays.

Parent Company

Net sales amounted to SEK 31 million (32), and related primarily to invoicing of services provided internally within the Group. The operating profit/loss amounted to SEK –11 million (–12). The loss before tax amounted to SEK –13 million (–14). Net financial items included interest income from subsidiaries of SEK 30 million (18), interest expenses to credit institutions of SEK –24 million (–18), exchange rate differences on financial receivables and liabilities in foreign currency by SEK 0 million (–1), exchange rate differences on net investments in subsidiaries of SEK –9 million (1) and other financial items of SEK 1 million (–2).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 382 million (406). Over the quarter at hand, unutilised credit facilities were reduced by SEK 250 million, as part of reducing interest expenses to credit institutes. Borrowing from credit institutions was SEK 694 million (1,315) 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 (16).

Closely-related parties

There were no significant related party transactions during the period January–June. 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 hikes in key interest rates leading to rising market interest rates. This has brought higher interest expenses on the Group's financing despite a lower level of debt compared with the previous year. The short-term assessment is that key policy rates will be further raised to some extent over the second half of 2023, to fully address high 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. Accordingly, affordability has grown in importance and it is evident that many consumers have sought out low-price products and promotional items. In the short term, this will cause demand challenges for some of the Group's own brand product groups, particularly in the organic products category. 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. Recently, however, the price trend has stabilised, albeit at a continued relatively high level for most key raw materials, packaging materials and road transports, while it has abated with regard to energy and gas, compared with last year's peak levels. The price scenario for maritime transports has gradually improved, having now returned to pre-pandemic levels due to lower demand for such transports globally. The price situation for key raw materials, such as chia and sesame seeds, nuts and rice, will largely be determined by the outcome of this year's harvest, which is still subject to certain uncertainties. Prevailing climate related risks, with extreme weather in the form of drought and floods, will leave their mark on prices for raw materials. The exchange trend for both the EUR and USD continues to strengthen against the SEK and NOK, with it not being possible to absorb price increases on raw materials, packaging materials and finished goods and these having to be taken out at the next stage instead. An overall assessment is that further price increases to customers cannot be ruled out in some geographic markets due to prevailing uncertainties regarding the harvest outcome of key raw materials and the unfavourable exchange trend. The aim is to restore the margins to the Group's historical levels.

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–June

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.

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 2023 Annual General Meeting, the Board of Directors in Midsona AB comprises Patrik Andersson (Chairman), Anna-Karin Falk, Sandra Kottenauer, Jari Latvanen, Henrik Stenqvist, Anders Svensson and Johan Wester.

The Board of Directors and the CEO provide their assurance that this interim report gives a true and fair view of the operations, positions and results of the Parent Company and the Group, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Malmö, 20 July 2023
Midsona AB (publ)



Patrik Andersson
CHAIRMAN OF THE BOARD



Anna-Karin Falk
BOARD MEMBER



Sandra Kottenauer
BOARD MEMBER



Jari Latvanen
BOARD MEMBER



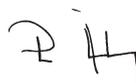
Henrik Stenqvist
BOARD MEMBER



Anders Svensson
BOARD MEMBER



Johan Wester
BOARD MEMBER



Peter Åsberg
President and CEO

Review by auditor

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

Financial statements

Summary consolidated income statement

SEK million	Note	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Net sales	3.4	893	956	1,867	1,928	3,838	3,899
Expenses for goods sold		-671	-731	-1,389	-1,449	-2,961	-3,021
Gross profit		222	225	478	479	877	878
Selling expenses		-152	-162	-312	-319	-1,038	-1,045
Administrative expenses		-83	-76	-163	-150	-311	-298
Other operating income		2	2	4	4	10	10
Other operating expenses		-4	-2	-6	-5	-11	-10
Operating profit/loss	3	-15	-13	1	9	-473	-465
Financial income		2	25	4	35	36	67
Financial expenses		-17	-39	-33	-57	-107	-131
Profit/loss before tax		-30	-27	-28	-13	-544	-529
Tax on profit for the period		-2	7	-10	5	13	28
Profit/loss for the period		-32	-20	-38	-8	-531	-501

Profit/loss for the period is divided between:

Parent Company shareholders (SEK million)	-32	-20	-38	-8	-531	-501
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)	-0.22	-0.28	-0.26	-0.11	-4.80	-6.73

Summary consolidated statement of comprehensive income

SEK million	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Profit/loss for the period	-32	-20	-38	-8	-531	-501
Items that have or can be reallocated to profit for the period						
Translation differences for the period on translation of foreign operations	63	23	45	64	102	121
Other comprehensive income for the period	63	23	45	64	102	121
Comprehensive income for the period	31	3	7	56	-429	-380

Comprehensive income for the period is divided between:

Parent Company shareholders (SEK million)	31	3	7	56	-429	-380
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French brand Happy Bio launched two new nut bars with 30 percent less sugar.

Summary consolidated balance sheet

SEK million	Note	30 June 2023	30 June 2022	31 Dec 2022
Intangible fixed assets		3,038	3,411	3,020
Tangible fixed assets		465	506	451
Non-current receivables		5	4	5
Deferred tax assets		114	98	116
Fixed assets		3,622	4,019	3,592
Inventories		741	845	727
Accounts receivable		381	408	398
Tax receivables		14	15	17
Other receivables		17	46	27
Prepaid expenses and accrued income		23	26	22
Cash and cash equivalents		128	64	121
Current assets		1,304	1,404	1,312
Assets	5	4,926	5,423	4,904
Share capital	6	727	363	727
Additional paid-up capital		1,849	1,627	1,850
Reserves		171	69	126
Profit brought forward, including profit/loss for the period		341	872	379
Shareholders' equity		3,088	2,931	3,082
Non-current interest-bearing liabilities		769	1,283	776
Other non-current liabilities		9	11	8
Deferred tax liabilities		350	352	347
Non-current liabilities		1,128	1,646	1,131
Current interest-bearing liabilities		132	233	119
Accounts payable		353	372	358
Tax liabilities		1	9	7
Other current liabilities		46	41	43
Accrued expenses and deferred income		178	191	164
Current liabilities		710	846	691
Liabilities	5	1,838	2,492	1,822
Shareholders' equity and liabilities		4,926	5,423	4,904

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity, 1 Jan 2022	363	1,627	5	880	2,875
Profit for the period	-	-	-	-8	-8
Other comprehensive income for the period	-	-	64	-	64
Comprehensive income for the period	-	-	64	-8	56
Closing shareholders' equity, 30 June 2022	363	1,627	69	872	2,931
Opening shareholders' equity, 1 July 2022	363	1,627	69	872	2,931
Profit for the period	-	-	-	-493	-493
Other comprehensive income for the period	-	-	57	-	57
Comprehensive income for the period	-	-	57	-493	-436
New share issue	364	236	-	-	600
Issue expenses	-	-13	-	-	-13
Premium paid in on issuing warrant programme, T02022/2025	-	0	-	-	0
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 for the period	-	-	-	-38	-38
Other comprehensive income for the period	-	-	45	-	45
Comprehensive income for the period	-	-	45	-38	7
Issue expenses	-	-1	-	-	-1
Transactions with the Group's owners	-	-1	-	-	-1
Closing shareholders' equity, 30 June 2023	727	1,849	171	341	3,088

Summary consolidated cash flow statement

SEK million	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Profit/loss before tax	-30	-27	-28	-13	-544	-529
Adjustment for items not included in cash flow	50	48	101	94	690	683
Income tax paid	-6	0	-11	-6	-18	-13
Cash flow from operating activities before changes in working capital	14	21	62	75	128	141
Increase (-)/decrease (+) in inventories	-5	-29	-6	-39	109	76
Increase (-)/decrease (+) in operating receivables	48	-6	41	-17	85	27
Increase (+)/decrease (-) in operating liabilities	-40	68	2	27	-66	-41
Changes in working capital	3	33	37	-29	128	62
Cash flow from operating activities	17	54	99	46	256	203
Divestments of companies or operations	-	-	-	-	0	0
Acquisitions of intangible assets	0	0	0	-1	0	-1
Acquisitions of tangible assets	-9	-11	-17	-20	-31	-34
Divestments of tangible assets	0	7	0	7	0	7
Change in financial assets	0	0	0	0	-1	-1
Cash flow from investing activities	-9	-4	-17	-14	-32	-29
Cash flow after investing activities	8	50	82	32	224	174
New share issue	-	-	-	-	600	600
Issue expenses	-	-	-7	-	-16	-9
Loans raised	-	12	6	70	-4	60
Repayment of loans	-17	-30	-36	-60	-677	-701
Amortisation of lease liabilities	-14	-15	-28	-29	-57	-58
Cash flow from financing activities	-31	-33	-65	-19	-154	-108
Cash flow for the period	-23	17	17	13	70	66
Cash and equivalents at beginning of period	157	53	121	53	64	53
Translation difference in cash and cash equivalents	-6	-6	-10	-2	-6	2
Cash and cash equivalents at end of the period	128	64	128	64	128	121

Summary income statement, Parent Company

SEK million	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Net sales	15	17	31	32	62	63
Administrative expenses	-21	-23	-42	-44	-83	-85
Other operating income	-1	0	-1	0	-1	0
Other operating expenses	1	0	1	0	-1	-2
Operating profit/loss	-6	-6	-11	-12	-23	-24
Result from participations in subsidiaries	-	-	-	-	-449	-449
Financial income	39	26	63	52	131	120
Financial expenses	-33	-38	-65	-54	-135	-124
Profit/loss after financial items	0	-18	-13	-14	-476	-477
Allocations	-	-	-	-	52	52
Profit/loss before tax	0	-18	-13	-14	-424	-425
Tax on profit for the period	0	0	0	0	-5	-5
Profit/loss for the period¹	0	-18	-13	-14	-429	-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 June 2023	30 June 2022	31 Dec 2022
Intangible fixed assets		37	47	42
Tangible fixed assets		3	4	3
Participations in subsidiaries		2,481	2,553	2,481
Receivables from subsidiaries		999	1,361	1,030
Deferred tax assets		0	2	0
Financial fixed assets		3,480	3,916	3,511
Fixed assets		3,520	3,967	3,556
Receivables from subsidiaries		160	138	87
Other receivables		17	14	11
Cash and bank balances		64	-	75
Current assets		241	152	173
Assets		3,761	4,119	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		1,898	2,105	1,912
Shareholders' equity		2,683	2,526	2,697
Untaxed reserves		20	5	20
Liabilities to credit institutions		635	1,143	640
Other non-current liabilities		0	0	0
Non-current liabilities		635	1,143	640
Liabilities to credit institutions		59	172	57
Liabilities to subsidiaries		347	258	290
Other current liabilities		17	15	25
Current liabilities		423	445	372
Equity and liabilities		3,761	4,119	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 IAS 34.16A are also presented in other parts of the interim report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 *Accounting for Legal Entities*, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of

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

In the interim report for January-June 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-June 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 both the first and second 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.

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
April-June										
Net sales, external	590	654	198	208	105	94	-	-	893	956
Net sales, intra-Group	3	3	3	7	3	2	-9	-12	-	-
Net sales	593	657	201	215	108	96	-9	-12	893	956
Expenses for goods sold	-416	-472	-170	-184	-93	-87	8	12	-671	-731
Gross profit	177	185	31	31	15	9	-1	0	222	225
Other operating expenses	-159	-163	-37	-37	-25	-20	-16	-18	-237	-238
Operating profit/loss	18	22	-6	-6	-10	-11	-17	-18	-15	-13
Financial items									-15	-14
Profit/loss before tax									-30	-27

Significant income and expense items reported in the income statement:

Items affecting comparability ¹	13	4	-	1	1	1	-	-	14	6
Depreciation/amortisation and impairment	14	13	9	11	7	5	10	12	40	41
Gross profit, before items affecting comparability	190	185	31	31	16	10	-1	0	236	226
Operating profit/loss, before items affecting comparability	31	26	-6	-5	-9	-10	-17	-18	-1	-7
EBITDA, before items affecting comparability	45	39	3	6	-2	-5	-7	-6	39	34
Average number of employees	409	452	200	221	163	148	15	17	787	838
Number of employees as per the balance sheet date	411	443	203	214	165	153	15	16	794	826

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-June										
Net sales, external	1,233	1,308	421	428	213	192	-	-	1,867	1,928
Net sales, intra-Group	7	6	5	9	6	4	-18	-19	-	-
Net sales	1,240	1,314	426	437	219	196	-18	-19	1,867	1,928
Expenses for goods sold	-858	-930	-360	-371	-188	-166	17	18	-1,389	-1,449
Gross profit	382	384	66	66	31	30	-1	-1	478	479
Other operating expenses	-317	-322	-76	-74	-48	-41	-36	-33	-477	-470
Operating profit/loss	65	62	-10	-8	-17	-11	-37	-34	1	9
Financial items									-29	-22
Profit/loss before tax									-28	-13

Significant income and expense items reported in the income statement:

Items affecting comparability ¹	18	4	-	1	1	1	-	-	19	6
Depreciation/amortisation and impairment	26	26	18	22	13	11	22	22	79	81
Gross profit, before items affecting comparability	395	384	66	66	32	31	-1	-1	492	480
Operating profit/loss, before items affecting comparability	83	66	-10	-7	-16	-10	-37	-34	20	15
EBITDA, before items affecting comparability	109	92	8	15	-3	1	-15	-12	99	96
Average number of employees	408	455	199	222	160	145	15	18	782	840
Number of employees as per the balance sheet date	411	443	203	214	165	153	15	16	794	826

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	
April-June	2023	2022	2023	2022	2023	2022	2023	2022
<i>Geographical areas¹</i>								
Sweden	250	283	0	0	-	-	250	283
Denmark	114	139	1	0	-	-	115	139
Finland	100	101	-	-	0	0	100	101
Norway	97	107	-	0	-	-	97	107
France	0	1	2	2	58	51	60	54
Spain	3	2	4	5	40	36	47	43
Germany	0	0	172	180	0	1	172	181
Rest of Europe	24	21	19	21	3	3	46	45
Other countries outside Europe	2	0	-	0	4	3	6	3
Net sales	590	654	198	208	105	94	893	956
<i>Sales channel</i>								
Pharmacies	68	117	-	-	-	-	68	117
Grocery trade	395	412	78	88	41	34	514	534
Food Service	26	25	60	65	2	2	88	92
Health food stores	37	38	56	50	51	47	144	135
Other specialist retailers	31	30	5	5	-	-	36	35
Others	33	32	-1	0	11	11	43	43
Net sales	590	654	198	208	105	94	893	956
<i>Product categories</i>								
Organic products	157	167	197	208	105	93	459	468
Health foods	283	276	-	-	-	-	283	276
Consumer health products	147	207	-	-	-	-	147	207
Services linked to product handling	3	4	1	0	0	1	4	5
Net sales	590	654	198	208	105	94	893	956
<i>Brands</i>								
Own	467	454	118	130	72	68	657	652
Licensed	68	140	-	-	8	8	76	148
Contract manufacture	52	56	79	78	25	17	156	151
Services linked to product handling	3	4	1	0	0	1	4	5
Net sales	590	654	198	208	105	94	893	956

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



During the quarter, Spanish brand Vegetalia launched scrambled tofu.

SEK million	Nordics		North Europe		South Europe		Group	
January-June	2023	2022	2023	2022	2023	2022	2023	2022
<i>Geographical areas¹</i>								
Sweden	520	559	0	0	-	-	520	559
Denmark	240	267	1	1	0	-	241	268
Finland	209	209	-	-	0	0	209	209
Norway	200	218	-	0	-	-	200	218
France	1	1	5	6	118	106	124	113
Spain	7	5	9	9	82	73	98	87
Germany	0	0	362	367	0	1	362	368
Rest of Europe	50	46	44	45	6	6	100	97
Other countries outside Europe	6	3	-	0	7	6	13	9
Net sales	1,233	1,308	421	428	213	192	1,867	1,928
<i>Sales channel</i>								
Pharmacies	155	217	-	-	-	-	155	217
Grocery trade	816	826	175	183	82	64	1,073	1,073
Food Service	56	47	118	128	4	3	178	178
Health food stores	78	82	119	107	104	101	301	290
Other specialist retailers	59	64	9	10	-	-	68	74
Others	69	72	0	0	23	24	92	96
Net sales	1,233	1,308	421	428	213	192	1,867	1,928
<i>Product categories</i>								
Organic products	340	350	420	428	213	191	973	969
Health foods	569	550	-	-	-	-	569	550
Consumer health products	317	402	-	-	-	-	317	402
Services linked to product handling	7	6	1	0	0	1	8	7
Net sales	1,233	1,308	421	428	213	192	1,867	1,928
<i>Brands</i>								
Own	945	924	246	264	147	143	1,338	1,331
Licensed	168	265	-	-	15	17	183	282
Contract manufacture	113	113	174	164	51	31	338	308
Services linked to product handling	7	6	1	0	0	1	8	7
Net sales	1,233	1,308	421	428	213	192	1,867	1,928

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.

SEK million	30 June 2023	30 June 2022	31 Dec 2022
Assets			
<i>Financial instruments measured at fair value via the income statement</i>			
Other receivables	1	-	-
Total	1	-	-
<i>Financial instruments measured at amortised cost</i>			
Non-current receivables	5	4	5
Accounts receivable	381	408	398
Other receivables	16	46	27
Cash and cash equivalents	128	64	121
Total	530	522	551
Total receivables	531	522	551
Liabilities			
<i>Financial instruments measured at fair value via the income statement</i>			
Other current liabilities	1	-	2
Total	1	-	2
<i>Financial instruments measured at amortised cost</i>			
Non-current interest-bearing liabilities	769	1,283	776
Other non-current liabilities	9	11	8
Current interest-bearing liabilities	132	233	119
Accounts payable	353	372	358
Other current liabilities	45	41	41
Total	1,308	1,940	1,302
Total liabilities and provisions	1,309	1,940	1,304

Certain disclosures regarding financial instruments assessed at fair value through profit 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, which mean 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 June 2022	298,320	72,415,720	72,714,040
Number of shares, 1 July 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 June 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

Average number of shares, Group

Number of shares (thousands)	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Average during the period	145,428	72,714	145,428	72,714	110,804	74,447
Average during the period, after full dilution	145,719	72,714	145,719	72,714	111,085	74,668

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.

Earnings per share before and 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.



French brand Celnat launched two new varieties of risotto.

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 before amortisation/depreciation and impairment of tangible and intangible assets

SEK million	April–June 2023	April–June 2022	Jan–June 2023	Jan–June 2022	Rolling 12-month	Full year 2022
Operating profit/loss, before items affecting comparability	-1	-7	20	15	35	30
Items affecting comparability included in operating profit/loss ^{1,2}	-14	-6	-19	-6	-508	-495
Operating profit/loss	-15	-13	1	9	-473	-465
Amortisation of intangible assets	12	12	24	24	48	48
Impairment of intangible assets	-	-	-	-	426	426
Depreciation of tangible fixed assets	28	29	55	57	111	113
Impairment of tangible assets	-	-	-	-	54	54
EBITDA	25	28	80	90	166	176
Items affecting comparability included in EBITDA ^{1,2}	14	6	19	6	28	15
EBITDA, before items affecting comparability	39	34	99	96	194	191
Net sales	893	956	1,867	1,928	3,838	3,899
EBITDA margin, before items affecting comparability	4.4%	3.6%	5.3%	5.0%	5.1%	4.9%

¹ Specification of items affecting comparability

SEK million	April–June 2023	April–June 2022	Jan–June 2023	Jan–June 2022	Rolling 12-month	Full year 2022
Restructuring expenses, net	14	6	19	6	28	15
Impairment of intangible and tangible assets	-	-	-	-	480	480
Items affecting comparability included in operating profit/loss	14	6	19	6	508	495
Impairment of intangible and tangible assets	-	-	-	-	-480	-480
Items affecting comparability included in EBITDA	14	6	19	6	28	15

² Corresponding line in the consolidated income statement

SEK million	April–June 2023	April–June 2022	Jan–June 2023	Jan–June 2022	Rolling 12-month	Full year 2022
Expenses for goods sold	14	1	14	1	70	57
Selling expenses	0	4	5	4	436	435
Administrative expenses	0	1	0	1	2	3
Other operating expenses	0	-	0	-	0	0
Items affecting comparability included in operating profit/loss	14	6	19	6	508	495
Expenses for goods sold	-	-	-	-	-54	-54
Selling expenses	-	-	-	-	-426	-426
Items affecting comparability included in EBITDA	14	6	19	6	28	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	166	176
Acquisition-related transaction expenses	-	-
Pro forma adjustment	-	-
Adjusted EBITDA	166	176

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

SEK million	30 June 2023	30 June 2022	31 Dec 2022
Non-current interest-bearing liabilities	769	1,283	776
Current interest-bearing liabilities	132	233	119
Cash and cash equivalents ¹	-128	-64	-121
Net debt	773	1,452	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	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Shareholders' equity and liabilities	4,926	5,423	4,926	5,423	4,926	4,904
Other non-current liabilities	-9	-11	-9	-11	-9	-8
Deferred tax liabilities	-350	-352	-350	-352	-350	-347
Accounts payable	-353	-372	-353	-372	-353	-358
Other current liabilities	-47	-50	-47	-50	-47	-50
Accrued expenses and deferred income	-178	-191	-178	-191	-178	-164
Capital employed	3,989	4,447	3,989	4,447	3,989	3,977
Capital employed at the beginning of the period	3,935	4,445	3,977	4,364	4,447	4,364
Average capital employed	3,962	4,446	3,983	4,406	4,218	4,171

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

SEK million	Rolling 12-month	Full year 2022
Profit/loss before tax	-544	-529
Financial expenses	107	131
Profit/loss before taxes, excluding financial expenses	-437	-398
Average capital employed	4,218	4,171
Return on capital employed, %	-10.4	-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	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Cash flow from operating activities	17	54	99	46	256	203
Cash flow from investment activities	-9	-4	-17	-14	-32	-29
Expansion investment, new production line	0	3	2	6	2	6
Free cash flow	8	53	84	38	226	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	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Net sales	893	956	1,867	1,928	3,838	3,899
Net sales compared with the corresponding period in the previous year	-956	-903	-1,928	-1,868	-3,833	-3,773
Net sales, change	-63	53	-61	60	5	126
Structural changes	0	-27	0	-61	-32	-93
Exchange rate changes	-42	-23	-77	-50	-159	-132
Organic change	-105	3	-138	-51	-186	-99
Organic change	-11.0%	0.4%	-7.2%	-2.7%	-4.9%	-2.6%
Structural changes	0.0%	3.0%	0.0%	3.3%	0.8%	2.5%
Exchange rate changes	4.4%	2.5%	4.0%	2.6%	4.1%	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	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Rolling 12-month	Full year 2022
Net sales own brands	657	652	1,338	1,331	2,674	2,667
Net sales own brands compared with the corresponding period in the previous year	-652	-639	-1,331	-1,311	-2,642	-2,622
Net sales own brands, change	5	13	7	20	32	45
Structural changes	0	-13	0	-31	-16	-47
Exchange rate changes	-26	-15	-49	-32	-102	-85
Organic change own brands	-21	-15	-42	-43	-86	-87
Organic change	-3.2%	-2.3%	-3.2%	-3.3%	-3.3%	-3.3%
Structural changes	0.0%	2.0%	0.0%	2.4%	0.6%	1.8%
Exchange rate changes	4.0%	2.3%	3.7%	2.4%	3.9%	3.2%

Quarterly data

SEK million	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Net sales	893	974	1,027	944	956	972	1012	893	903	965	1083	821
Expenses for goods sold	-671	-718	-797	-775	-731	-718	-770	-652	-646	-690	-784	-598
Gross profit	222	256	230	169	225	254	242	241	257	275	299	223
Selling expenses	-152	-160	-159	-567	-162	-157	-148	-138	-155	-151	-161	-128
Administrative expenses	-83	-80	-76	-72	-76	-74	-76	-67	-73	-73	-88	-60
Other operating income	2	2	3	3	2	2	3	12	13	7	17	16
Other operating expenses	-4	-2	-4	-1	-2	-3	-4	0	0	-4	-1	-4
Operating profit/loss	-15	16	-6	-468	-13	22	17	48	42	54	66	47
Financial income	2	2	12	20	25	10	5	4	-5	7	7	3
Financial expenses	-17	-16	-39	-35	-39	-18	-16	-16	-7	-18	-22	-10
Profit/loss before tax	-30	2	-33	-483	-27	14	6	36	30	43	51	40
Tax on profit/loss for the period	-2	-8	18	5	7	-2	-5	-5	-6	-10	4	-6
Profit/loss for the period	-32	-6	-15	-478	-20	12	1	31	24	33	55	34
<i>Items affecting comparability</i>												
Items affecting comparability included in operating profit/loss	14	5	11	478	6	-	3	-6	-3	2	7	-10
Operating profit/loss, before items affecting comparability	-1	21	5	10	-7	22	20	42	39	56	73	37
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating profit/loss	40	39	45	515	41	40	41	42	47	38	41	35
EBITDA	25	55	39	47	28	62	58	90	89	92	107	82
<i>Depreciation/amortisation, impairment and items affecting comparability</i>												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit/loss	54	44	51	518	47	40	44	32	36	40	48	25
EBITDA, before items affecting comparability	39	60	45	50	34	62	61	80	78	94	114	72
Free cash flow	8	76	120	22	53	-15	-25	-8	-35	-26	102	64
Cash flow from operating activities	17	82	128	29	54	-8	-16	0	-29	-19	113	71
Number of employees as of the balance sheet date	794	783	780	801	826	859	849	819	836	831	834	723

Exchange rates

SEK	Average exchange rate			Closing day rate		
	Jan-June 2023	Jan-June 2022	Jan-Dec 2022	30 June 2023	30 June 2022	31 Dec 2022
DKK	1.5207	1.4083	1.4290	1.5834	1.4356	1.4965
EUR	11.3235	10.4787	10.6317	11.7917	10.6801	11.1283
GBP	12.9180	12.4427	12.4669	13.7202	12.4127	12.5811
NOK	1.0024	1.0504	1.0523	1.0096	1.0314	1.0572
USD	10.4718	9.5856	10.1245	10.8509	10.2194	10.4371

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