midsona

INTERIM REPORT JANUARY–JUNE 2021

Improved gross margin in a quarter with challenging comparison figures

April–June 2021 (second quarter)

- Net sales amounted to SEK 903 million (859), but with challenges in organic growth as a result of the previous year's hoarding effects and increased household consumption.
- EBITDA amounted to SEK 78 million (97) before items affecting comparability, corresponding to a margin of 8.6 percent (11.3).
- Profit for the period was SEK 24 million (40), corresponding to earnings per share of SEK 0.37 (0.62) before and after dilution.
- Free cash flow amounted to SEK –35 million (84).
- Midsona's targets for reduced emissions now agree with the levels required to meet the goals in the Paris agreement after approval from the international cooperative body Science Based Target initiative (SBTi).

January–June 2021 (six months)

- Net sales amounted to SEK 1,868 million (1,805).
- EBITDA amounted to SEK 172 million (204) before items affecting comparability, corresponding to a margin of 9.2 percent (11.3).
- Profit for the period was SEK 57 million (87), corresponding to earnings per share of SEK 0.88 (1.34) before dilution and SEK 0.87 (1.33) after dilution.
- Free cash flow amounted to SEK –61 million (86).

Key figures, Group[1]	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12 months	Full year 2020
Net sales growth, %	5.1	21.8	3.5	21.1	11.1	20.4
Gross margin, before items affecting comparability, %	28.3	27.9	28.4	28.5	28.0	28.1
Gross margin, %	28.5	27.9	28.5	28.5	27.9	28.0
EBITDA-margin, before items affecting comparability, %	8.6	11.3	9.2	11.3	9.5	10.5
EBITDA margin, %	9.9	12.6	9.7	11.9	9.8	10.9
Operating margin, before items affecting comparability, %	4.3	7.2	5.1	7.4	5.4	6.6
Operating margin,%	4.7	8.5	5.1	8.0	5.5	6.9
Profit margin, %	3.3	6.1	3.9	6.3	4.3	5.5
Return on capital employed, %					5.6	6.6
Net debt, SEK million	1,716	1,310	1,716	1,310	1,716	1,584
Net debt / Adjusted EBITDA, multiple					4.9	4.2
Equity/assets ratio, %	45.0	47.6	45.0	47.6	45.0	45.1

[1] *Midsona presents certain financial measures in the Interim Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 17–19 of this interim report and to pages 150–153 in the 2020 Annual Report.*

Note:
This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation and the Financial Instruments Trading Act. This Interim Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 22 July 2021 at 8:00 a.m. CET.

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QUARTER 2

SEK 903 million

Net sales

SEK 78 million

EBITDA, before items affecting comparability

8.6 percent

EBITDA-margin, before items affecting comparability

Comment by the CEO

We are summarising an intensive quarter characterised by tough comparative figures from last year, but also a quarter of new customers and new listings among leading actors, which bodes well for the future.

Pandemic effects resulted in difficult comparative figures and inhibited sales

In the second quarter of 2020, we carried out a successful roll-out of organic products in Europe, which was strengthened by the product hoarding that took place at the beginning of the pandemic. This meant that we continued to face tough comparative figures in the second quarter of this year. Net sales increased 5.1 percent to SEK 903 million, mainly due to the acquired System Frugt at the same time that organic growth declined around 4 percent. Before items affecting comparability, the gross margin increased to 28.3 percent, which is an important sign of strength, especially since System Frugt has a gross margin in the lower range of 20–30 percent. For our prioritised brands, the sales decrease was 6.5 percent. The decrease was partly due to last year's hoarding, but also to disruptions in the delivery chain, which led to raw materials and products, mainly from Asia, being delayed or not delivered at all.

Earnings gradually strengthened during the quarter

To address an expected return to a somewhat lower, more normal consumption pattern, we invested a total of around SEK 12 million extra in consumer marketing and other sales promotion measures during the quarter. EBITDA, before items affecting comparability, in the second quarter, which is seasonally our weakest, was SEK 78 million (97), corresponding to a margin of 8.6 percent. This was significantly lower than last year, which included positive effects from product hoarding and around SEK 8 million from currency translation effects, but higher than the second quarter of 2019, which is a more comparable quarter. We saw a gradual recovery during the quarter with an improved gross margin – EBITDA for June was higher than the same month of the previous year.

Brand focus, integration and success in sustainability

Many of the brands that were negatively impacted by the pandemic, mainly in consumer health and healthfoods, received a positive push during the quarter and sales of own brands increased. Among other things, the launches of the Mivitotal and Eskio-3 brands were well-received by customers and consumers. We also saw a clear recovery in food service and pharmacies. We continued to focus on our organic brands and were successful in the roll-out to the grocery trade in Germany and France. The increased marketing efforts provided some instantaneous effects during the quarter, but above all we made the investments to strengthen the establishment of our brands in Europe. We are continuing to gain new customers and new listings among leading actors. Several markets recovered in June, mainly Germany, but to some extent France and the Nordic region as well.

The integration of System Frugt continued during the quarter. Since 1 July, System Frugt has been a fully integrated company in the Midsona Group, which means that we can take out synergy gains to a greater extent than before.

During the quarter, we also had our targets for reduced emissions approved by the international cooperative body Science Based Target initiative (SBTi), which means that our targets agree with the levels required to achieve the Paris agreement. This is an important milestone for us and is in line with the long-term goal of zero emissions by 2050.

Several factors indicate a strong third quarter

For the third quarter, we are facing simpler comparative figures since we were completely out of the hoarding phase in the year-earlier period and the roll-out of organic products in Europe – above all Davert – that occurred during the second quarter of 2020 and was followed by a weaker third quarter due to inventory build-up. In addition to this, System Frugt is heading towards its high season.

The situation concerning delivery disruptions continues to be challenging, mainly for raw materials and transports from Asia and our assessment is that they will continue, but slowly decrease as the pandemic winds down. Considering the current market uncertainty, we are continuously working to reduce the cost base. Among other things, we are returning to lower marketing levels.

It's pleasing that the acquisition market is continuing to thaw and we have returned to conducting discussions with potential acquisition companies throughout Europe. Altogether, we see a positive development ahead and I am confidently looking forward to the remainder of 2021.

Peter Åsberg
President and CEO

Financial information – Group

April–June

Net sales

Net sales amounted to SEK 903 million (859), an increase of 5.1 percent. The organic change in net sales was –4.2 percent while structural changes contributed by 12.1 percent and exchange rate changes by –2.8 percent. For the Group's prioritised brands, the organic sales growth was –6.5 percent. The previous year's strong sales of mainly organic products, attributable to hoarding and increased household consumption as a result of the outbreak of Covid-19, were challenging to match. The supply chain was also subjected to some disruptions with both delayed and postponed deliveries of raw materials and finished goods as a result of a container shortage and transport delays, which to some extent entailed lower sales volumes. Despite lower sales volumes for prioritised brands, sales for the Group's own brands increased overall. Several brands in the categories of healthfoods and consumer health products, which were negatively impacted by the pandemic last year, showed strong sales growth during the period. The sales volumes were lower for licensed brands, as result of concluded sales assignments among other things. As society opened up and pandemic restrictions were lifted, sales improved to food service, partially at the expense of lower sales volumes to grocery trade and healthfood stores.

Gross profit

Gross profit amounted to SEK 257 million (240) and gross profit, before items affecting comparability, amounted to SEK 256 million (240), corresponding to a margin of 28.3 percent (27.9). The margin trend was mainly driven by a good product and customer mix, selective price increases and a favourable exchange rate trend. Taking into consideration that the acquired business System Frugt, with a gross margin in the lower range of 20-30 percent, was not included in the comparative period, the underlying positive margin development was even better.

Operating profit/loss

EBITDA amounted to SEK 89 million (108) and EBITDA, before items affecting comparability, amounted to SEK 78 million (97), corresponding to a margin of 8.6 percent (11.3). The EBITDA margin essentially decreased as a consequence of lower business volumes combined with increased market investments in prioritised brands, which had not yet had a full impact on sales. The comparative period included large positive operational exchange-rate differences, which was not the case in the current period. The business System Frugt also had an EBITDA margin in the lower range of 0-10 percent, which also contributed to a lower margin overall for the Group. Amortisation and depreciation for the period amounted to SEK 39 million (35), divided between SEK 12 million (12) in amortisation of intangible fixed assets and depreciation of SEK 27 million (23) on tangible fixed assets. Depreciation increased as a consequence of acquired operations. An impairment of intangible assets of SEK 8 million was also applied as a result of a discontinued product development project. Operating profit amounted to SEK 42 million (73) and operating profit, before items affecting comparability, amounted to SEK 39 million (62), corresponding to a margin of 4.3 percent (7.2).

Items affecting comparability

Operating profit included positive items affecting comparability by a net SEK 3 million (11), comprising a revaluated conditional purchase consideration of SEK 10 million (8), a reversed part of a restructuring reserve of SEK 1 million and an impairment loss on intangible assets of SEK 8 million. The comparative period also included restructuring costs of SEK 5 million and acquisition-related income (negative goodwill) of SEK 8 million as a result of acquisitions of operations at a low price.

Financial items

Net financial items amounted to an expense of SEK 12 million (21). Interest expenses for external loans to credit institutions amounted to SEK 8 million (7) and interest expenses attributable to leases were SEK 1 million (2). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 1 million (3). Other financial items amounted to an expense of SEK 2 million (1). The comparative period also included earnings from participations in joint ventures in the amount of negative SEK 8 million, attributable to a revaluation of participations in a joint venture on obtaining a controlling influence. This revaluation resulted in a loss as the previously recognised book value of participations in joint ventures in the consolidated accounts exceeded fair value.

Profit for the period

Profit for the period amounted to SEK 24 million (40), corresponding to earnings per share of SEK 0.37 (0.62) before and after dilution. Tax on the profit for the period amounted to a negative SEK 6 million (12), of which the current tax was negative SEK 3 million (12) and deferred tax was a negative SEK 3 million (0). The effective tax rate was 21.6 percent (21.3).

Cash flow

Cash flow from operating activities amounted to SEK –29 million (89), which is attributable to both a weaker cash flow from operating activities before changes in working capital and a worse working capital development primarily due to reduced operating liabilities and more capital being tied up in operating receivables. The comparative period was strongly impacted by less capital being tied-up in operating receivables as a result of customer payments from the very strong product sales in February to April. Tied-up capital in inventory remained high partly as a result of higher reserve inventory levels for certain critical raw materials and finished products, as a part of improving the level of service to customers in a few markets. Cash flow from investing activities amounted to a negative SEK 20 million (5), consisting of a conditional additional purchase consideration paid of SEK 3 million, investments in tangible and intangible

71 percent[1]

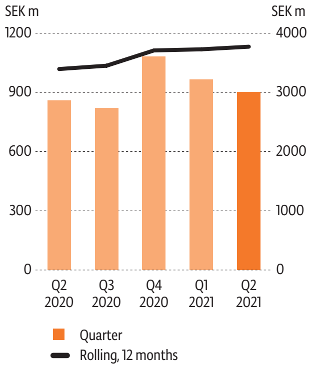
Percentage of own brands, income

0.2 percent[1]

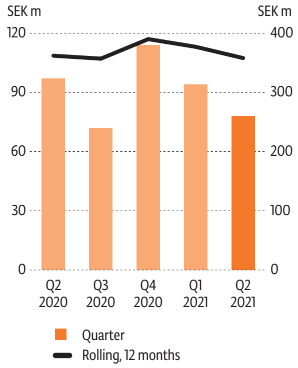
Organic growth of own brands

[1] For Q2, 2021

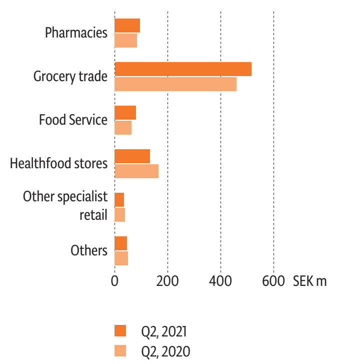
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



fixed assets of a negative SEK 17 million (8), of which negative SEK 11 million was an on-going expansion investment in South Europe. The comparative period included a change in financial assets of SEK 3 million. Free cash flow amounted to SEK -35 million (84). Cash flow from financing activities was a SEK 11 million (negative 44), consisting of loans raised of SEK 151 million (1,230), amortisation of loans by SEK 83 million (32), amortisation of lease liabilities by SEK 15 million (12) and dividends paid of SEK 42 million. Cash flow for the period amounted to SEK –38 million (40).

January–June

Net sales

Net sales amounted to SEK 1,868 million (1,805), an increase of 3.5 percent. The organic change in net sales was –4.9 percent while structural changes contributed by 11.6 percent and exchange rate changes negatively by 3.2 percent. For the Group's prioritised brands, the organic sales growth was a negative 3.5 percent. The previous year's strong sales in February to April attributable to both hoarding and increased household consumption as a result of the outbreak of Covid-19 were challenging to match. The supply chain was subjected to some disruptions, especially in the second quarter as a result of a container shortage and delivery delays, which entailed both delayed and postponed deliveries of both raw materials and finished products with some loss of sales during the period. However, the sales trend as a whole was relatively good for the Group with a stable demand for products under the majority of the own brands. The sales volumes for licensed brands were lower as result of concluded sales assignments.

Gross profit

Gross profit amounted to SEK 532 million (515) and gross profit, before items affecting comparability, amounted to SEK 531 million (515), corresponding to a margin of 28.4 percent (28.5). The higher gross profit was primarily a consequence of acquired operations. The gross margin was stable, where a good product and customer mix, selective price increases and a favourable exchange rate movement compensated for the negative margin effect caused by acquired operations, with a gross margin in the lower range of 20–30 percent. However, gross profit was encumbered by slightly higher production and inventory-related costs in the North and South Europe divisions.

Operating profit/loss

EBITDA amounted to SEK 181 million (215) and EBITDA, before items affecting comparability, amounted to SEK 172 million (204), corresponding to a margin of 9.2 percent (11.3). The EBITDA margin essentially decreased as a consequence of lower sales volumes at the same time that larger market investments were made in prioritised brands, which had not yet had a full impact on sales. The EBITDA margin for the acquired operation System Frugt was also in the lower range of 0-10 percent, which contributed to a lower margin overall for the Group. Amortisation and depreciation for the period amounted to SEK -77 million (–71), divided between SEK –23 million (–23) in amortisation of intangible fixed assets and depreciation of SEK –54 million (–48) on tangible fixed assets. Depreciation increased as a consequence of acquired operations. An impairment of intangible assets of SEK 8 million was also applied as a result of a discontinued product development project. Operating profit amounted to SEK 96 million (144) and operating profit, before items affecting comparability, amounted to SEK 95 million (133), corresponding to a margin of 5.1 percent (7.4).

Items affecting comparability

Operating profit included positive items affecting comparability by a net SEK 1 million (11), comprising a revaluated conditional purchase consideration of SEK 10 million (8), a reversed part of a restructuring reserve of SEK 1 million and an impairment loss on intangible assets of SEK 8 million, as well as acquisition-related costs of SEK 2 million attributable to the acquisition of System Frugt. The comparative period also included restructuring costs of SEK 5 million and acquisition-related income (negative goodwill) of SEK 8 million as a result of acquisitions of operations at a low price.

Financial items

Net financial items amounted to an expense of SEK 23 million (31). Interest expenses for external loans to credit institutions amounted to SEK 16 million (14) and interest expenses attributable to leases were SEK 2 million (3). Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 2 million (3). Other financial items amounted to a negative SEK 3 million (3). In the comparative period, earnings from participations in joint ventures also made a negative contribution of SEK 8 million.

Profit for the period

Profit for the period was SEK 57 million (87), corresponding to earnings per share of SEK 0.88 (1.34) before dilution and SEK 0.87 (1.33) after dilution. Tax on the profit for the period amounted to a negative SEK 16 million (26), of which the current tax was negative SEK 11 million (21) and deferred tax was negative SEK 5 million (5). The effective tax rate was 22.2 percent (22.8).

Cash flow

Cash flow from operating activities amounted to SEK –48 million (99), as a result of both a weaker development for cash flow from operating activities before changes in working capital and a lower working capital mainly related to significantly reduced operating liabilities. In addition, factoring agreements were discontinued in the first quarter, which had a negative impact of SEK 67 million on operating receivables. Cash flow from investing activities amounted to a negative SEK 35 million (48), consisting of a conditional additional purchase consideration paid of SEK 3 million related to business combinations of earlier years, investments in tangible and intangible fixed assets of a negative SEK 32 million (13), of which negative SEK 19 million was an on-going expansion investment in South Europe. The comparative period also included paid purchase considerations for earlier years' business acquisitions of a negative SEK 35 million. Free cash flow amounted to SEK –61 million (86). Cash flow from financing activities was a negative SEK 27 million (72), consisting of loans raised of SEK 151 million (2), amortisation of loans by SEK 106 million (49), amortisation of leasing liabilities by SEK 30 million (24) and dividends paid of SEK 42 million. The comparative period also included issue expenses of SEK 1 million. Cash flow for the period amounted to SEK –110 million (–21).

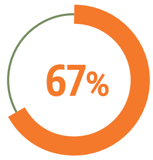
Liquidity and financial position

Cash and equivalents amounted to SEK 86 million (151) and there were unused credit facilities of SEK 250 million (350) at the end of the period. Net debt amounted to SEK 1,716 million (1,310) and was SEK 1,629 million at the end of the preceding quarter. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.9 (3.5) and, at the end of the preceding quarter, it was a multiple of 4.5. Equity amounted to SEK 2,321 million (2,278) and was SEK 2,410 million at the end of the preceding quarter. The changes consisted of profit for the period of SEK 24 million, translation differences on translating foreign operations of a negative SEK 31 million and dividends paid of SEK 82 million. The equity/assets ratio was 45.0 percent (47.6) at the end of the period.

During the quarter, Davert launched yet another product in its lentil series in Germany.

Division Nordics

Percentage net sales in the Group[2]



Division Nordics[1]	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	606	524	1,265	1,130	2,563	2,428
Gross profit	195	165	405	366	813	774
Gross margin, %	32.2	31.6	32.0	32.4	31.7	31.9
EBITDA	56	64	129	136	282	288
EBITDA margin, %	9.3	12.3	10.2	12.0	11.0	11.9
Operating profit/loss	42	55	102	117	231	245
Operating margin,%	6.9	10.5	8.1	10.3	9.0	10.1

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

April–June

Net sales

Net sales increased by 15.7 percent, driven by both acquired sales volumes and organic growth of 2.8 percent for the own brand portfolio. The division's organic change in net sales was a decrease of 2.6 percent, of which external net sales had a decrease of 2.1 percent. The previous year's strong sales in April attributable to both hoarding and increased household consumption were challenging for the organic product category to match. However, the sales trend overall was relatively good, considering the lower sales of licensed brands as a result of concluded less profitable sales assignments. The sales trend for the brand Friggs, among others, was strong with continued launch successes on a Nordic basis.

Gross profit

Gross profit improved mainly driven by acquired business. The gross margin improved as a result of a good product and customer mix, selective price increases and a favourable exchange rate trend, which more than compensated for the negative margin effect caused by acquired operations, with a gross margin in the lower range of 20–30 percent.

Operating profit/loss

Even though the gross profit improved and cost synergies from the integration of System Frugt continue to be realised, EBITDA decreased compared with the previous year mainly as a result of large market investments in prioritised brands together with some integration costs being charged to earnings in connection with the completion of the integration work. EBITDA was also impacted in the comparative period by large positive operational exchange-rate differences, which was not the case in the current period.

January–June

Net sales

Net sales increased by 11.9 percent, driven by acquired business volumes. The division's organic change in net sales was a decrease of 4.4 percent, of which external net sales had a decrease of 4.3 percent. It was a challenge to match last year's strong sales in February to April attributable to both hoarding and increased household consumption. However, the sales trend as a whole was relatively good considering lower sales of licensed brands as a result of concluded less profitable sales assignments. Sales of products from the own brand portfolio for comparable units were stable and in line with the comparative period's strong sales.

Gross profit

Gross profit improved, mainly driven by acquired operations, but the margin was lower because the acquired business has a lower gross margin than the division as a whole. However, gross margin improved for comparable units as a result of an improved product mix, cost savings in the supply chain and a favourable exchange rate trend.

Operating profit/loss

EBITDA was lower compared with the preceding year, despite improved gross profit and realised cost synergies from the integration of System Frugt. The negative deviation was mainly attributable to large market investments made in prioritised brands. However, EBITDA was impacted by positive operating currency translation effects compared with negative such effects last year.

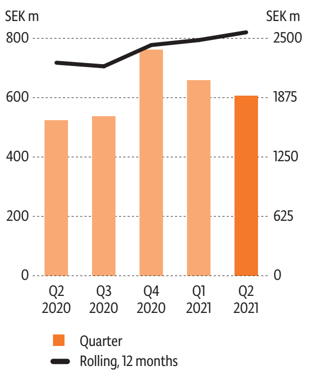
72 percent[2]

Percentage of own brands, income

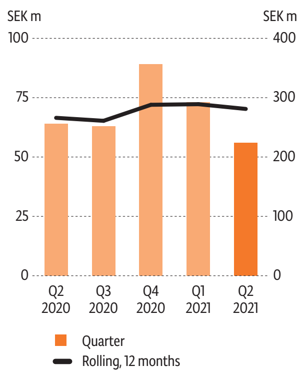
2.8 percent[2]

Organic growth of own brands[3]

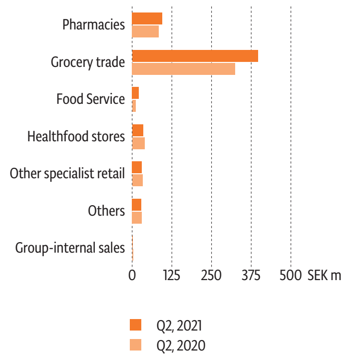
Net sales



EBITDA, before items affecting comparability



Net sales per sales channel



[2] *For Q2, 2021*
[3] *For external product sales*

Division North Europe

Percentage net sales in the Group[2]

Division North Europe[1]	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	204	227	428	472	855	899
Gross profit	39	47	81	96	159	174
Gross margin, %	18.9	20.8	18.9	20.3	18.6	19.4
EBITDA	19	24	37	50	61	74
EBITDA margin, %	9.2	10.7	8.7	10.6	7.2	8.3
Operating profit/loss	8	13	16	27	19	29
Operating margin,%	3.9	5.6	3.8	5.7	2.2	3.3

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

April–June

Net sales

Net sales decreased by 10.2 percent. The division's organic change in net sales was a decrease of 5.7 percent, of which external net sales had a decrease of 6.3 percent. The previous year's strong sales in April attributable to both hoarding and increased household consumption were challenging to match. Sales also continued to be partly negatively impacted by a low service level to customers as a result of disruptions in the supply chain with a container shortage and delivery delays, which limited the supply of some raw materials. As society gradually opened up, sales to food service began to gain speed, partly at the expense of slightly lower sales to grocery trade and healthfood stores. Sales to a major grocery trade customer were temporarily weak during the period as a result of a product range shift that did not overlap.

Gross profit

Gross profit decreased and the margin was lower as a result of lower sales volumes, limited flexibility in the production costs and temporary additional costs in production mainly related to activities for improve the service level to customers.

Operating profit/loss

EBITDA decreased and the margin was lower as a result of lower sales volumes and a weaker gross margin development.

January–June

Net sales

Net sales decreased by 9.3 percent. The division's organic change in net sales was a decrease of 4.5 percent, of which external net sales had a decrease of 5.5 percent. The previous year's strong sales in February to April attributable to both hoarding and increased household consumption were challenging to match. Sales also continued to be partly negatively impacted by a low service level to customers as a result of disruptions in the supply chain with a container shortage and delivery delays, which limited the supply of some raw materials. Altogether, sales to the two major sales channels, grocery trade and food service, developed in a similar way during the period, but with a large variation between the first and second quarter.

Gross profit

Gross profit decreased and the margin was lower as a result of lower sales volumes, limited flexibility in the production costs and temporary additional costs in production mainly related to activities for improve the service level to customers. A favourable product mix primarily related to the first quarter, with a large share of brand-profiled products, offset to some extent the weaker margin development in the second quarter.

Operating profit/loss

EBITDA decreased and the margin was lower as a result of lower sales volumes and a weaker gross margin development.

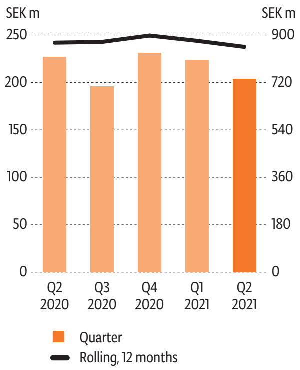
63 percent[2]

Percentage of own brands, income

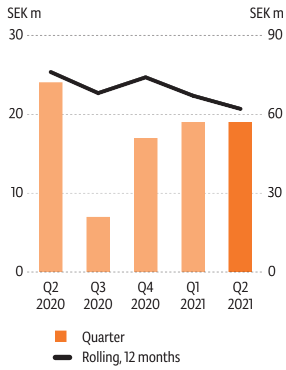
1.4 percent[2]

Organic growth of own brands[3]

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel

[2] For Q2, 2021
[3] For external product sales

Division South Europe

Percentage net sales in the Group[2]

Division South Europe[1]	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	100	114	197	217	388	409
Gross profit	24	28	47	54	88	95
Gross margin, %	23.4	24.2	23.8	24.7	22.6	23.2
EBITDA	10	16	19	31	40	51
EBITDA margin, %	10.0	13.9	9.7	14.1	10.2	12.5
Operating profit/loss	5	11	10	21	21	33
Operating margin,%	5.4	9.8	5.1	9.8	5.5	8.1

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

April–June

Net sales

Net sales decreased by 12.1 percent. The division's organic change in net sales was a decrease of 7.7 percent, of which external net sales had a decrease of 9.5 percent. The previous year's strong sales in April attributable to both hoarding and increased household consumption were challenging to match. The sales trend was characterised by some slow-downs in sales volumes, partly dependent on both reduced warehousing at the customers at the end of the period. Moreover, the French market has been undergoing change for some time with lower sales volumes to healthfood stores and higher volumes to grocery trade. The prioritised brand Happy Bio, which was broadly launched in grocery trade, showed continued strong sales growth and is well positioned.

Gross profit

Gross profit decreased and the lower margin was mainly a result of lower business volumes and higher inventory costs related to the on-going expansion investment in Spain, which claimed earlier warehouse space and was replaced with a new external warehouse.

Operating profit/loss

EBITDA decreased and the margin was slightly lower as a result of lower business volumes and that structural costs for the operation of an independent division were not fully in place in the comparative period.

January–June

Net sales

Net sales decreased by 9.5 percent. The division's organic change in net sales was a decrease of 4.7 percent, of which external net sales had a decrease of 5.6 percent. The previous year's effects from product hoarding and higher household consumption during February to April were difficult to match. Sales to healthfood stores decreased by more than 20 percent, which was partly compensated by higher business volumes from grocery trade driven by the brand Happy Bio.

Gross profit

Gross profit decreased and the slightly lower margin was impacted by higher inventory costs as a consequence of the on-going expansion investment in Spain for plant-based meat alternatives. The investment claimed a former warehouse, which was replaced by a new external warehouse. A more favourable product and customer mix partly compensated for higher inventory-related costs.

Operating profit/loss

EBITDA decreased and the margin was slightly lower as a result of lower business volumes and that structural costs for the operation of an independent division were not fully in place in the comparative period. The division's independence from earlier owners was gradually built up during the preceding year.

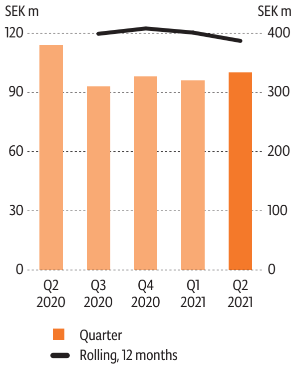
80 percent[2]

Percentage of own brands, income

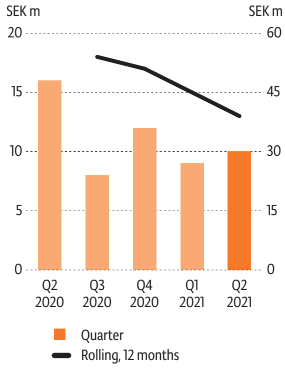
-8.2 percent[2]

Organic growth of own brands[3]

Net sales



EBITDA, before items affecting comparability



Net sales per sales channel

[2] *For Q2, 2021*
[3] *For external product sales*

Other information

Financial calendar

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

Interim report, January–September 2021
22 October 2021

Year-end Report 2021
4 February 2022

Interim Report Jan–March 2022
28 April 2022

Interim Report Jan–June 2022
20 July 2022

Interim report, January–September 2022
25 October 2022

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. As a result of the acquired System Frugt, sales will be higher in the fourth quarter than in the first three quarters, which is mainly due to higher sales of dried fruits and nuts prior to the Christmas, among other things.

Parent Company

Net sales amounted to SEK 34 million (27), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK -6 million (93). Profit before tax included dividends from subsidiaries of SEK 1 million (124). Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of a SEK 0 million (negative 1) and exchange-rate differences of net investment in subsidiaries in an amount of SEK 7 million (negative 18).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 280 million (429). Borrowing from credit institutions was SEK 1,523 million (1,078) at the end of the period. On the balance sheet date, there were 17 employees (14).

Closely-related parties

CEO, Peter Åsberg, sold 35,150 Series B shares in Midsona AB to the main owner Stena Adactum AB in the first quarter of 2021. The transaction was carried out at market price.

In November 2016, the main owner Stena Adactum AB issued 100,000 call options to Chairman of the Board Ola Erici with its own holding in shares as a guarantee. The options were converted to 24,730 Series B shares in Midsona in the second quarter of 2021. The transaction was carried out at market price. It did not affect the Midsona Group's financial position or performance as it was not a party to the transaction.

Besides the aforementioned transaction, there were no material related-party transactions during the period January-June 2021. Also see Note 33 *Related parties* in the 2020 Annual Report, page 128, for a description of the Group and the Parent Company's related-party transactions.

Risks and uncertainties including impact from Covid-19

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent. 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 80–91 and Note 31 *Financial risk management* on pages 126–128 in the 2020 annual report.

The Covid-19 pandemic continued to affect the Group to some extent in the first half of 2021. Costs for shipping were higher than normal as a consequence of a container shortage. The assessment is that the cost increase will remain throughout much of 2021. The container shortage also entailed delivery delays. The reserve inventory levels for the most critical raw materials and finished products remained elevated as we still have a somewhat unstable external situation and cannot rule out problems arising in the supply chain. In addition, the sales trend was to some extent negatively impacted by continued pandemic restrictions, particularly sales to food service in the first quarter. During the second quarter, sales to food service began to gain speed as pandemic restrictions were lifted in society.

Changes in prioritised brands

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

Supplement to financing agreement

In April 2021, an agreement was reached on an amendment to an existing financing agreement with Danske Bank for an extended credit limit by SEK 200 million to ensure flexibility regarding future operating capital needs in a group that is growing.

Annual General Meeting

The Annual General Meeting on 5 May 2021 addressed dividends and other matters. A decision was made to pay a dividend to shareholders of SEK 1.25 per share, corresponding to a total SEK 82 million, divided into two payment dates. At the first payment date on 12 May, SEK 0.65 per share was paid with 7 May as the record date and at the second payment date on 29 October, SEK 0.60 per share will be paid with 26 October as the record date.

Climate targets

In May, Midsona had its targets for reduced emissions approved by the international cooperative body Science Based Target initiative (SBTi), which is a collaboration between the CDP, the UN Global Compact, World Resources Institute (WRI) and World Wide Fund for Nature (WWF). This means that our targets agree with the levels required to achieve the targets in the Paris agreement.

Acquisition analysis

The acquisition analysis for System Frugt A/S, which was presented in the Year-End Report for 2020 and the 2020 Annual Report, was revised in the second quarter of 2021. Revised items in the acquisition analysis are presented in Note 8 *Changes in acquisition analysis* on page 17.

New legislation in Sweden

On 10 June 2021, the Swedish Parliament decided to introduce a new law as of 1 November 2021 regarding the prohibition of unfair trading methods in the purchase of agricultural and food products if the supplier or buyer are established in Sweden, in line with an EU directive. The law contains a number of different prohibited unfair trading methods and one of them is terms of payment of more than 30 days. The Swedish Competition Authority is the supervisory authority and may decide that if a buyer violates the law by applying unfair trading methods, the buyer must pay an administrative fine of a maximum of 1 percent of the annual sales. Midsona is investigating the extent to which the introduction of the new law may affect the Group's cash flow.

Significant events following the end of the report period.

In July, it was decided to close a small production plant in Jerez, Spain as a part of strengthening competitiveness. The production plant mainly produced organic baby food under the brand Vegebaby. Some production volumes will be moved to the production plant in Castellcir, Spain, and some production volumes will be concluded. The efficiency-enhancement programme will entail some restructuring costs, which will be charged to the earnings for the third quarter of 2021. The efficiency-enhancement programme is expected to provide a minor savings, with full effect in 2022.

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, 22 July 2021
Midsona AB (publ)

Ola Erici
CHAIRMAN OF THE BOARD

Heli Arantola
BOARD MEMBER

Sandra Kottenauer
BOARD MEMBER

Henrik Stenqvist
BOARD MEMBER

Peter Wahlberg
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 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	3.4	**903**	**859**	**1,868**	**1,805**	**3,772**	**3,709**
Expenses for goods sold		-646	-619	-1,336	-1,290	-2,718	-2,672
Gross profit		**257**	**240**	**532**	**515**	**1,054**	**1,037**
Selling expenses		-155	-123	-306	-253	-595	-542
Administrative expenses		-73	-70	-146	-136	-294	-284
Other operating income		13	17	20	19	53	52
Other operating expenses		0	9	-4	-1	-9	-6
Operating profit/loss	3	**42**	**73**	**96**	**144**	**209**	**257**
Profit/loss from participations in joint ventures		–	-8	–	-8	–	-8
Financial income		-5	-29	2	4	12	14
Financial expenses		-7	16	-25	-27	-57	-59
Profit/loss before tax		**30**	**52**	**73**	**113**	**164**	**204**
Tax on profit for the period		-6	-12	-16	-26	-18	-28
Profit for the period		**24**	**40**	**57**	**87**	**146**	**176**
Profit for the period is divided between:							
Parent Company shareholders (SEK million)		24	40	57	87	146	176
Earnings per share before dilution attributable to Parent Company shareholders (SEK)		0.37	0.62	0.88	1.34	2.24	2.70
Earnings per share after dilution attributable to Parent Company shareholders (SEK)		0.37	0.62	0.87	1.33	2.23	2.69
Number of shares (thousands)							
Average during the period		65,218	65,005	65,183	65,005	65,094	65,005
Average during the period, after full dilution		65,367	65,364	65,333	65,364	65,349	65,364

Summary consolidated statement of comprehensive income

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Profit for the period	**24**	**40**	**57**	**87**	**146**	**176**
Items that have or can be reallocated to profit for the period						
Translation differences for the period on translation of foreign operations	-31	-60	33	-49	-32	-114
Other comprehensive income for the period	**-31**	**-60**	**33**	**-49**	**-32**	**-114**
Comprehensive income for the period	**-7**	**-20**	**90**	**38**	**114**	**62**
Comprehensive income for the period is divided between:						
Parent Company shareholders (SEK million)	-7	-20	90	38	114	62

Mivitotal launched a new range of dietary supplements and a new design in the Nordic region.

Summary consolidated balance sheet

SEK million	Note	30 June 2021	30 June 2020	31 Dec 2020
Intangible assets		3,275	3,001	3,289
Tangible assets		530	556	548
Non-current receivables		4	4	4
Deferred tax assets		93	67	85
Fixed assets		**3,902**	**3,628**	**3,926**
Inventories		730	612	643
Accounts receivable		374	345	290
Tax receivables		11	0	11
Other receivables		28	17	44
Prepaid expenses and accrued income		26	29	18
Cash and cash equivalents		86	151	195
Current assets		**1,255**	**1,154**	**1,201**
Assets		**5,157**	**4,782**	**5,127**
Share capital	7	326	325	325
Additional paid-up capital		1,168	1,158	1,169
Reserves		-25	7	-58
Profit brought forward, including profit for the period		852	788	877
Shareholders' equity		**2,321**	**2,278**	**2,313**
Non-current interest-bearing liabilities		1,592	1,324	1,526
Other non-current liabilities	5, 6	14	58	38
Deferred tax liabilities		338	316	342
Non-current liabilities		**1,944**	**1,698**	**1,906**
Current interest-bearing liabilities		210	137	253
Accounts payable		397	353	405
Tax liabilities		3	–	0
Other current liabilities	5, 6	98	144	80
Accrued expenses and deferred income		184	172	170
Current liabilities		**892**	**806**	**908**
Liabilities		**2,836**	**2,504**	**2,814**
Shareholders' equity and liabilities		**5,157**	**4,782**	**5,127**

Summary consolidated changes in shareholders' equity

SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the period	Shareholders' equity
Opening shareholders' equity 1 January 2020	325	1,159	56	782	2,322
Profit for the period	–	–	–	87	87
Other comprehensive income for the period	–	–	-49	–	-49
Comprehensive income for the period	**–**	**–**	**-49**	**87**	**38**
Issue expenses	–	-1	–	–	-1
Dividend	–	–	–	-81	-81
Transactions with the Group's owners	**–**	**-1**	**–**	**-81**	**-82**
Closing shareholders' equity 30 June 2020	**325**	**1,158**	**7**	**788**	**2,278**
Opening shareholders' equity 1 July 2020	325	1,158	7	788	2,278
Profit for the period	–	–	–	89	89
Other comprehensive income for the period	–	–	-65	–	-65
Comprehensive income for the period	**–**	**–**	**-65**	**89**	**24**
On-going issue of warrant programme, TO2017/2020	–	11	–	–	11
Transactions with the Group's owners	**–**	**11**	**–**	**–**	**11**
Closing shareholders' equity 31 December 2020	**325**	**1,169**	**-58**	**877**	**2,313**
Opening shareholders' equity 1 January 2021	325	1,169	-58	877	2,313
Profit for the period	–	–	–	57	57
Other comprehensive income for the period	–	–	33	–	33
Comprehensive income for the period	**–**	**–**	**33**	**57**	**90**
Completed issue of warrant programme, TO2017/2020	1	-1	–	–	0
Issue expenses, TO2017/2020	–	0	–	–	0
Dividend	–	–	–	-82	-82
Transactions with the Group's owners	**1**	**-1**	**–**	**-82**	**-82**
Closing shareholders' equity 30 June 2021	**326**	**1,168**	**-25**	**852**	**2,321**

Summary consolidated cash flow statement

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Profit/loss before tax	30	52	73	113	164	204
Adjustment for items not included in cash flow	30	44	61	64	152	155
Income tax paid	-5	-2	-7	-23	-24	-40
Cash flow from operating activities before changes in working capital	**55**	**94**	**127**	**154**	**292**	**319**
Increase (–)/decrease (+) in inventories	-56	-74	-91	-92	-24	-25
Increase (–)/decrease (+) in operating receivables	15	70	-76	-64	-21	-9
Increase (+)/decrease (–) in operating liabilities	-43	-1	-8	101	-111	-2
Changes in working capital	**-84**	**-5**	**-175**	**-55**	**-156**	**-36**
Cash flow from operating activities	**-29**	**89**	**-48**	**99**	**136**	**283**
Acquisitions of companies or operations	-3	0	-3	-35	-246	-278
Acquisitions of intangible assets	-1	-3	-3	-5	-65	-67
Acquisitions of tangible assets	-16	-5	-29	-8	-42	-21
Change in financial assets	0	3	0	0	-3	-3
Cash flow from investing activities	**-20**	**-5**	**-35**	**-48**	**-356**	**-369**
Cash flow after investing activities	**-49**	**84**	**-83**	**51**	**-220**	**-86**
Issue expenses	–	–	–	-1	–	-1
Issue of warrant programme, TO2017/2020	–	–	–	–	11	11
Loans raised	151	–	151	2	551	402
Repayment of loans	-83	-32	-106	-49	-220	-163
Amortisation of lease liabilities	-15	-12	-30	-24	-57	-51
Dividend paid	-42	–	-42	–	-123	-81
Cash flow from financing activities	**11**	**-44**	**-27**	**-72**	**162**	**117**
Cash flow for the period	**-38**	**40**	**-110**	**-21**	**-58**	**31**
Cash and equivalents at beginning of period	123	114	195	173	151	173
Translation difference in cash and cash equivalents	1	-3	1	-1	-7	-9
Cash and cash equivalents at end of the period	**86**	**151**	**86**	**151**	**86**	**195**

Summary income statement, Parent Company

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	**19**	**14**	**34**	**27**	**66**	**59**
Administrative expenses	-25	-23	-45	-41	-81	-77
Other operating income	0	0	0	0	0	0
Other operating expenses	0	0	0	0	0	0
Operating profit/loss	**-6**	**-9**	**-11**	**-14**	**-15**	**-18**
Profit from participations in subsidiaries	1	38	1	124	-19	104
Financial income	-5	-21	23	18	49	44
Financial expenses	-3	22	-19	-35	-53	-69
Profit/loss after financial items	**-13**	**30**	**-6**	**93**	**-38**	**61**
Allocations	–	–	–	–	41	41
Profit/loss before tax	**-13**	**30**	**-6**	**93**	**3**	**102**
Tax on profit for the period	–	–	–	–	0	0
Profit for the period	**-13**	**30**	**-6**	**93**	**3**	**102**

During the quarter, Celnat launched more products in its essentials series in France.

Summary balance sheet, Parent Company

SEK million	Note	30 June 2021	30 June 2020	31 Dec 2020
Intangible assets		54	58	55
Tangible assets		3	3	3
Participations in subsidiaries		2,547	2,355	2,546
Receivables from subsidiaries		1,148	1,103	1,097
Deferred tax assets		2	2	2
Financial assets		**3,697**	**3,460**	**3,645**
Fixed assets		**3,754**	**3,521**	**3,703**
Receivables from subsidiaries		17	20	57
Other receivables		16	13	12
Cash and bank balances		30	79	82
Current assets		**63**	**112**	**151**
Assets		**3,817**	**3,633**	**3,854**
Share capital	7	326	325	325
Statutory reserve		58	58	58
On-going issue of warrant programme, TO2017/2020		–	–	11
Profit brought forward, including profit for the period and other reserves		1,648	1,717	1,725
Shareholders' equity		**2,032**	**2,100**	**2,119**
Liabilities to credit institutions		1,420	999	1,324
Other non-current liabilities	6	–	16	11
Non-current liabilities		**1,420**	**1,015**	**1,335**
Liabilities to credit institutions		103	79	98
Liabilities to subsidiaries		196	327	281
Other current liabilities	6	66	112	21
Current liabilities		**365**	**518**	**400**
Equity and liabilities		**3,817**	**3,633**	**3,854**

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 January–June 2021, the same accounting principles and calculation methods were applied as in the last annual report issued for 2020 (Note 1 *Accounting principles*, pages 102–109) The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2021 had no significant impact on the Group's accounting for the period January–June 2021.

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. concerns the benchmark rate reform from 1 January 2021. In brief, the changes mean that it makes it possible for companies to reflect the effects of transitioning from benchmark rates, such as "STIBOR", to other benchmark rates without it giving rise to accounting effects, which would not provide useful information to users of financial statements. The Group is affected by the benchmark rate reform primarily in the exposure to IBOR in its external borrowing when hedge accounting is not applied. The exposure to IBOR is limited and the Group follows up the changes and their impact.

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.

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 *Important estimates and assessments* on pages 129–130 of the 2020 Annual Report.

In the second quarter of 2021, a new assessment was made of the fair value of identified assets and liabilities related to the acquisition of System Frugt A/S, whereby some items in the acquisition analysis were revised; see Note 8 *Changes in acquisition analysis, Group* on page 17. In addition to this, no new material estimates and assessments have been made since the issuance of the latest Annual Report.

Note 3 | Operating segments, Group

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
April–June	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales, external	605	521	199	224	99	114	–	–	903	859
Net sales, intra-Group	1	3	5	3	1	0	-7	-6	–	–
Net sales	**606**	**524**	**204**	**227**	**100**	**114**	**-7**	**-6**	**903**	**859**
Expenses for goods sold	-410	-359	-165	-180	-76	-86	5	6	-646	-619
Gross profit	**196**	**165**	**39**	**47**	**24**	**28**	**-2**	**0**	**257**	**240**
Other operating expenses	-153	-103	-21	-31	-19	-17	-22	-16	-215	-167
Operating profit/loss	**43**	**62**	**18**	**16**	**5**	**11**	**-24**	**-16**	**42**	**73**
Financial items									-12	-21
Profit/loss before tax									**30**	**52**
Significant income and expense items reported in the income statement:										
Items affecting comparability[1]	-1	-7	-10	-3	–	–	8	-1	-3	-11
Depreciation/amortisation and impairment	14	9	11	11	5	5	17	10	47	35
Gross profit, before items affecting comparability	**195**	**165**	**39**	**47**	**24**	**28**	**-2**	**0**	**256**	**240**
Operating profit, before items affecting comparability	**42**	**55**	**8**	**13**	**5**	**11**	**-16**	**-17**	**39**	**62**
EBITDA, before items affecting comparability	**56**	**64**	**19**	**24**	**10**	**16**	**-7**	**-7**	**78**	**97**
Average number of employees	436	341	225	212	150	154	17	14	828	721
Number of employees as per the balance sheet date	440	344	228	216	151	156	17	14	836	730

[1] For a specification of items affecting comparability, refer to the reconciliations against IFRS, Group, on pages 17–19.

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
January–June	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales, external	1,259	1,125	415	463	194	217	–	–	1,868	1,805
Net sales, intra-Group	6	5	13	9	3	0	-22	-14	–	–
Net sales	**1,265**	**1,130**	**428**	**472**	**197**	**217**	**-22**	**-14**	**1,868**	**1,805**
Expenses for goods sold	-859	-764	-347	-376	-150	-163	20	13	-1,336	-1,290
Gross profit	**406**	**366**	**81**	**96**	**47**	**54**	**-2**	**-1**	**532**	**515**
Other operating expenses	-303	-242	-55	-66	-37	-33	-41	-30	-436	-371
Operating profit/loss	**103**	**124**	**26**	**30**	**10**	**21**	**-43**	**-31**	**96**	**144**
Financial items									-23	-31
Profit/loss before tax									**73**	**113**
Significant income and expense items reported in the income statement:										
Items affecting comparability[1]	-1	-7	-10	-3	–	–	10	-1	-1	-11
Depreciation/amortisation and impairment	27	19	21	23	9	10	28	19	85	71
Gross profit, before items affecting comparability	**405**	**366**	**81**	**96**	**47**	**54**	**-2**	**-1**	**531**	**515**
Operating profit, before items affecting comparability	**102**	**117**	**16**	**27**	**10**	**21**	**-33**	**-32**	**95**	**133**
EBITDA, before items affecting comparability	**129**	**136**	**37**	**50**	**19**	**31**	**-13**	**-13**	**172**	**204**
Average number of employees	444	342	220	208	150	154	16	14	830	718
Number of employees as per the balance sheet date	440	344	228	216	151	156	17	14	836	730

[1] For a specification of items affecting comparability, refer to the reconciliations against IFRS, Group, on pages 17–19.

During the quarter, Friggs launched two new corn cakes in Sweden with the seasonal flavours of Blueberry and Cinnamon Bun.

Note 4 | Breakdown of income, Group

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
April–June	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Geographical areas[1]										
Sweden	278	243	0	0	1	–	–	–	**279**	243
Rest of Europe	326	280	203	226	95	111	-7	-6	**617**	611
Other countries outside Europe	2	1	1	1	4	3	–	–	**7**	5
Net sales	**606**	**524**	**204**	**227**	**100**	**114**	**-7**	**-6**	**903**	**859**
Sales channel										
Pharmacies	95	84	–	–	–	–	–	–	**95**	84
Grocery trade	396	324	89	102	30	33	–	–	**515**	459
Food Service	21	11	58	52	1	0	–	–	**80**	63
Healthfood stores	34	39	47	60	52	65	–	–	**133**	164
Other specialist retailers	30	33	4	5	0	1	–	–	**34**	39
Others	29	30	1	5	16	15	–	–	**46**	50
Group-internal sales	1	3	5	3	1	0	-7	-6	**–**	–
Net sales	**606**	**524**	**204**	**227**	**100**	**114**	**-7**	**-6**	**903**	**859**
Product categories										
Organic products	176	200	204	227	100	115	-7	-6	**473**	536
Healthfoods	261	137	–	–	–	–	–	–	**261**	137
Consumer health products	167	184	–	–	–	–	–	–	**167**	184
Services linked to product handling	2	3	0	–	0	-1	0	0	**2**	2
Net sales	**606**	**524**	**204**	**227**	**100**	**114**	**-7**	**-6**	**903**	**859**
Brands										
Own	437	379	129	135	80	91	-7	-6	**639**	599
Licensed	111	134	–	–	8	9	–	–	**119**	143
Contract manufacture	56	8	75	92	12	15	–	–	**143**	115
Services linked to product handling	2	3	0	–	0	-1	0	0	**2**	2
Net sales	**606**	**524**	**204**	**227**	**100**	**114**	**-7**	**-6**	**903**	**859**

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

SEK million	Nordics		North Europe		South Europe		Group-wide functions		Group	
January–June	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Geographical areas[1]										
Sweden	563	525	0	0	1	–	–	–	**564**	525
Rest of Europe	700	603	427	471	189	211	-22	-14	**1,294**	1,271
Other countries outside Europe	2	2	1	1	7	6	–	–	**10**	9
Net sales	**1,265**	**1,130**	**428**	**472**	**197**	**217**	**-22**	**-14**	**1,868**	**1,805**
Sales channel										
Pharmacies	182	175	–	–	–	–	–	–	**182**	175
Grocery trade	838	707	190	202	58	49	–	–	**1,086**	958
Food Service	39	31	109	118	2	1	–	–	**150**	150
Healthfood stores	75	87	105	125	100	128	–	–	**280**	340
Other specialist retailers	61	68	9	10	1	2	–	–	**71**	80
Others	64	57	2	8	33	37	–	–	**99**	102
Group-internal sales	6	5	13	9	3	0	-22	-14	**–**	–
Net sales	**1,265**	**1,130**	**428**	**472**	**197**	**217**	**-22**	**-14**	**1,868**	**1,805**
Product categories										
Organic products	396	423	428	472	197	216	-22	-14	**999**	1,097
Healthfoods	529	313	–	–	–	–	–	–	**529**	313
Consumer health products	336	388	–	–	–	–	–	–	**336**	388
Services linked to product handling	4	6	0	–	0	1	0	0	**4**	7
Net sales	**1,265**	**1,130**	**428**	**472**	**197**	**217**	**-22**	**-14**	**1,868**	**1,805**
Brands										
Own	912	815	265	282	156	169	-22	-14	**1,311**	1,252
Licensed	233	291	–	–	16	18	–	–	**249**	309
Contract manufacture	116	18	163	190	25	29	–	–	**304**	237
Services linked to product handling	4	6	0	–	0	1	0	0	**4**	7
Net sales	**1,265**	**1,130**	**428**	**472**	**197**	**217**	**-22**	**-14**	**1,868**	**1,805**

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

Note 5 | Fair value and reported in the balance sheet, Group

SEK million	30 June 2021	30 June 2020	31 Dec 2020
Liabilities			
Financial instruments measured at fair value via the income statement			
Currency risk	0	0	0
Currency option	–	3	–
Forward currency contracts	0	–	–
Conditional purchase considerations	11	55	24
Total	**11**	**58**	**24**
Financial instruments not measured at fair value			
Other non-current liabilities	14	12	15
Other current liabilities	87	132	79
Total	**101**	**144**	**94**
Total liabilities	**112**	**202**	**118**

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

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

Assets at fair value are recognised in the items non-current receivables and other receivables in the consolidated balance sheet. Liabilities at fair value are recognised in the items other non-current liabilities and other current liabilities in the consolidated balance sheet. The carrying amount on accounts receivable, other receivables, cash and cash equivalents and other liabilities constitutes a reasonable approximation of fair value.

For further information, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown in the 2020 annual report*, pages 128–129.

Note 6 | Conditional purchase considerations, Group

SEK million	
Opening conditional purchase considerations, 1 Jan 2020	78
Exchange-rate change	2
Revaluation of conditional purchase considerations	-25
Closing conditional purchase considerations, 30 June 2020	**55**
Opening conditional purchase considerations, 1 July 2020	55
Exchange-rate change	-2
Revaluation of conditional purchase considerations	-29
Closing conditional purchase considerations, 31 Dec 2020	**24**
Opening conditional purchase considerations, 1 Jan 2021	24
Paid conditional purchase considerations	-3
Exchange-rate change	0
Revaluation of conditional purchase considerations	-10
Closing conditional purchase considerations, 30 June 2021	**11**
Expected disbursements	
Expected disbursement 2022	11
Total	**11**

The remaining conditional purchase consideration amounted to SEK 11 million (55) and was related to the business combination Davert GmbH (2018). The comparative period included the contingent considerations for Davert GmbH at SEK 28 million, Eisblümerl Naturkost GmbH (2019) at SEK 26 million and Ekko Gourmet (2019) at SEK 1 million. The Parent Company, Midsona AB, holds conditional supplemental purchase considerations attributable to the business combination with Davert GmbH.

Note 7 | Change in number of shares, Group

Number	Series A shares	Series B shares	Total
Number of shares 1 January 2020	755,820	64,248,788	65,004,608
Number of shares 30 June 2020	**755,820**	**64,248,788**	**65,004,608**
Number of shares 1 July 2020	755,820	64,248,788	65,004,608
Number of shares 31 December 2020	**755,820**	**64,248,788**	**65,004,608**
Number of shares 1 January 2021	755,820	64,248,788	65,004,608
Redemption of warrants	–	213,180	213,180
Number of shares 30 June 2021	**755,820**	**64,461,968**	**65,217,788**
Quota value per share, SEK			5.00
Share capital on the balance sheet date, SEK			326,088,940
Votes on the balance sheet date, number			72,020,168

In January 2021, the number of shares and votes in Midsona AB (publ) changed as a result of a new share issue under way at the end of the year, which was concluded whereby 187,000 warrants were exercised in exchange for 213,180 Series B shares in the scope of the TO2017/2020 incentive programme, which was adopted at the Extraordinary General Meeting on 1 December 2017.

One warrant programme was outstanding at the end of the period, the TO2019/2022 series, which can provide a maximum of 149,480 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for the outstanding warrant programme, and accordingly the earnings per share after full dilution were calculated. For more information on TO2019/2022, see Note 10 *Employees, personnel expenses and senior executives' remuneration* in the 2020 annual report, pages 114–116.

Note 8 | Changes in acquisition analysis, Group

On 7 October 2020, all shares in the Danish company System Frugt A/S were acquired. After an analysis of the value of assets was done in the second quarter of 2021, a revision was made of some items in the initial acquisition analysis, which was presented in Year-End Report 2020 and the 2020 Annual Report.

Changes in the acquired company's net assets on the acquisition date, SEK million	Before change	Change	After change
Intangible assets	173	-9	164
Consolidated goodwill	149	-13	136
Deferred tax assets	20	20	40
Deferred tax liabilities	38	-2	36

The revision meant that SEK 149 million (DKK 105.6 million) was allocated to brands, SEK 13 million (DKK 8.9 million) to customer contracts, SEK 36 million (DKK 25.2 million) to deferred tax liabilities and SEK 136 million (DKK 96.3 million) to goodwill. A brand with a fair value of SEK 147 million (DKK 104.5 million) was deemed to continue to have an indefinite useful life, while a brand with a fair value of SEK 2 million (DKK 1.2 million) was deemed to still have a useful life of five years. The acquisition analysis is still preliminary after the revision because continued analyses are under way of the value of assets.

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 respective measures not defined under IFRS, please see the Definitions section on pages 150–153 in the 2020 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 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Operating profit, before items affecting comparability	**39**	**62**	**95**	**133**	**205**	**243**
Items affecting comparability included in operating profit [1,2]	3	11	1	11	4	14
Operating profit/loss	**42**	**73**	**96**	**144**	**209**	**257**
Amortisation of intangible assets	12	12	23	23	48	48
Impairment losses on intangible assets	8	–	8	–	8	–
Depreciation of tangible assets	27	23	54	48	105	99
EBITDA	**89**	**108**	**181**	**215**	**370**	**404**
Items affecting comparability included in EBITDA [1,2]	-11	-11	-9	-11	-12	-14
EBITDA, before items affecting comparability	**78**	**97**	**172**	**204**	**358**	**390**
Net sales	903	859	1,868	1,805	3,772	3,709
EBITDA-Margin, before items affecting comparability	**8.6%**	**11.3%**	**9.2%**	**11.3%**	**9.5%**	**10.5%**

[1] Specification of items affecting comparability

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Restructuring expenses, net	-1	5	-1	5	19	25
Revaluation of conditional purchase consideration	-10	-8	-10	-8	-38	-36
Acquisition-related expenses	–	0	2	0	7	5
Acquisition-related revenues (negative consolidated goodwill)	–	-8	–	-8	–	-8
Impairment of intangible assets	8	–	8	–	8	–
Items affecting comparability included in operating profit	**-3**	**-11**	**-1**	**-11**	**-4**	**-14**
Impairment of intangible assets	-8	–	-8	–	-8	–
Items affecting comparability included in EBITDA	**-11**	**-11**	**-9**	**-11**	**-12**	**-14**

[2] Corresponding line in the consolidated income statement

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Expenses for goods sold	-1	–	-1	–	4	5
Selling expenses	8	1	8	1	12	5
Administrative expenses	0	4	0	4	11	15
Other operating income	-10	-16	-10	-16	-38	-44
Other operating expenses	0	–	2	–	7	5
Items affecting comparability included in operating profit	**-3**	**-11**	**-1**	**-11**	**-4**	**-14**
Selling expenses	-8	–	-8	–	-8	–
Items affecting comparability included in EBITDA	**-11**	**-11**	**-9**	**-11**	**-12**	**-14**

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

SEK million	Rolling 12-month	Full year 2020
EBITDA	**370**	**404**
Acquisition-related transaction expenses	-31	-39
Pro forma adjustment	8	9
Adjusted EBITDA	**347**	**374**

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

SEK million	30 June 2021	30 June 2020	31 Dec 2020
Non-current interest-bearing liabilities	1,592	1,324	1,526
Current interest-bearing liabilities	210	137	253
Cash and cash equivalents [1]	-86	-151	-195
Net liabilities	**1,716**	**1,310**	**1,584**

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

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

SEK million	April–June 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Shareholders' equity and liabilities	**5,157**	**4,782**	**5,157**	**4,782**	**5,157**	**5,127**
Other non-current liabilities	-14	-58	-14	-58	-14	-38
Deferred tax liabilities	-338	-316	-338	-316	-338	-342
Accounts payable	-397	-353	-397	-353	-397	-405
Other current liabilities	-101	-144	-101	-144	-101	-80
Accrued expenses and deferred income	-184	-172	-184	-172	-184	-170
Capital employed	**4,123**	**3,739**	**4,123**	**3,739**	**4,123**	**4,092**
Capital employed at the beginning of the period	4,162	3,904	4,092	3,848	3,739	3,848
Average capital employed	**4,143**	**3,822**	**4,108**	**3,794**	**3,931**	**3,970**

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

SEK million	Rolling 12-month	Full year 2020
Profit/loss before tax	**164**	**204**
Financial expenses	57	59
Profit before taxes, excluding financial expenses	**221**	**263**
Average capital employed	3,931	3,970
Return on capital employed, %	**5.6**	**6.6**

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 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Cash flow from operational activities	**-29**	**89**	**-48**	**99**	**136**	**283**
Cash flow from investing activities	-20	-5	-35	-48	-356	-369
Acquisitions of companies or operations	3	0	3	35	246	278
Expansion investment, new production line	11	–	19	–	19	–
Acquisitions of brands and product rights	–	–	–	–	60	60
Free cash flow	**-35**	**84**	**-61**	**86**	**105**	**252**

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 2021	April–June 2020	Jan–June 2021	Jan–June 2020	Rolling 12-month	Full year 2020
Net sales	**903**	**859**	**1,868**	**1,805**	**3,772**	**3,709**
Net sales compared with the corresponding period in the preceding year	–859	–705	–1,805	–1,491	–3,395	–3,081
Net sales, change	**44**	**154**	**63**	**314**	**377**	**628**
Structural changes	–104	–148	–210	–278	–506	–574
Exchange rate changes	24	12	58	6	117	65
Organic change	**–36**	**18**	**–89**	**42**	**–12**	**119**
Organic change	–4.2%	2.6%	–4.9%	2.8%	–0.4%	3.9%
Structural changes	12.1%	21.0%	11.6%	18.6%	14.9%	18.6%
Exchange rate changes	–2.8%	–1.7%	–3.2%	–0.4%	–3.4%	–2.1%

Consolidated quarterly data[1]

SEK million	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Net sales	**903**	**965**	**1,083**	**821**	**859**	**946**	**825**	**765**	**705**	**786**	**755**	**773**
Expenses for goods sold	–646	–690	–784	–598	–619	–671	–594	–524	–490	–570	–536	–546
Gross profit	**257**	**275**	**299**	**223**	**240**	**275**	**231**	**241**	**215**	**216**	**219**	**227**
Selling expenses	–155	–151	–161	–128	–123	–130	–129	–122	–123	–131	–119	–125
Administrative expenses	–73	–73	–88	–60	–70	–66	–64	–56	–59	–61	–52	–56
Other operating income	13	7	17	16	17	2	30	–1	7	1	1	3
Other operating expenses	0	–4	–1	–4	9	–10	–16	–5	–1	–3	–3	2
Operating profit/loss	**42**	**54**	**66**	**47**	**73**	**71**	**52**	**57**	**39**	**22**	**46**	**51**
Profit/loss from participations in joint ventures	–	–	–	–	–8	0	–1	–	–	–	–	–
Financial income	–5	7	7	3	–29	33	0	0	0	0	6	0
Financial expenses	–7	–18	–22	–10	16	–43	–9	–13	–14	–17	–8	–10
Profit/loss before tax	**30**	**43**	**51**	**40**	**52**	**61**	**42**	**44**	**25**	**5**	**44**	**41**
Tax on profit for the period	–6	–10	4	–6	–12	–14	–7	–9	–2	–1	–11	–9
Profit for the period	**24**	**33**	**55**	**34**	**40**	**47**	**35**	**35**	**23**	**4**	**33**	**32**
Items affecting comparability												
Items affecting comparability included in operating profit	–3	2	7	–10	–11	–	–5	–8	–6	25	–	–1
Operating profit, before items affecting comparability	**39**	**56**	**73**	**37**	**62**	**71**	**47**	**49**	**33**	**47**	**46**	**50**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating income	47	38	41	35	35	36	34	28	26	26	13	18
EBITDA	**89**	**92**	**107**	**82**	**108**	**107**	**86**	**85**	**65**	**48**	**59**	**69**
Depreciation/amortisation, impairment and items affecting comparability												
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	36	40	48	25	24	36	29	20	20	51	13	17
EBITDA, before items affecting comparability	**78**	**94**	**114**	**72**	**97**	**107**	**81**	**77**	**59**	**73**	**59**	**68**
Free cash flow	–35	–26	102	64	84	2	103	19	75	–42	44	96
Cash flow from operating activities	–29	–19	113	71	89	10	117	29	87	–35	58	98
Number of employees as per the balance sheet date	836	831	834	723	730	713	721	571	530	526	525	533

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

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