midsona

Strong cash flow, organic sales growth and improved EBITDA

July–September 2018 (third quarter)

- Net sales amounted to SEK 773 million (573).
- EBITDA amounted to SEK 68 million (52) before items affecting comparability, corresponding to a margin of 8.8 percent (9.1).
- Profit for the period was SEK 32 million (11), corresponding to earnings per share of SEK 0.70 (0.25) before dilution and SEK 0.69 (0.25) after dilution.
- Free cash flow amounted to SEK 96 million (17).

January–September (nine months)

- Net sales amounted to SEK 2,097 million (1,575).
- EBITDA amounted to SEK 182 million (131) before items affecting comparability, corresponding to a margin of 8.7 percent (8.3).
- Profit for the period was SEK 96 million (50), corresponding to earnings per share of SEK 2.09 (1.15) before dilution and SEK 2.07 (1.15) after dilution.
- Free cash flow amounted to SEK 132 million (76).

Key figures, Group [1,2]

	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-months	Full year 2017
Net sales growth, %	34.9	9.8	33.1	28.8	26.1	23.1
Gross margin, %	29.4	34.2	31.1	32.8	31.8	33.1
EBITDA-Margin, before items affecting comparability, %	8.8	9.1	8.7	8.3	9.0	8.9
EBITDA margin, %	8.9	5.2	8.2	6.9	8.7	7.9
Operating margin, before non-recurring items, %	6.5	7.5	6.8	6.7	7.2	7.2
Operating margin, %	6.6	3.7	6.3	5.3	6.8	6.2
Profit margin, %	5.3	2.8	5.7	4.2	6.2	5.2
Average capital employed, SEK million	2,867	2,175	2,567	2,184	2,584	2,166
Return on capital employed, %					7.4	6.2
Return on equity, %					8.3	5.8
Net debt, SEK million	1,155	703	1,155	703	1,155	652
Net debt/Adjusted EBITDA, multiple					4.4	3.6
Net debt/equity ratio, multiple	0.7	0.5	0.7	0.5	0.7	0.4
Interest coverage ratio, multiple	5.1	4.2	6.2	4.7	7.1	6.1
Equity/assets ratio, %	43.4	52.0	43.4	52.0	43.4	54.3

[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 page 18 of this interim report and to pages 114-117 in the 2017 Annual Report.
[2] The key figures are based on recalculated figures for 2017, see Note 7 Effects on net sales and operating expenses on recalculation to IFRS 15, on page 15. The figures for 2016 have not been recalculated for effects on net sales and operating expenses in connection with conversion to IFRS 15.

Note: This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation. This interim report was submitted under the auspices of Lennart Svensson for publication on 25 October 2018 at 8.00 a.m. CET.

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Peter Åsberg, President and CEO

THIRD QUARTER

SEK 773 million

Sales

SEK 68 million

EBITDA, before items affecting comparability

8.8 percent

EBITDA-Margin, before non-recurring items

Comment by the CEO

Continued improved sales and earnings

Midsona's sales for the third quarter increased by 35 percent and amounted to SEK 773 million (573). Underlying operating profit, measured as EBITDA before items affecting comparability, amounted to SEK 68 million (52) and was the highest to date in the Group's history. Free cash flow improved to SEK 96 million (17).

Partly challenging conditions during the quarter

The summer of 2018 was unusually hot and, in our assessment, a number of product groups were affected by the weather. We nonetheless managed to achieve organic growth of 2 percent. The Group's eight priority brands showed growth of 4 percent. Friggs, MyggA and the new distribution agreement for HRA Pharma contributed positively. The weakening of the SEK against the EUR continued and had a significant negative effect on earnings Sweden and the Group as a whole. Although we have initiated price increases to offset this, they will not have an impact on earnings until during the first half of 2019.

Favourable development in acquired Davert

Midsona assumed control of the acquired German company Davert in May 2018. Integration work was intensive during the summer and has progressed as planned, in a highly positive collaborative spirit. We have ascertained synergies in areas like cross-selling, product innovation, purchasing and production. By 2022, these synergies are expected to have an annual positive effect on EBITDA of approximately SEK 40 million. The underlying operations in Davert have also developed well, with increased sales and improved EBITDA margin compared with the same quarter last year.

Consolidation of the European market through acquisitions

The acquisition of Davert was Midsona's first major step outside its home market in the Nordic region. Since we are one of the leading companies in health and well-being in the Nordic region, it has been a natural step to now raise our sights towards Europe. We have found that the European market is fragmented in the same way as the Nordic one was when we began our acquisition journey. The market chiefly consists of privately owned companies with positions in one or more niches. We have identified a number of interesting acquisition targets and are exploring opportunities for new acquisitions in Europe on an ongoing basis.

Continued opportunities for sales growth and earnings improvement

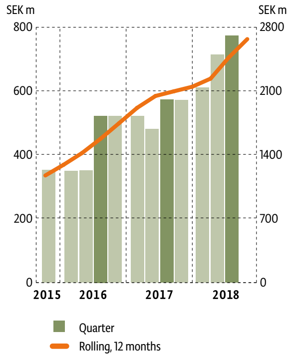
In spite of the strong development, our assessment is that there are opportunities for continued sales growth and earnings improvement by accelerating the growth of our brands, continued long-term change efforts, integrating the acquired Davert and further acquisitions. We are preparing for new acquisitions outside the Nordic region, with the vision of eventually become one of the leading companies in health and well-being in Europe.

Peter Åsberg

President and CEO

Financial information

Net sales



Net sales

July-September

Net sales amounted to SEK 773 million (573), an increase of 34.9 percent. The organic change in net sales was 1.7 percent, driven both by the Group's prioritized brands, as well as a recently secured distribution assignment that commenced in the first quarter of 2018. Structural changes also contributed to net sales growth by 27.2 percent, and exchange rate changes contributed by 6.0 percent. Sales were stable in all geographic markets, despite the summer months being warm, which does not generally benefit development in sales of several of the Group's product categories. The Group's eight prioritised brands showed growth of 3.6 percent.

Sales increased in Sweden, Norway and Finland, driven by organic growth in all markets. In Sweden, several priority brands, as well as licensed brands, achieved strong sales growth. The Swedish market for organic products is growing, although at a lower rate than previously. At a major customer in Sweden, a process to rationalise the product range was also in progress, which had a detrimental impact on the sales trend in some product categories. The Norwegian market is characterized by restrained growth with lower sales volumes to specialist retailers in favour of the FMCG retailers and pharmacy chains. In Norway, several brands, both proprietary and licensed, experienced strong growth with increased sales volumes, primarily for FMCG retailers and pharmacy chains. The Finnish market continued its stable growth, with FMCG retail and e-commerce in particular strengthening their positions at the expense of specialist retailers. Several priority brands experienced strong sales growth in Finland, with increased market share for several product categories, particularly in FMCG retail. The Danish market for organic products grew strongly, especially in FMCG retail. A change in the customer mix is in progress in Denmark, with for example higher sales volumes to e-commerce customers. Sales growth remained stable in the Danish export operations. In the Group's new operating segment, Germany, sales remained at the planned level. The German market for organic products is changing, with higher sales volumes to FMCG retail at the expense of traditional specialist retailers.

January-September

Net sales amounted to SEK 2,097 million (1,575), an increase of 33.1 percent, driven by organic growth and acquired business volumes. The organic change in net sales was 4.6 percent. Structural changes also contributed to net sales growth by 24.8 percent, and exchange rate changes contributed by 3.7 percent. The Group's eight prioritised brands showed growth of 3.2 percent*.

Sales rose significantly in Sweden, Norway and Finland, driven by both organic sales growth, as well as acquired sales volumes.

* For the period January-September, sales for the acquired brand Eskimo-3 are compared with sales in the same period last year, despite Midsona not owning the brand throughout the period.

Gross profit

July-September

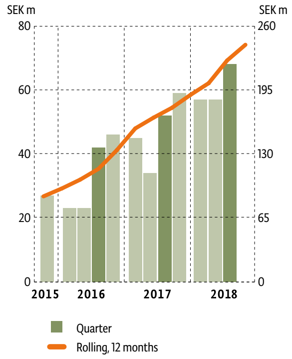
Gross profit amounted to SEK 227 million (196), corresponding to a gross margin of 29.4 percent (34.2). The lower gross margin was a consequence of both an unfavourable product mix and an unfavourable exchange rate trend for the SEK against the EUR, resulting in significantly higher product costs in Sweden that were not fully offset by price hikes at the next level. Retailers have been notified of new price hikes, which are expected to affect earnings in the first half of 2019. In addition, the acquired German business Davert has a higher proportion of production and inventory-related expenses in relation to indirect expenses compared with the Group's other operations, resulting in a lower gross margin.

January-September

EBITDA amounted to SEK 655 million (516) before items affecting comparability, corresponding to a margin of 31.2 percent (32.8). The gross margin deteriorated, partly as a result of an unfavourable product mix, and partly due to higher product costs in Sweden as a consequence of the unfavourable exchange rate trend for the SEK against the EUR. The changed expense structure within the Group, related to acquired operations, will gradually entail a lower gross margin in 2018 compared with the preceding year. The negative gross margin trend was partly offset by coordinated supply chain activities on a Nordic basis.

Operating profit

EBITDA, before items affecting comparability



July-September

EBITDA amounted to SEK 68 million (52) before items affecting comparability, corresponding to a margin of 8.8 percent (9.1). Amortisation and depreciation for the period amounted to SEK 18 million (9), divided between SEK 10 million (6) in amortisation of intangible fixed assets and depreciation of SEK 8 million (3) on tangible fixed assets. Amortisation and depreciation increased due to the operations acquired this year. Operating profit amounted to SEK 51 million (21), with an operating margin of 6.6 percent (3.7).

EBITDA, before items affecting comparability, improved for Norway and Finland through higher sales volumes, generally favourable cost control and synergies realised in accordance with plan. For Sweden and Denmark, EBITDA, before items affecting comparability, was lower than in the preceding year. In Sweden, this was a consequence of significantly higher product costs due to the weakening of the SEK against the EUR and, in Denmark it was due to continued additional inventory and production-related costs. Measures have been undertaken to address the efficiency problems in Denmark. For Germany, EBITDA was at the planned level.

There was considerable focus during the period on the roll-out of a new business system in the Nordic operations, entailing certain additional expenses.

January-September

EBITDA amounted to SEK 182 million (131) before items affecting comparability, corresponding to a margin of 8.7 percent (8.3). Amortisation and depreciation for the period amounted to SEK 39 million (25), divided between SEK 23 million (17) in amortisation of intangible fixed assets and depreciation of SEK 16 million (8) on tangible fixed assets. Operating profit amounted to SEK 132 million (84), with an operating margin of 6.3 percent (5.3).

Improved EBITDA and EBITDA margins, before items affecting comparability, were attributable to Sweden, Norway and Finland alike, due to both higher sales volumes and realised synergies from acquisitions, as well as to the acquired German operations.

Items affecting comparability

July-September

Operating profit for the period included items affecting comparability of a negative SEK 1 million (22), relating to the reversal of a purchase consideration from previous years' acquisitions that had been entered as a liability. The comparison period included items affecting comparability of SEK 22 million related to the acquisition Bringwell.

January-September

Operating profit for the period included items affecting comparability of SEK 11 million (22), of which SEK 10 million consisted of acquisition-related expenses attributable to the acquisition of Davert, SEK 3 million of restructuring costs for coordination of inventory management in Norway, a negative SEK 1 million of the reversed part of the restructuring reserve relating to previous years' acquisitions (as a result of a renegotiated agreement), and a negative SEK 1 million relating to a reversed purchase consideration from previous years' acquisitions that had been entered as a liability. The comparison period included items affecting comparability of SEK 22 million related to the acquisition Bringwell.

Financial items

July-September

Net financial items amounted to a negative SEK 10 million (5), of which interest expenses on external loans to credit institutions amounted to SEK 8 million (4). Interest expenses to credit institutions increased as a result of higher indebtedness from completed business combinations in 2017 and 2018. Unrealised translation differences on financial receivables and liabilities in foreign currency affected the net financial items negatively by SEK 1 million (1) for the period.

January-September

Net financial items amounted to a negative SEK 13 million (18), of which interest expenses on external loans to credit institutions amounted to SEK 18 million (13). Unrealised translation differences on financial receivables and liabilities in foreign currency affected the net financial items positively by SEK 9 million (negative 3) for the period.

Profit for the period

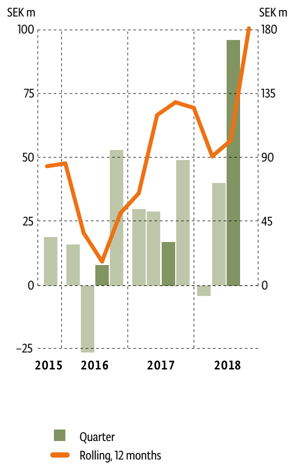
July-September

Profit for the period was SEK 32 million (11), corresponding to earnings per share of SEK 0.70 (0.25) before dilution and SEK 0.69 (0.25) after dilution. Tax on the profit for the period amounted to a negative SEK 9 million (5), of which negative SEK 3 million (1) consisted of current tax and negative SEK 6 million (4) of deferred tax. The effective tax rate for the period was 22.9 percent (28.6) and was somewhat higher than the current tax rate applicable to the Parent Company, primarily as a consequence of other tax rates for foreign subsidiaries.

January-September

Profit for the period was SEK 96 million (50), corresponding to earnings per share of SEK 2.09 (1.15) before dilution and to SEK 2.07 (1.15) after dilution. Tax on the profit for the period amounted to a negative SEK 23 million (16), of which negative SEK 7 million (3) consisted of current tax and negative SEK 16 million (13) of deferred tax. In line with the decision by the Riksdag (Swedish parliament) of 13 June regarding a reduction of the corporate tax rate in Sweden from 22.0 percent to 20.6 percent in two steps, deferred tax assets and deferred tax liabilities were revalued, resulting in deferred tax income of SEK 4 million net in profit for the period for the second quarter based on anticipated outflows and the tax rate applicable at that point in time. The effective tax rate for the period was 19.5 percent (24.4), which differs from the tax rate applicable to the Parent Company, primarily due to the utilized part of the restructuring reserve from previous years and revaluations of deferred tax assets and deferred tax liabilities.

Free cash flow



Cash flow

July-September

Cash flow from continuing operations amounted to SEK 98 million (32), due to stronger cash flow from continuing operations before changes in working capital and a significantly improved change in working capital as a consequence of less capital being tied up.

Cash flow from investing activities amounted to a negative SEK 40 million (79), consisting of business acquisitions of SEK 14 million (64) and investments in tangible and intangible fixed assets of SEK 26 million (15). Negative cash flow of SEK 14 million for acquisitions of operations related to the settlement, as contracted, of a purchase consideration entered as liability for the acquisition of Davert GmbH. Free cash flow was SEK 96 million (17). Cash flow from financing activities was negative in the amount of SEK 13 million (49), consisting of amortisation of loans for SEK 12 million (10) and of amortisation of lease liabilities for SEK 1 million (0). The comparison period also included loans raised of SEK 60 million and issue expenses of SEK 1 million.

January-September

Cash flow from continuing operations amounted to SEK 154 million (98), due to both stronger cash flow from continuing operations before changes in working capital and improved changes in working capital. Cash flow from investing activities amounted to a negative SEK 341 million (86), consisting of acquisitions of operations for SEK 295 million (64) and investments in tangible and intangible fixed assets of SEK 46 million (22). Free cash flow was SEK 132 million (76). Cash flow from financing activities amounted to SEK 211 million (1), of which loans raised accounted for SEK 375 million (60), amortisation of loans for a negative SEK 105 million (10), amortization of lease liabilities for a negative SEK 1 million (1), and dividends for a negative SEK 58 million (47). The comparative period also included issue expenses of SEK 1 million.

Liquidity and financial position

Cash and equivalents amounted to SEK 85 million (74) and there were unused credit facilities of SEK 100 million (100) at the end of the period. Net debt amounted to SEK 1,155 million (703) at the end of the period with the increase being primarily attributable to the financing of implemented acquisitions. The net debt/equity ratio was a multiple of 0.7 (0.5). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.4 (4.0). 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 4.8.

Shareholders' equity amounted to SEK 1,637 million (1,514). At the end of the preceding quarter, shareholders' equity was SEK 1,623 million. The changes consisted of profit for the period of SEK 32 million and exchange rate differences of a negative SEK 18 million on the translation of foreign operations. The equity/assets ratio was 43.4 percent (52.0) at the end of the period.

Investments

July-September

Investments in intangible and tangible fixed assets amounted to SEK 26 million (15), of which most were related to an ongoing expansion investment in a new production line in the German operations.

January-September

Investments in intangible and tangible fixed assets amounted to SEK 46 million (22). These mainly comprised software in the form of business systems and an ongoing expansion investment in a new production line in the German operations.

Other information

Future prospects

Midsona expects sales growth and improved EBITDA in 2018.

Personnel

The average number of employees was 457 (343), while the number of employees at the end of the period was 533 (386). The increased number of employees at the end of the period was mainly related to the acquisition of Davert in May 2018. During the current quarter, the number of employees increased by 5.

Parent Company

Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB (publ).

Net sales amounted to SEK 30 million (24), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 3 million (loss 7). Financial income increased significantly as a result of positive currency translation differences on financial receivables and liabilities in foreign currencies. The comparison period included dividends from subsidiaries of SEK 65 million and impairment of shares in subsidiaries by SEK 51 million before tax.

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 166 million (163). Borrowing from credit institutions was SEK 1,049 million (775) at the end of the period. In connection with the acquisition of Davert, new loans of SEK 375 million were raised. On the balance sheet date, there were 17 employees (11).

For the Parent Company, SEK 30 million (24), equivalent to 100 percent (100) of sales for the period and SEK 1 million (3), corresponding to 4 percent (8) of purchases for the period pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

The share

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

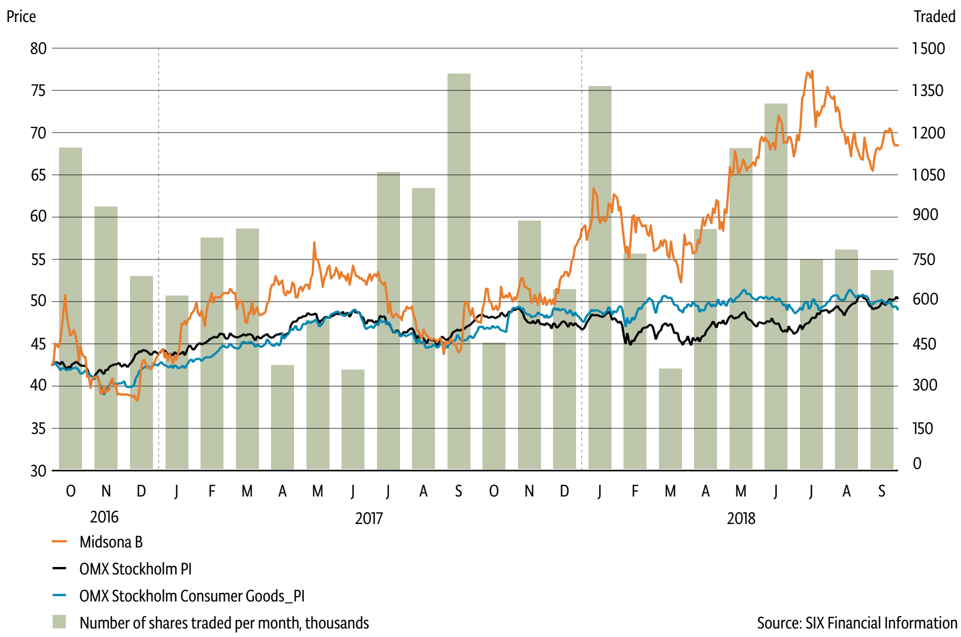
At the end of the period, the total number of shares was 46,008,064 (46,008,064), divided between 539,872 Series A shares (539,872) and 45,468,192 Series B shares (45,468,192). At the end of the period, the number of votes was 50,866,912 (50,866,912), where one Series A share carries ten votes and one Series B share carries one vote.

During the period January–September 2018, 8,046,129 shares (7,105,455) were traded. The highest price paid for Series B shares was SEK 78.90 (58.25), and the lowest was SEK 51.00 (42.40). On 30 September, the most recent price paid for the share was SEK 68.50 (48.00). For the comparison year, the share price has been adjusted for the new share issue.

Two option programmes were outstanding at the end of the period, the TO2016/2019 and

TO2017/2020 series respectively, which can provide a maximum of 547,000 new Series B shares on full conversion. In the TO2016/2019 series, 50,000 warrants were repurchased in January 2018 and can now provide a maximum of 360,000 new Series B shares on full conversion. In the TO2017/2020 series, 187,000 warrants were outstanding and can provide a maximum of 187,000 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for the warrants outstanding, and accordingly the earnings per share after full dilution were calculated. For more information about TO2016/2019 and TO2017/2020, see Note 9 on pages 80-82 of the 2017 Annual Report.

Strong price trend for the Midsona share, up 43 percent compared with the corresponding period last year.



Ownership

Stena Adactum AB was the largest shareholder with 23.6 percent of the capital and 28.2 percent of the voting rights on 30 September 2018. The ten largest shareholders in Midsona AB (publ) are shown in the table.

The ten largest shareholders in Midsona AB (publ)	Number of shares	Share of capital, %	Share of votes, %
Stena Adactum AB	10,853,469	23.6	28.2
Handelsbanken Funds	3,425,665	7.4	6.7
The Second AP Fund	2,321,257	5.0	4.6
Nordea Investment Funds	2,131,905	4.6	4.2
Cliens Funds	1,850,000	4.0	3.6
LINC AB	1,705,302	3.7	3.4
Peter Wahlberg and companies	1,534,568	3.3	3.0
BNP PARIBAS SEC SERVICES PARIS, W8IMY (GC)	1,109,867	2.4	2.2
CBNY-OFI GLOBAL OPP FUND	1,000,000	2.2	2.0
Danica Pension	857,550	1.9	1.7
Total	**26,789,583**	**58.1**	**59.6**
Other shareholders	19,218,481	41.9	40.4
Total	**46,008,064**	**100.0**	**100.0**

Source: Euroclear

Total number of shareholders (including nominee-registered) was 7,393 (6,547). In the current quarter, the number of shareholders increased by 132. Foreign ownership amounted to 24.4 percent (20.7) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

Risks and uncertainties

In its operations, the Group is subject to both operational and financial risks that may affect profits to a greater or lesser extent. The assessment is that no new significant risks or uncertainties have arisen. For a detailed discussion of risks and uncertainties, please refer to the 2017 Annual Report.

Distribution agreement

In the second quarter, the cooperation with HRA Pharma was expanded to include representing another of their brands in the Nordic market. Following this addition, the agreement is expected to generate total net sales of SEK 150 million on an annual basis.

The distribution agreement for the Alpro brand in the Swedish and Norwegian markets will end during the first quarter of 2019. The owner, Danone, has chosen to coordinate distribution under its own administration with its other products. In 2017, that sales assignment generated net sales of SEK 249 million.

Business acquisitions

On 3 May, all of the shares in Davert GmbH were acquired, a company with a leading position in organic food in Germany. For a preliminary acquisition analysis, see Note 9 Acquisitions of operations on page 17.

Change in Group Management

On 28 May 2018, Erk Schuchhardt was appointed the head of the newly established Business Area Germany and a new member of Group Management.

Group Management consists of Peter Åsberg (President and CEO), Lennart Svensson (CFO), Anders Dahlin (Director Nordics), Tobias Traneborn (Supply Chain Director), Ulrika Palm (Business Area Manager Sweden), Christoffer Mørck (Business Area Manager Norway), Peter Overgaard (Business Area Manager Denmark), Markku Janhunen (Business Area Manager Finland) and Erk Schuchhardt (Business Area Manager Germany).

Significant events following the end of the report period.

Midsona appointed Ulrika Palm as Manager Division Nordics. She succeeds Anders Dahlin, who has taken a new position outside the Group.

Malmö, 25 October 2018
Midsona AB (publ)

Board of Directors

Review by auditor

This interim report (first nine months) has been reviewed by company's auditors.

In Sweden, Kung Markatta launched two different sorts of tempeh, one based on broad beans and the other on peas, as well as a chilli-flavoured tofu steak.

Report of Review of Interim Financial Information

Introduction

We have reviewed the interim report of Midsona AB (publ) for the period 1 January 2018 to 30 September 2018. The Board of Directors and the CEO are responsible for the preparation and presentation of the Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion regarding the Interim Report based on our review.

Scope and focus of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is considerably smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 25 October 2018
Deloitte AB

Per-Arne Pettersson
AUTHORISED PUBLIC ACCOUNTANT

Financial statements

Summary consolidated income statement

SEK million	Note	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Net sales	3,7,8	**773**	**573**	**2,097**	**1,575**	**2,668**	**2,146**
Expenses for goods sold	7	-546	-377	-1,444	-1,059	-1,820	-1,435
Gross profit		**227**	**196**	**653**	**516**	**848**	**711**
Selling expenses	7	-125	-109	-354	-291	-456	-393
Administrative expenses		-56	-62	-160	-137	-202	-179
Other operating income		3	0	6	2	7	3
Other operating expenses		2	-4	-13	-6	-15	-8
Operating profit	3.7	**51**	**21**	**132**	**84**	**182**	**134**
Financial income		0	0	10	0	10	0
Financial expenses		-10	-5	-23	-18	-27	-22
Profit before tax		**41**	**16**	**119**	**66**	**165**	**112**
Tax on profit for the period		-9	-5	-23	-16	-35	-28
Profit for the period		**32**	**11**	**96**	**50**	**130**	**84**
Profit for the period is divided between:							
Parent Company shareholders (SEK million)		32	11	96	50	130	84
Earnings per share before dilution attributable to Parent Company shareholders (SEK)		0.70	0.25	2.09	1.15	2.84	1.91
Earnings per share after dilution attributable to Parent Company shareholders (SEK)		0.69	0.25	2.07	1.15	2.81	1.89
Number of shares (thousands)							
On the balance sheet date		46,008	46,008	46,008	46,008	46,008	46,008
Average during the period		46,008	45,261	46,008	43,518	46,008	44,141
Average during the period, after full dilution		46,555	45,261	46,556	43,518	46,534	44,548

Summary consolidated statement of comprehensive income

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Profit for the period	**32**	**11**	**96**	**50**	**130**	**84**
Items that have or can be reallocated to profit for the period						
Translation differences for the period on translation of foreign operations	-18	-6	49	-16	49	-16
Other comprehensive income for the period	**-18**	**-6**	**49**	**-16**	**49**	**-16**
Comprehensive income for the period	**14**	**5**	**145**	**34**	**179**	**68**
Comprehensive income for the period is divided between:						
Parent Company shareholders (SEK million)	14	5	145	34	179	68

Helios launched a completely new gluten free range in the Norwegian market.

Summary consolidated balance sheet

SEK million	Note	30 Sept 2018	30 Sept 2017	31 Dec 2017
Intangible fixed assets	4	2,501	2,134	2,129
Tangible fixed assets		253	59	58
Non-current receivables		4	3	3
Deferred tax assets		67	97	99
Fixed assets		**2,825**	**2,293**	**2,289**
Inventories		500	263	272
Accounts receivable		307	254	213
Tax receivables		8	2	1
Other receivables		3	6	9
Prepaid expenses and accrued income		40	20	19
Cash and cash equivalents		85	74	54
Current assets		**943**	**619**	**568**
Assets		**3,768**	**2,912**	**2,857**
Share capital		230	230	230
Additional paid-up capital		629	627	629
Reserves		64	15	15
Profit brought forward, including profit for the period		714	642	676
Shareholders' equity		**1,637**	**1,514**	**1,550**
Non-current interest-bearing liabilities		1,150	676	665
Other non-current liabilities	5	83	8	5
Deferred tax liabilities		261	211	221
Non-current liabilities		**1,494**	**895**	**891**
Current interest-bearing liabilities		90	101	41
Accounts payable		351	230	220
Other current liabilities	5	55	61	50
Accrued expenses and deferred income		141	111	105
Current liabilities		**637**	**503**	**416**
Liabilities		**2,131**	**1,398**	**1,307**
Equity and liabilities		**3,768**	**2,912**	**2,857**

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 2017	213	466	31	639	1,349
Profit for the period	-	-	-	50	50
Other comprehensive income for the period	-	-	-16	-	-16
Comprehensive income for the period	**-**	**-**	**-16**	**50**	**34**
New share issue	17	162			179
Issue expenses		-1			-1
Dividend	-	-	-	-47	-47
Transactions with the Group's owners	**17**	**161**	**-**	**-47**	**131**
Closing shareholders' equity 30 September 2017	**230**	**627**	**15**	**642**	**1,514**
Opening shareholders' equity 1 October 2017	230	627	15	642	1,514
Profit for the period	-	-	-	34	34
Other comprehensive income for the period	-	-	0	-	0
Comprehensive income for the period	**-**	**-**	**0**	**34**	**34**
Issue expenses	-	1	-	-	1
Issue of warrant programme TO2017/2020	-	1	-	-	1
Transactions with the Group's owners	**-**	**2**	**-**	**-**	**2**
Closing shareholders' equity 31 December 2017	**230**	**629**	**15**	**676**	**1,550**
Opening shareholders' equity 1 January 2018	230	629	15	676	1,550
Profit for the period	-	-	-	96	96
Other comprehensive income for the period	-	-	49	-	49
Comprehensive income for the period	**-**	**-**	**49**	**96**	**145**
Repurchase of warrant programme TO2016/2019	-	0	-	-	0
Dividend	-	-	-	-58	-58
Transactions with the Group's owners	**-**	**0**	**-**	**-58**	**-58**
Closing shareholders' equity 30 September 2018	**230**	**629**	**64**	**714**	**1,637**

Summary consolidated cash flow statement

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Profit before tax	42	16	120	66	166	112
Adjustment for items not included in cash flow	12	27	20	37	24	41
Income tax paid	-4	-1	-8	-3	-12	-7
Cash flow from operating activities before changes in working capital	**50**	**42**	**132**	**100**	**178**	**146**
Increase (-)/decrease (+) in inventories	20	-4	-42	17	-49	10
Increase (-)/decrease (+) in operating receivables	0	-1	-45	-15	-3	27
Increase (+)/decrease (-) in operating liabilities	28	-5	109	-4	82	-31
Changes in working capital	**48**	**-10**	**22**	**-2**	**30**	**6**
Cash flow from operating activities	**98**	**32**	**154**	**98**	**208**	**152**
Acquisitions of companies or operations	-14	-64	-295	-64	-295	-64
Acquisitions of intangible fixed assets	-2	-11	-16	-14	-20	-18
Divestments of intangible fixed assets	0	-	0	-	0	-
Acquisitions of tangible fixed assets	-24	-4	-30	-8	-31	-9
Divestments of tangible fixed assets	-	0	-	0	0	0
Cash flow from investing activities	**-40**	**-79**	**-341**	**-86**	**-346**	**-91**
Cash flow after investing activities	**58**	**-47**	**-187**	**12**	**-138**	**61**
Issue expenses	-	-1	-	-1	-	-1
Loans raised	-	60	375	60	375	60
Amortisation of loans	-13	-10	-106	-11	-176	-81
Dividend paid	-	-	-58	-47	-58	-47
Cash flow from financing activities	**-13**	**49**	**211**	**1**	**141**	**-69**
Cash flow for the period	**45**	**2**	**24**	**13**	**3**	**-8**
Cash and cash equivalents at beginning of the period	41	75	54	65	74	65
Translation difference in cash and cash equivalents	-1	-3	7	-4	8	-3
Cash and cash equivalents at end of the period	**85**	**74**	**85**	**74**	**85**	**54**

In Sweden, Naturdiet launched low-sugar shakes with the new base flavours: almond&berries, hazelnut&cocoa, and oat&banana.

Summary income statement, Parent Company

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Net sales	**10**	**8**	**30**	**24**	**44**	**38**
Selling expenses	0	0	0	0	0	0
Administrative expenses	-15	-12	-44	-36	-57	-49
Other operating income	1	0	1	0	1	-
Other operating expenses	0	0	0	0	0	-
Operating profit	**-4**	**-4**	**-13**	**-12**	**-12**	**-11**
Profit from participations in subsidiaries	-	-	-	14	5	19
Financial income	4	6	37	17	41	21
Financial expenses	-9	-7	-21	-26	-27	-32
Loss after financial items	**-9**	**-5**	**3**	**-7**	**7**	**-3**
Tax on profit for the period	-	-	-	0	4	4
Profit for the period	**-9**	**-5**	**3**	**-7**	**11**	**1**

Summary balance sheet, Parent Company

SEK million	30 Sept 2018	30 Sept 2017	31 Dec 2017
Intangible fixed assets	31	12	15
Tangible fixed assets	3	2	3
Participations in subsidiaries	2,186	1,659	1,697
Receivables from subsidiaries	632	782	574
Deferred tax assets	7	3	7
Financial fixed assets	**2,825**	**2,444**	**2,278**
Fixed assets	**2,859**	**2,458**	**2,296**
Receivables from subsidiaries	23	18	19
Other receivables	9	9	16
Cash and bank balances	66	63	31
Current assets	**98**	**90**	**66**
Assets	**2,957**	**2,548**	**2,362**
Share capital	230	230	230
Statutory reserve	58	58	58
Profit brought forward, including profit for the period and other reserves	1,090	1,136	1,145
Shareholders' equity	**1,378**	**1,424**	**1,433**
Liabilities to credit institutions	972	675	665
Liabilities to subsidiaries	137	104	40
Other non-current liabilities	81	-	-
Non-current liabilities	**1,190**	**779**	**705**
Liabilities to credit institutions	77	100	40
Liabilities to subsidiaries	297	229	168
Other current liabilities	15	16	16
Current liabilities	**389**	**345**	**224**
Equity and liabilities	**2,957**	**2,548**	**2,362**

Notes to the financial Statements

Note 1 Accounting principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, recommendation RFR 1 Supplementary Accounting Rules for Groups, from the Swedish Financial Reporting Board, has been applied.

With regard to the Group, this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act (ÅRL). In addition to being presented in the financial statements and their notes, disclosures in accordance with IAS 34.16A are also presented in other parts of the interim report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

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

The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2018 had no impact on the Group's accounting for financial year of 2018, with the exception of the new standards IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial instruments, replaces IAS 39 Financial Instruments: Classification and Measurement. IFRS 9 addresses the classification, valuation and accounting of financial assets and liabilities. A project has been carried out in 2017 based on the parts of IFRS 9 that were considered to have a bearing: the classification, valuation and documentation of financial liabilities and assets and the analysis of the effects on the transition to a new model for reporting of anticipated credit losses according to an "expected loss model". Based on this, the assessment is that the new standard will not have a material impact on the Group's financial accounts in 2018. The complete accounting principles will be reported in the 2018 Annual Report.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Income and IAS 11 Construction Contracts. IFRS 15 contains a principle-based five-stage model of income recognition regarding customer contracts. Midsona has elected to apply a fully retrospective method as its transitional method upon introducing IFRS 15. The basic principle is that recognised income should reflect the anticipated compensation in connection with the fulfilment of the various undertakings under the contract with the customer. Accordingly, income should reflect the fulfilment of contractual commitments and correspond to the compensation to which Midsona is entitled to at the time at which the control of goods and services is transferred to the counterparty. During 2017, Midsona has assessed the effects of the new standard by identifying and analysing the most significant income streams within the Group. The analysis showed that income will essentially be reported at the same time as in the current standard and application, albeit with a reclassification of a non-material nature between the items Net sales, Expenses for goods sold and Sales expenses in the income statement as a result of clarifications of how, among other things, temporary fixed and variable discounts in connection with activities, as well as the right to return expired products in customer contracts, are to be addressed in the accounts. Accordingly, Midsona makes the assessment that the introduction of IFRS 15 will not imply any significant effects on the Group's accounting other than the comparison figures being reclassified in the income statement to improve comparability. That reclassification is presented in Note 7 Effects on net sales and operating expenses on recalculation to IFRS 15 in this interim report, see page 15. The application of IFRS 15 entails increased disclosures in the notes of income, as presented in Note 8 Breakdown of income in the interim report, see page 16. The complete accounting principles will be reported in the 2018 Annual Report. In other regards, the same accounting principles and calculation methods have been applied as in the latest annual report. For detailed information on the accounting principles, please see Note 1 on pages 69-77 of the 2017 Annual Report.

A number of new standards, amendments and interpretations of standards enter into force for fiscal years beginning after 1 January 2018 and have not been applied pre-emptively. None of these are expected to have any future impact on the Group's financial statements, except for IFRS 16 Leases, issued on 13 January 2016, replacing IAS 17 Leases. IFRS 16 has been approved by the EU. This standard will entail all leases to which Midsona is a party being recognised in the balance sheet, partly as a fixed asset (the right to use a leased item) and partly as a financial liability (commitment to pay future lease payments). For short-term leases and low-value leases, relief rules apply, under which such assets are exempt from being reported in the balance sheet. The standard will primarily affect the accounting of the Group's operating leases. A phase during which the new standard is implemented was initiated in the first quarter of 2018 with all lease agreements being collected and subjected to an impact assessment. The leases that will be reported in the balance sheet as a consequence of the introduction of IFRS 16 relate mainly to office and warehouse premises, production equipment, vehicles, forklifts and IT-related equipment. On transition to IFRS 16, the simplified transition method will be applied. At the time of publication of the nine-month report, it has not been possible to quantify the actual effect on the Group's financial reports. By the latest point in time at the end of the fourth quarter, Midsona has determined that a final assessment of the effects of IFRS 16 can be presented.

Note 2 Significant estimates and assumptions

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

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

In the third quarter of 2018, an assessment was made of the fair value of the assets and liabilities identified in relation to the acquired Davert GmbH . In connection with the preparation of the acquisition analysis, a brand with an indefinite useful life was valued at SEK 122 million, goodwill at SEK 162 million and deferred tax liabilities at SEK 50 million. For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 33 on page 94 of the 2017 Annual Report. No significant new estimates, assessment or assumptions have been added since the publication of the most recent annual report, with the exception of the fair value assessment of the identified assets and liabilities for the acquired Davert GmbH, as well as the estimates and assessments made when introducing the new accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers effective from 1 January 2018.

Note 3 Operating segments

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
July-September	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Net sales, external	289	275	159	148	57	44	112	106	156	-	-	-	773	573
Net sales, intra-Group	35	20	0	2	-	-	31	28	-	-	-66	-50	-	-
Net sales	**324**	**295**	**159**	**150**	**57**	**44**	**143**	**134**	**156**	**-**	**-66**	**-50**	**773**	**573**
Operating expenses (excluding depreciation/ amortisation and impairment), external	-267	-240	-126	-128	-22	-22	-132	-123	-143	-	-14	-30	-704	-543
Operating expenses, intra-Group	-19	-18	-16	-11	-29	-18	-7	-3	-	-	71	50	-	-
Operating expenses (excluding depreciation/ amortisation and impairment)	**-286**	**-258**	**-142**	**-139**	**-51**	**-40**	**-139**	**-126**	**-143**	**-**	**57**	**20**	**-704**	**-543**
EBITDA, undistributed	**38**	**37**	**17**	**11**	**6**	**4**	**4**	**8**	**13**	**-**	**-9**	**-30**	**69**	**30**
Depreciation/amortisation and impairment	-3	-2	-2	-1	0	0	-1	-3	-6	-	-6	-3	-18	-9
Operating profit, undistributed	**35**	**35**	**15**	**10**	**6**	**4**	**3**	**5**	**7**	**-**	**-15**	**-33**	**51**	**21**
Financial items													-10	-5
Profit before tax													**41**	**16**

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
January-September	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Net sales, external	877	729	467	416	166	128	328	302	259	-	-	-	2,097	1,575
Net sales, intra-Group	112	36	2	3	-	-	92	84	-	-	-206	-123	-	-
Net sales	**989**	**765**	**469**	**419**	**166**	**128**	**420**	**386**	**259**	**-**	**-206**	**-123**	**2,097**	**1,575**
Operating expenses (excluding depreciation/ amortisation and impairment), external	-818	-622	-364	-361	-64	-65	-390	-366	-238	-	-52	-52	-1,926	-1,466
Operating expenses, intra-Group	-60	-55	-56	-21	-82	-50	-21	-4	-	-	219	130	-	-
Operating expenses (excluding depreciation/ amortisation and impairment)	**-878**	**-677**	**-420**	**-382**	**-146**	**-115**	**-411**	**-370**	**-238**	**-**	**167**	**78**	**-1,926**	**-1,466**
EBITDA, undistributed	**111**	**88**	**49**	**37**	**20**	**13**	**9**	**16**	**21**	**-**	**-39**	**-45**	**171**	**109**
Depreciation/amortisation and impairment	-7	-5	-4	-4	-1	-1	-5	-6	-8	-	-14	-9	-39	-25
Operating profit, undistributed	**104**	**83**	**45**	**33**	**19**	**12**	**4**	**10**	**13**	**-**	**-53**	**-54**	**132**	**84**
Financial items													-13	-18
Profit before tax													**119**	**66**

Note 4 Intangible assets

SEK million	30 Sept 2018	30 Sept 2017	31 Dec 2017
Brands	985	863	863
Goodwill	1,437	1,242	1,234
Other intangible fixed assets	79	29	32
Total	**2,501**	**2,134**	**2,129**

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

SEK million	30 Sept 2018	30 Sept 2017	31 Dec 2017
Liabilities			
Financial assets measured at fair value via the income statement			
Forward exchange contracts, in foreign currency	1	-	-
Interest rate swaps	1	1	1
Financial instruments not measured at fair value			
Other non-current and current liabilities	136	68	54
Total other non-current and current liabilities	**138**	**69**	**55**

The Group holds financial instruments in the form of interest rate swaps and forward currency contracts that are recorded at fair value in the balance sheet. For all contracts, fair value has been determined based directly or indirectly on observable market data, that is, level 2 in accordance with IFRS 13. Liabilities at fair value are recognised as other long-term liabilities and other current liabilities. In all material respects, the fair value of other financial instruments is consistent with their book value. For further information please refer to Note 32 on pages 92-94 of the 2017 Annual Report.

Note 6 Pledged assets and contingent liabilities

SEK million	30 Sept 2018	30 Sept 2017	31 Dec 2017
Pledged assets			
Blocked bank balances	2	2	11
Net assets in subsidiaries	1,942	1,728	1,647
Others	226	4	4
Total	**2,170**	**1,734**	**1,662**
Contingent liabilities			
Guarantees	11	27	19
Total	**11**	**27**	**19**

Note 7 Effects on net sales and operating expenses on recalculation to IFRS 15, Group

SEK million	Q1 2017	Recal-culation IFRS 15	Recal-culated Q1 2017	Q2 2017	Recal-culation IFRS 15	Recal-culated Q2 2017	Q3 2017	Recal-culation IFRS 15	Recal-culated Q3 2017	Q4 2017	Recal-culation IFRS 15	Recal-culated Q4 2017	Full year 2017	Recal-culation IFRS 15	Recal-culated full year 2017
Net sales[1, 2, 3]	**527**	**-6**	**521**	**488**	**-7**	**481**	**579**	**-6**	**573**	**579**	**-8**	**571**	**2,173**	**-27**	**2,146**
Expenses for goods sold [3, 4]	-354	0	-354	-328	0	-328	-374	-3	-377	-374	-2	-376	-1,430	-5	-1,435
Gross profit	**173**	**-6**	**167**	**160**	-7	**153**	**205**	**-9**	**196**	**205**	**-10**	**195**	**743**	**-32**	**711**
Selling expenses[1, 2, 4]	-100	6	-94	-95	7	-88	-118	9	-109	-112	10	-102	-425	32	-393
Administration expenses	-36	-	-36	-39	-	-39	-62	-	-62	-42	-	-42	-179	-	-179
Other operating income	1	-	1	1	-	1	0	-	0	1	-	1	3	-	3
Other operating expenses	-1	-	-1	-1	-	-1	-4	-	-4	-2	-	-2	-8	-	-8
Operating profit	**37**	**0**	**37**	**26**	**0**	**26**	**21**	**0**	**21**	**50**	**0**	**50**	**134**	**0**	**134**

[1] Agreements with fixed and variable compensation to customers in connection with activities where a contingent undertaking by a customer is reported as selling expense rather than as a reduction of net sales.
[2] Agreements with fixed and variable central compensation to customers are reported as a reduction in net sales rather than as selling expenses.
[3] Agreements under which the customer is entitled to return products are reported as a reduction of net sales rather than as expenses for goods sold.
[4] Distribution agreements that include profit sharing agreements are reported as part of expenses for goods sold rather than as selling expenses.

Note 8 Breakdown of income, Group

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
July–September	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Geographical areas[1]														
Sweden	283	270	0	1	-	-	17	20	-	-	-18	-19	**282**	**272**
Norway	13	10	159	149	-	-	3	5	-	-	-15	-11	**160**	**153**
Finland	17	7	-	-	57	44	12	11	-	-	-29	-18	**57**	**44**
Denmark	5	2	-	-	-	-	89	85	-	-	-4	-2	**90**	**85**
Iceland	-	0	0	0	-	-	0	0	-	-	-	-	**0**	**0**
Rest of Europe	5	6	-	-	-	-	21	13	156	-	-	-	**182**	**19**
Other countries	1	-	-	-	-	-	1	0	-	-	-	-	**2**	**0**
Net sales	**324**	**295**	**159**	**150**	**57**	**44**	**143**	**134**	**156**	**-**	**-66**	**-50**	**773**	**573**
Sales channel														
Pharmacies	42	32	20	16	7	5	3	0	-	-	-	-	**72**	**53**
FMCG retail	183	181	97	86	44	33	70	78	-	-	-	-	**394**	**378**
e-trade/post order	16	15	1	3	1	1	6	4	-	-	-	-	**24**	**23**
Food service[3]	30	-	-	-	-	-	12	-	-	-	-	-	**42**	**-**
Healthfood retailers	21	28	22	25	4	4	19	17	-	-	-	-	**66**	**74**
Other specialist retailers	-16	14	15	10	-	-	4	3	-	-	-	-	**3**	**27**
Others[2]	13	5	4	9	1	1	-2	4	156	-	-	-	**172**	**19**
Group-internal sales	35	20	0	1	-	-	31	28	-	-	-66	-50	**-**	**-**
Net sales	**324**	**295**	**159**	**150**	**57**	**44**	**143**	**134**	**156**	**-**	**-66**	**-50**	**773**	**573**

[1] Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.
[2] Unfortunately, net sales per sales channel for Business Area Germany are not available at the time of reporting, and they are therefore allocated to Others.
[3] New sales channel for the period. Transferred retroactively during the period for January-September 2018 in Business Area Sweden and Denmark.

SEK million	Sweden		Norway		Finland		Denmark		Germany		Group functions		Group	
January–September	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Geographical areas[1]														
Sweden	854	722	2	3	-	-	58	58	-	-	-54	-52	**860**	**731**
Norway	49	18	467	416	-	-	10	12	-	-	-53	-19	**473**	**427**
Finland	45	16	-	0	166	128	38	36	-	-	-81	-50	**168**	**130**
Denmark	19	3	-	-	-	-	260	233	-	-	-18	-2	**261**	**234**
Iceland	0	0	0	0	-	-	0	0	-	-	-	-	**0**	**0**
Rest of Europe	19	6	-	-	-	-	52	46	259	-	-	-	**330**	**52**
Other countries	3	0	-	-	-	-	2	1	-	-	-	-	**5**	**1**
Net sales	**989**	**765**	**469**	**419**	**166**	**128**	**420**	**386**	**259**	**-**	**-206**	**-123**	**2,097**	**1,575**
Sales channel														
Pharmacies	134	54	70	41	22	11	10	0	-	-	-	-	**236**	**106**
FMCG retail	557	540	270	245	125	99	201	223	-	-	-	-	**1,153**	**1,107**
e-trade/post order	46	30	8	9	4	3	22	14	-	-	-	-	**80**	**56**
Food service[3]	30	-	-	-	-	-	12	-	-	-	-	-	**42**	**-**
Healthfood retailers	62	46	70	66	13	13	61	47	-	-	-	-	**206**	**172**
Other specialist retailers	12	38	37	31	-	-	12	5	-	-	-	-	**61**	**74**
Others[2]	36	21	12	24	2	2	10	13	259	-	-	-	**319**	**60**
Group-internal sales	112	36	2	3	-	-	92	84	-	-	-206	-123	**-**	**-**
Net sales	**989**	**765**	**469**	**419**	**166**	**128**	**420**	**386**	**259**	**-**	**-206**	**-123**	**2,097**	**1,575**

[1] Income from external customers is attributable to individual geographical areas according to the country in which the customer is domiciled.
[2] Unfortunately, net sales per sales channel for Business Area Germany are not available at the time of reporting, and they are therefore allocated to Others.
[3] New sales channel for the period. Transferred retroactively during the period for January-September 2018 in Business Area Sweden and Denmark.

Note 9 Acquisitions of operations

On 3 May, 100 percent of the shares and votes in the German company Davert GmbH were acquired, with offices, warehousing and production facilities in Ascheberg, North Rhine-Westphalia, Germany. The acquisition is an important step for Midsona in becoming a European leader in health and well-being. The total purchase consideration amounted to SEK 378 million (EUR 35.8 million), of which SEK 281 million (EUR 26.6 million) was paid in cash upon Midsona gaining control, SEK 50 million (EUR 4.7 million) being purchase consideration entered as a liability, and SEK 47 million (EUR 4.5 million) being conditional purchase considerations. Of the purchase consideration recognised as liability, SEK 14 million (EUR 1.3 million) was paid in the third quarter of 2018 and the remaining SEK 36 million (EUR 3.4 million) is to be paid in January 2020. The conditional purchase considerations that may become payable are based on targets set for 2019, 2020 and 2021. The fair values of these are based on an assessment of the likelihood that the set targets will be achieved. The acquisition was financed entirely through a new credit facility. Through the acquisition, Midsona will gain access to the Davert brand, a broad customer base, a customised production facility with modern production lines and a fully automated warehouse.

Davert holds a leading position in the German market for organic foods. The company offers products under its own brand and through contract manufacturing (private label) in categories including snacks, superfoods and nuts, breakfast cereals, rice, beans and seeds. The company also trades in commodities. Net sales amounted to SEK 616 million (EUR 64.0 million) and EBITDA to SEK 32.7 million (EUR 3.4 million) in 2017. Of net sales, 28 percent derived from the company's own brands, 37 percent from contract manufacturing (private label) and 35 percent from trade in commodities. Customers are mainly found in the healthfood retail and FMCG retail segments, as well as among operators in the food service and the food industry. The acquisition is expected to provide synergy effects in the form of increased revenue through cross-selling, as well as reduced expenditure, mainly in production and purchasing, totalling approximately SEK 40 million (EUR 3.8 million) annually, with full effect from 2022. At the time of acquisition, the company had 143 employees.

The acquired operations were consolidated into the Midsona Group effective from 3 May 2018, forming a distinct geographical business areas and being reported as the Germany operating segment in segment reporting. From the acquisition date until 30 September 2018, the acquired operations contributed SEK 259 million to consolidated net sales and SEK 21 million to consolidated EBITDA. If the acquisition had occurred on 1 January 2018, estimated consolidated net sales for the period January-September 2018 would have been SEK 2,312 million and EBITDA SEK 184 million.

The acquired company's net assets on the acquisition date, SEK million	Fair value
Intangible fixed assets	161
Tangible fixed assets	184
Financial fixed assets	1
Inventories	182
Trade receivables	50
Other receivables	7
Prepaid expenses and accrued income	10
Cash and cash equivalents	0
Deferred tax liabilities	-50
Non-current interest-bearing liabilities	-224
Current interest-bearing liabilities	-48
Accounts payable	-21
Other current liabilities	-18
Accrued expenses and deferred income	-18
Total	**216**
Consolidated goodwill	162
Total	**378**

Transferred consideration, SEK million	Fair value
Cash on transfer of control	281
Purchase consideration recognised as liability	50
Conditional additional purchase considerations entered as liability	47
Total	**378**

Initially, the fair value of the identified assets and liabilities of SEK 272 million (EUR 25.8 million) was allocated in its entirety to consolidated goodwill in the interim report for January-June 2018, since the analysis of the data required for complete allocation had not been concluded when that report was published. In the interim report for January-September 2018, a complete analysis of the identified assets and liabilities has been completed, with SEK 122 million (EUR 11.6 million) being reallocated to the brand, SEK 38 million (EUR 3.6 million) to customer relationships and SEK 50 million (EUR 4.7 million) to a deferred tax liability related to identified intangible fixed assets. The remaining SEK 162 million (EUR 15.3 million) constitutes consolidated goodwill. The brand was assessed to have an indefinite useful life while customer relationships were assessed to have a useful life of eight years. The reallocation of the identified intangible fixed assets resulted in depreciations of SEK 2 million and deferred tax income of SEK 1 million being recognised in the profit for the period for the third quarter. The goodwill recognised is not expected to be tax deductible. It corresponds to the acquired company's market position in the European market for organic foods, the expertise and experience in the industry of its personnel, as well as expected income and expenditure synergies. The fair value of accounts receivable amounted to SEK 50 million (EUR 4.7 million) and was, in its entirety, fully settled at the end of the period.

Acquisition-related expenses amounted to SEK 10 million and are reported as other operating expenses in the period's earnings for the second quarter of 2018.

The acquired operations are gradually being integrated into the Midsona Group and are not expected to entail any restructuring costs.

The acquisition analysis that has been prepared is preliminary.

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 each measure not defined under IFRS, please see pages 114–115 in the 2017 Annual Report . The following table presents reconciliations against IFRS .

IFRS reconciliations, Group

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

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Operating profit	**51**	**21**	**132**	**84**	**182**	**134**
Amortisation of intangible assets	10	6	23	17	30	24
Depreciation of tangible fixed assets	8	3	16	8	19	11
EBITDA	**69**	**30**	**171**	**109**	**231**	**169**
Non-recurring items [2,3]	-1	22	11	22	10	21
EBITDA, before non-recurring items	**68**	**52**	**182**	**131**	**241**	**190**
Net sales	773	573	2,097	1,575	2,668	2,146
EBITDA-Margin, before non-recurring items	**8.8%**	**9.1%**	**8.7%**	**8.3%**	**9.0%**	**8.9%**

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

[2] Specification of non-recurring items.

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Restructuring expenses, net	-	17	2	17	1	16
Reversed purchase consideration for previous years' acquisitions recognised as liability	-1	-	-1	-	-1	-
Acquisition-related expenses	-	5	10	5	10	5
Total	**-1**	**22**	**11**	**22**	**10**	**21**

[3] Corresponding line in the consolidated income statement.

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Expenses for goods sold	-	-	2	-	2	-
Selling expenses	-	4	-1	4	-1	4
Administrative expenses	-	13	1	13	0	12
Other operating income	-1	-	-1	-	-1	-
Other operating expenses	-	5	10	5	10	5
Total	**-1**	**22**	**11**	**22**	**10**	**21**

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

SEK million	Rolling 12-month	Full year 2017
EBITDA	**231**	**169**
Acquisition-related restructuring expenses	1	16
Acquisition-related transaction expenses	9	5
Pro forma adjustment	20	-10
Adjusted EBITDA	**261**	**180**

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

SEK million	30 Sept 2018	30 Sept 2017	31 Dec 2017
Non-current interest-bearing liabilities	1,150	676	665
Current interest-bearing liabilities	90	101	41
Cash and cash equivalents[1]	-85	-74	-54
Net debt	**1,155**	**703**	**652**

[1]Some short-term investments, equivalent to cash and cash equivalents, were not available at the end of each 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	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Equity and liabilities	**3,768**	**2,912**	**3,768**	**2,912**	**3,768**	**2,857**
Other non-current liabilities	-83	-8	-83	-8	-83	-5
Deferred tax liabilities	-261	-211	-261	-211	-261	-221
Accounts payable	-351	-230	-351	-230	-351	-220
Other current liabilities	-55	-61	-55	-61	-55	-50
Accrued expenses and deferred income	-141	-111	-141	-111	-141	-105
Capital employed	**2,877**	**2,291**	**2,877**	**2,291**	**2,877**	**2,256**
Capital employed at the beginning of the period	2,856	2,058	2,256	2,076	2,291	2,076
Average capital employed	**2,867**	**2,175**	**2,567**	**2,184**	**2,584**	**2,166**

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

SEK million	Rolling 12-month	Full year 2017
Profit before tax	165	112
Financial expenses	27	22
Profit before taxes, excluding financial expenses	192	134
Average capital employed	2,584	2,166
Return on capital employed, %	7.4	6.2

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

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Shareholders' equity	1,637	1,514	1,637	1,514	1,637	1,550
Shareholders' equity at the beginning of the period	1,623	1,331	1,550	1,349	1,514	1,349
Average shareholder's equity	1,630	1,423	1,594	1,432	1,576	1,450

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

SEK million	Rolling 12-month	Full year 2017
Profit for the period	130	84
Average shareholder's equity	1,576	1,450
Return on equity, %	8.3	5.8

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

SEK million	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Cash flow from operating activities	98	32	154	98	208	152
Cash flow from investing activities	-40	-79	-341	-86	-346	-91
Acquisitions of companies or operations	14	64	295	64	295	64
Expansion investment, new production line	24	-	24	-	24	-
Free cash flow	96	17	132	76	181	125

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	July–Sept 2018	July–Sept 2017	Jan–Sept 2018	Jan–Sept 2017	Rolling 12-month	Full year 2017
Net sales	773	573	2,097	1,575	2,668	2,146
Net sales compared with the corresponding period in the preceding year	-573	-522	-1,575	-1,223	-2,096	-1,744
Net sales, change	200	51	522	352	572	402
Structural changes	-156	-69	-390	-386	-461	-457
Exchange rate changes	-34	-1	-60	-25	-53	-18
Organic change	10	-19	72	-59	58	-73
Organic change, %	1.7%	-3.6%	4.6%	-4.8%	2.8%	-4.2%
Structural changes, %	27.2%	13.2%	24.8%	31.6%	22.0%	26.2%
Exchange rate changes, %	6.0%	0.2%	3.7%	2.0%	2.5%	1.0%

In Sweden, Friggs launched corn cakes in five "on-the-go" flavours: cheese, pizza, dill&chive, popcorn and barbecue.

Quarterly data[1]

SEK million	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Net sales	**773**	**714**	**610**	**571**	**573**	**481**	**521**	**521**	**522**	**351**	**350**	**352**
Expenses for goods sold	-546	-496	-402	-376	-377	-328	-354	-337	-348	-223	-219	-219
Gross profit	**227**	**218**	**208**	**195**	**196**	153	**167**	**184**	**174**	**128**	**131**	**133**
Selling expenses	-125	-119	-110	-102	-109	-88	-94	-108	-107	-79	-83	-84
Administrative expenses	-56	-56	-48	-42	-62	-39	-36	-42	-44	-32	-31	-31
Other operating income	3	2	1	1	0	1	1	3	0	1	1	5
Other operating expenses	2	-11	-4	-2	-4	-1	-1	-5	-7	-1	-1	0
Operating profit	**51**	**34**	**47**	**50**	**21**	**26**	**37**	**32**	**16**	**17**	**17**	**23**
Financial income	0	4	6	0	0	0	0	0	1	0	0	1
Financial expenses	-10	-8	-5	-4	-5	-7	-6	-7	-9	-5	-4	-2
Profit before tax	**41**	**30**	**48**	**46**	**16**	**19**	**31**	**25**	**8**	**12**	**13**	**22**
Tax on profit for the period	-9	-5	-9	-12	-5	-4	-7	-9	-1	-1	-2	-6
Profit for the period	**32**	**25**	**39**	**34**	**11**	**15**	**24**	**16**	**7**	**11**	**11**	**16**
Non-recurring items												
Non-recurring items included in operating profit	-1	12	-	-1	22	-	-	7	19	1	-	-2
Operating profit, before non-recurring items	**50**	**46**	**47**	**49**	**43**	**26**	**37**	**39**	**35**	**18**	**17**	**21**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating income	18	11	10	10	9	8	8	7	7	5	6	6
EBITDA	**69**	**45**	**57**	**60**	**30**	**34**	**45**	**39**	**23**	**22**	**23**	**29**
Depreciation/amortisation, impairment and non-recurring items												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	17	23	10	9	31	8	8	14	26	6	6	4
EBITDA, before non-recurring items	**68**	**57**	**57**	**59**	**52**	**34**	**45**	**46**	**42**	**23**	**23**	**27**
Free cash flow	96	40	-4	49	17	29	30	53	8	-26	16	19
Number of employees as per the balance sheet date	533	528	382	384	386	329	326	322	341	275	285	294

[1]Quarterly data for 2015 and 2016 have not been recalculated for effects on net sales and operating expenses in connection with conversion to IFRS 15.

In The Swedish market, Dalblads launched protein crisps in three flavours: sweet chilli & sourcream, cheese onion and barbecue.

Financial calendar

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	Year-end Report 2018 – 8 February 2019			*Interim Report, January-March 2019 – 3 May 2019*		*Interim Report, January-June 2019 – 19 July 2019*			*Interim Report, January-September 2019 – 23 October 2019*		

This is Midsona

Strong brands
Midsona is the leading consumer goods company in the Nordic region operating in a growing market for health and well-being. Our attractive portfolio of well-known products, is focused on helping people lead a healthier life. A growing proportion of the product portfolio has an organic profile. The business model is based on strong brands with good market positions, innovation and an effective marketing and distribution structure. Midsona series A and B share have been listed on the OMX Nasdaq Stockholm exchange since 1999, in the FMCG sector.

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

Clear strategies
- *Leading brands in prioritised categories* – We work with strong proprietary brands together with a select number of licensed brands in our current primary geographical markets of Sweden, Denmark, Norway, Finland and Germany. Our brands should be ranked in first or second position in their categories and should be available through appropriate sales channels, where we have the best knowledge and opportunities for strong growth.
- *Cost-effective value-chain* – We work continuously to adapt and streamline the organisation. We continuously assess the product range from the perspective of profitability and, in recent years, a large number of products have been removed that do not fit into the Group's strategy or that are deemed not to meet the profitability requirements. A shared supply chain organisation has been implemented in the Nordic region as part of the strategy of establishing an efficient and sustainable value chain.
- *Selective acquisitions* – Acquisitions are an integral and fundamental part of our business. We have played a major role in consolidating the market in the Nordic region. Although we will continue to do that, our sights are now set primarily on the rest of Europe. We have demonstrated very good capacity in identifying appropriate acquisitions and in integrating and developing operations offering favourable synergies. A process has been conducted to map companies operating in markets in health and well-being in Western Europe.
- *Healthy and sustainable culture* – We offer products that help people achieve a healthier life and we seek to build on our strong position as the expert in health and well-being. Our brands and products play a fundamental role in those efforts. Being sustainable is growing increasingly important. Our customers and consumers impose continuously increasing demands on sustainable products. There are strong connections between their interest in organic products and their interest in sustainability. We now receive considerably more questions regarding sustainability than we did a few years ago. We presented our sustainability efforts in a Sustainability Report, included in Midsona's 2017 Annual Report.

Long-term financial targets
Long-term financial targets set by the Board of Directors of Midsona AB (publ) in the second quarter of 2013.
- Net sales growth of 10 percent through organic growth and acquisitions.
- Operating margin >10 percent.
- A ratio between net debt/operating profit before amortisation/depreciation of intangible and tangible fixed assets (EBITDA) of a multiple <2.
- A dividend over time of >30 percent of profit after tax.

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

Eight priority brands

Midsona's operations are based on strong proprietary brands. Six of these play a very central role in the Group's growth and account for a large portion of sales. These are Urtekram, Friggs, Dalblads, Naturdiet, Eskimo-3 and Kung Markatta. The Helios and Miwana brands are also prioritised.

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

Friggs
A broad health product brand with a clear food profile, which is mainly available in supermarkets in the Nordic region.

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

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

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

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

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

Miwana
A series of natural products for the whole family for cold-related nose and throat problems – sold mainly through pharmacies in Sweden and Norway.

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