



midsona

INTERIM REPORT JANUARY–MARCH 2016

Strong sales growth and improved profit

January–march 2016 (first quarter)

- Net sales amounted to SEK 350 million (232).
- Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 23 million (5). The comparison period included non-recurring items of a negative SEK 10 million.
- Profit for the period was SEK 11 million (loss: 1).
- Cash flow from continuing operations amounted to SEK 20 million (14).
- Ulrika Palm became the head of Business Area Sweden and is a member of Group Management.

Financial overview

	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	350	232	1,292	1,174
Net sales growth, %	50.9	-3.7	41.8	27.6
Gross margin, %	37.4	42.7	39.2	40.5
Operating profit before amortisation, depreciation and impairment (EBITDA), SEK million	23	5	85	67
EBITDA margin, %	6.6	2.2	6.6	5.7
Operating profit, SEK million	17	1	64	48
Operating margin, %	4.9	0.4	5.0	4.1
Profit for the period, SEK million	11	-1	78	66
Earnings per share before and after dilution, SEK	0.37	-0.04	3.01	2.71
Net debt, SEK million	242	154	242	258
Net debt/EBITDA, multiple			2.8	3.9



Note

The information presented in this interim report is such that Midsona AB (publ) is required to publish by the Securities Markets Act and/or Financial Instruments Trading Act. The information was submitted for publication on 27 April 2016, at 8.00 a.m.

For further information

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Peter Åsberg, President and CEO

Comment by the CEO

Midsona shows strong growth

In the first quarter, Midsona's sales rose by 51 percent to SEK 350 million (232). Operating profit before depreciation and amortization (EBITDA) amounted to SEK 23 million (5). Profit for the corresponding quarter last year was impacted by non-recurring costs totalling SEK 10 million related to the closure of Dalblads' production facility in Stenkullen.

Organic products driving growth

With the acquisition of Urtekram, organic products account for about 40 percent of Midsona's sales for the quarter. Consequently, the company is well-positioned in both organic food and bodycare products. Urtekram developed strongly in the first quarter. The global market for organic food grew by about 10 percent in 2015. In many respects, the Nordic countries are leaders in this area. Market share in organic food is 8.3 percent in Denmark, which is the highest figure in the world, followed closely by Sweden at 7.7 percent. In Denmark, sales of organic food rose preliminarily by 10 percent in 2015 and in Sweden the increase was 39 percent. Norway and Finland also show good growth rates, but from lower levels.

Continued high launch rate

Product launches relevant to consumers are important in generating organic growth. The pace has remained high in early 2016. Particularly important has been the launch of no less than 12 different corn cakes as a complement to rice cakes under the Friggs brand. The products have been well received in shops. The launch of Urtekram outside its home market, Denmark, continued in the first quarter, particularly in Sweden, and we have increased sales significantly.

Strong cash flow reduces debt

Midsona's debt increased with the acquisition of Urtekram. The ambition was, and is, to generate strong cash flows from operating activities to reduce net debt and build scope for new acquisitions. Cash flow from operating activities amounted to SEK 20 million (14) in the quarter and, on a rolling 12-month basis, cash flow is SEK 93 million. The combination of strong cash flow and improved EBITDA means that the relationship net debt/EBITDA now amounts to a multiple of 2.8 compared to a multiple of 3.9 in the preceding quarter. Since this key figure affects our interest levels, with a certain delay, we will, all else being equal, have lower financial expenses in the future.

Focus on customers and consumers

During the first quarter, the integration of Urtekram was completed. The organisational structures of the various business areas have now been merged. The initial cost savings indicated have been realised and will start to give full effect from the second quarter. As the integration process, resulting in increased internal focus, is now over, we can again direct our full focus externally, towards customers and consumers. Our largest individual brand, Urtekram, provides us with considerable opportunities. The combination of a growing market for organic products and Midsona's market power paves the way for continued sales gains. We also have good growth opportunities with most of our prioritized brands. We are continuing on the journey towards our vision of becoming the leader in the health and well-being in the Nordic region.

Peter Åsberg
President and CEO

SEK 350 million

Sales

SEK 23 million

Profit before depreciation/amortisation and impairment (EBITDA)

40%

Proportion of Midsona's sales comprising organic products

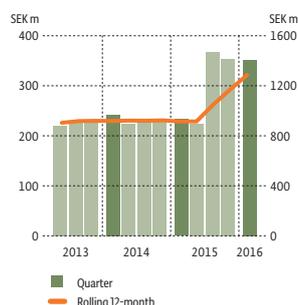
SEK 20 million

Cash flow from operating activities

Financial information

Group

Net sales



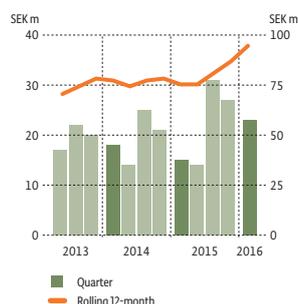
Net sales

January–March

Net sales amounted to SEK 350 million (232), an increase of 51 percent. Adjusted for currency effects and structural changes (acquisitions), net sales decreased by 8 percent, which was mainly due to sales assignments being discontinued in the Norwegian market in December 2015 and reduced sales of rice cakes in Sweden.

Sales increased in Sweden and Finland, driven mainly by the Urtekram brand. In Sweden, however, the sales trend for the Friggs brand, with rice cakes as its volume product, continued to be impacted negatively as a consequence of the report published by the National Food Agency in October 2015. Corn cakes have been launched gradually to counter the negative sales trend. Sales of several priority brands developed well in the Swedish market, including Dalblads and Miwana. In Finland, the market was pervaded by the continued tough situation with regard to people's personal finances. In Denmark, the sales trend remained strong, both within the Danish market and for export sales beyond the Nordic region. In Norway, the sales trend for the brand portfolio as a whole was positive. The decrease in sales was primarily related to discontinued sales assignments. The Friggs brand was established in the Norwegian market and was received well by both customers and consumers. Several important products were launched in Sweden, Norway, Finland and Denmark during the period.

EBITDA, before non-recurring items



Earnings

January–March

Gross profit amounted to SEK 131 million (99), corresponding to a gross margin of 37.4 percent (42.7). The lower gross margin was primarily attributable to both an increased proportion of sales to FMCG retailers, as well as the entry into the Danish market, with lower margins and a changed product mix related to the acquisition of Urtekram.

Operating profit before amortisation, depreciation and impairment, EBITDA, amounted to SEK 23 million (15), before non-recurring items, representing a margin of 6.6 percent (6.5). The positive profit trend was mainly associated with the acquisition of Urtekram, through increased net sales and realised synergies.

Operating profit amounted to SEK 17 million (11), before non-recurring items, with an operating margin of 4.9 percent (4.7). Operating profit amounted to SEK 17 million (1), with an operating margin of 4.9 percent (0.4).

Profit before tax was SEK 13 million (loss: 1), with net financial items increasing to an expense of SEK 4 (2) due to higher debt and negative translation differences on financial instruments. Tax on profit for the period amounted to SEK 2 million (0), of which SEK 2 million (0) consisted of current taxes. Profit for the year was SEK 11 million (loss: 1), corresponding to earnings per share of SEK 0.37 (loss: 0.04).



Twelve different corn cakes were launched in 2016.

Cash flow from continuing operations



Cash flow, liquidity and financial position

January–March

Cash flow from continuing operations improved to SEK 20 million (14), which was primarily explained by stronger underlying operations before changes in operating capital compared with the corresponding period last year. Cash flow from Investing activities in remaining operations amounted to a negative SEK 4 million (16), consisting of net investments in tangible and intangible fixed assets of SEK 4 million (0). The comparison period included payment of SEK 16 million in additional considerations relating to prior years' business acquisitions. Cash flow from financing activities amounted to a negative SEK 27 million (11), consisting of loans raised of SEK 25 million, amortisation of loans by SEK 5 million and a change in the use of an existing overdraft facility by a negative SEK 47 million (11). Cash and equivalents amounted to SEK 51 million (38) and there were unutilised credit facilities of SEK 87 million (129) at the end of the period.

Net debt amounted to SEK 242 million (154) at the end of the period. Net debt decreased by SEK 16 million over the quarter. The net debt/equity ratio was a multiple of 0.3 (0.2). The ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 2.8 (2.3). At the end of the preceding quarter, the ratio between net debt and EBITDA on a rolling 12-month basis, was a multiple of 3.9.

Shareholders' equity amounted to SEK 898 million (759). At the end of the preceding quarter, shareholders' equity was SEK 877 million. The changes in shareholders' equity during the current quarter consisted of profit for the period of SEK 11 million and translation differences on the translation of foreign operations of SEK 10 million. The equity/assets ratio was 58 percent (63) at the end of the period.

Investments

January–March

Investments in intangible and tangible fixed assets amounted to SEK 4 million (0) and consisted mainly of software investments and production-related investments. Amortisation and depreciation for the period amounted to SEK 6 million (4), divided between SEK 4 million (3) in amortisation of intangible fixed assets and depreciation of SEK 2 million (1) on tangible fixed assets.

Naturdiet's milk curd smoothie was named Healthfood of the Year by *Må Bra* magazine.



Business areas

Sweden

Quarterly overview – Sweden



	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	113	108	426	421
Net sales growth, %	4.6	-5.3	-1.6	-4.1
EBITDA, before non-recurring items, SEK million	9	8	38	37
Operating profit before non-recurring items, SEK million	8	8	36	36
Non-recurring items included in operating profit, SEK million	-	-10	-5	-15
Operating profit, SEK million	8	-2	31	21
Operating margin, %	7.1	-1.9	7.3	5.0

January–March

Net sales amounted to SEK 113 million (108), an increase of 5 percent. Sales growth to FMCG retail was strong, driven by the Dalblads and Urtekram brands. Sales of the volume product Friggs rice cakes continued to be affected negatively as a result of the report published by the National Food Agency in October 2015. Corn cakes were launched during the period, partly offsetting the lost sales. Sales to retail pharmacies were strong, driven by good sales growth for the Miwana brand and several licensed brands. Sales to healthfood retailers were weak and continue to be a challenge. The sales trend to both the e-commerce and other specialist retailers was weak, although at low sales volumes. Several products were launched under the Dalblads, Friggs and Urtekram brands.

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 9 million (8), before non-recurring items. During the period, a major structural and systemic change was implemented to coordinate operations and enhance their efficiency. This entailed certain additional costs, as well as minor losses of sales volumes. Despite this, operating profit before depreciation/amortisation and impairment, EBITDA, improved, mainly due to higher sales volumes.

Ulrika Palm became the head of Business Area Sweden and is a member of Group Management.

The integration of business areas Denmark's Swedish operations into existing operations in Sweden was completed in the period, meaning that sales and earnings in Sweden for the Urtekram brand were reported in the operating segment Sweden from 1 March 2016.

Norway

Quarterly overview – Norway



	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	90	104	387	401
Net sales growth, %	-13.5	1.0	-2.3	1.5
EBITDA, before non-recurring items, SEK million	7	10	40	43
Operating profit before non-recurring items, SEK million	6	9	38	41
Non-recurring items included in operating profit, SEK million	-	-	4	4
Operating profit, SEK million	6	9	42	45
Operating margin, %	6.7	8.7	10.9	11.2

January–March

Net sales amounted to SEK 90 million (104), a decrease of 13 percent. In local currencies, net sales decreased by 5 percent. Sales were generally somewhat lower among FMCG and pharmacy retailers and other specialist retailers compared with the previous year as a result of sales assignments discontinued in December 2015 not yet being fully offset by new sales assignments. The sales trend to FMCG retailers was strong for several licensed brands, however, including Biopharma. A basic range of Friggs brand products was also launched in supermarkets and was very well received by both customers and consumers. The Miwana brand strengthened its position among pharmacies, achieving strong sales growth. Among healthfood retailers, sales were somewhat weak for some of the major brands. Several important new launches were made under the Dalblads, Friggs, Soma and Supernature brands during the period.

Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 7 million (10). The lower profit was mainly attributable to an unfavourable product mix and

increased product costs as a consequence of the weak NKK, which contributed to lower margins. In addition, major media investments were made for some brands, including Frigg's in connection with establishing them in the market.

A sales assignment, with net sales of about SEK 50 million on an annualised basis, was secured during the period. In addition, an existing service assignment on a commission basis was expanded.

A new webshop shop www.soma.no was launched in the period and was received well in the market, generating many new customers.

The integration of business areas Denmark's Norwegian operations into existing operations in Norway was completed in the period, meaning that sales and earnings in Norway for the Urtekram brand were reported in the operating segment Norway from 1 January 2016.

Finland

Quarterly overview - Finland



	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales, SEK million	40	28	114	102
Net sales growth, %	42.9	-9.7	2.7	-10.5
EBITDA, before non-recurring items, SEK million	5	3	11	9
Operating profit before non-recurring items, SEK million	4	2	9	7
Non-recurring items included in operating profit, SEK million	-	-	0	0
Operating profit, SEK million	4	2	9	7
Operating margin, %	10.0	7.1	7.9	6.9

January-March

Net sales amounted to SEK 40 million (28), an increase of 43 percent. In local currencies, net sales increased by 45 percent. Sales growth in FMCG retail was strong, driven by the Friggs and Urtekram brands. The trend in sales to healthfood retailers was stable while the trend in sales to pharmacies was somewhat weak. A process of repositioning is in progress for certain brands to adjust to shifting consumer consumption and purchasing patterns. Several important new launches were made under the Tri Tolonen, Friggs, Naturdiet and Urtekram brands.

Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 5 million (3). The improved operating profit was attributable mainly to higher sales volumes, improved margins as a consequence of a favourable product mix and good cost control.

The integration of business areas Denmark's Finnish operations into existing operations in Finland was completed in the period, meaning that sales and earnings in Finland for the Urtekram brand were reported in the operating segment Finland from 1 January 2016. In connection with the completion of the integration, operations were brought together at a single office in Helsinki.

Denmark

Quarterly overview – Denmark



	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month ²	Full year 2015 ¹
Net sales, SEK million	140	-	424	284
Net sales growth, %	-	-	-	-
EBITDA, before non-recurring items, SEK million	10	-	27	17
Operating profit before non-recurring items, SEK million	8	-	21	13
Non-recurring items included in operating profit, SEK million	-	-	17	17
Operating profit, SEK million	8	-	38	30
Operating margin, %	5.7	-	9.0	10.6

¹ Refers to 1 July 2015–31 December 2015

² Refers to 1 July 2015–31 March 2016

January–March

Net sales amounted to SEK 140 million (-). The Urtekram brand continued to strengthen its position among Danish FMCG retailers, with stable sales growth. The trend in sales to healthfood retailers was also strong, primarily to customers outside the Nordic region. Initiatives to establish cooperation agreements with partners outside the Nordic region began to have an impact on export sales. The first deliveries of organic bodycare products were made to the Russian and Romanian markets. Several new launches were made under the Urtekram brand during the period.

Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 10 million (-). The implemented price adjustments and a more favourable product mix, contributed to improved margins.

Urtekram's complete series of organic, coconut-scented bodycare products, which was launched in the fourth quarter of 2015, was nominated for product series of 2015 at the Danish Beauty Awards 2016. The Danish Beauty Awards are presented annually for the best beauty products in the cosmetics industry.

The integration of business area Denmark's Swedish, Finnish and Norwegian operations into Midsona's existing operations in each country was completed in the period. From 1 January 2016, sales and earnings from the Norwegian and Finnish geographical markets are reported under operating segment Norway and operating segment Finland respectively. From 1 March 2016, sales and earnings from the Swedish geographic market are reported under operating segment Sweden.

Nominated for product series of 2015 at the Danish Beauty Awards 2016.



Future prospects

Consumer demand for products in the areas of health and well-being in general, and organic produce in particular, is expected to continue increasing. Midsona is well-positioned in attractive growth segments and the assessment is that the Group will grow over the year with improved EBITDA.

Other information

Personnel

The average number of employees was 287 (166), while the number of employees at the end of the period amounted to 285 (163). The increased number of employees was mainly related to the acquisition of Urtekram International A/S in July 2015.

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 6 million (6), and related primarily to invoicing of services provided internally within the Group. The loss before tax amounted to SEK 1 million (profit: 1). Net financial items deteriorated due to negative translation differences on financial investments and increased interest expenses to credit institutions on increased debt.

Shareholders' equity amounted to SEK 717 million (588), of which restricted equity amounted to SEK 91 million (76). At the close of the preceding quarter, shareholders' equity amounted to SEK 718 million. The changes in shareholders' equity in the quarter at hand consisted of a net loss for the period of SEK 1 million.

Investments in intangible and tangible assets amounted to SEK 0 million (0). Cash and equivalents, including unutilised credit facilities, amounted to SEK 87 million (130). At the end of the period, borrowing from credit institutions amounted to SEK 230 million (136).

There were nine (eight) employees at the end of the period.

Transactions with closely related parties

For the Parent Company, SEK 6 million (6), equivalent to 100 percent (98) of sales for the period and SEK 1 million (0), corresponding to 9 percent (1) of purchases for the period, pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

There have been no loans, purchases or sales involving members of the Board or senior executives.

One of the products in the SWEBAR Limited Edition series.

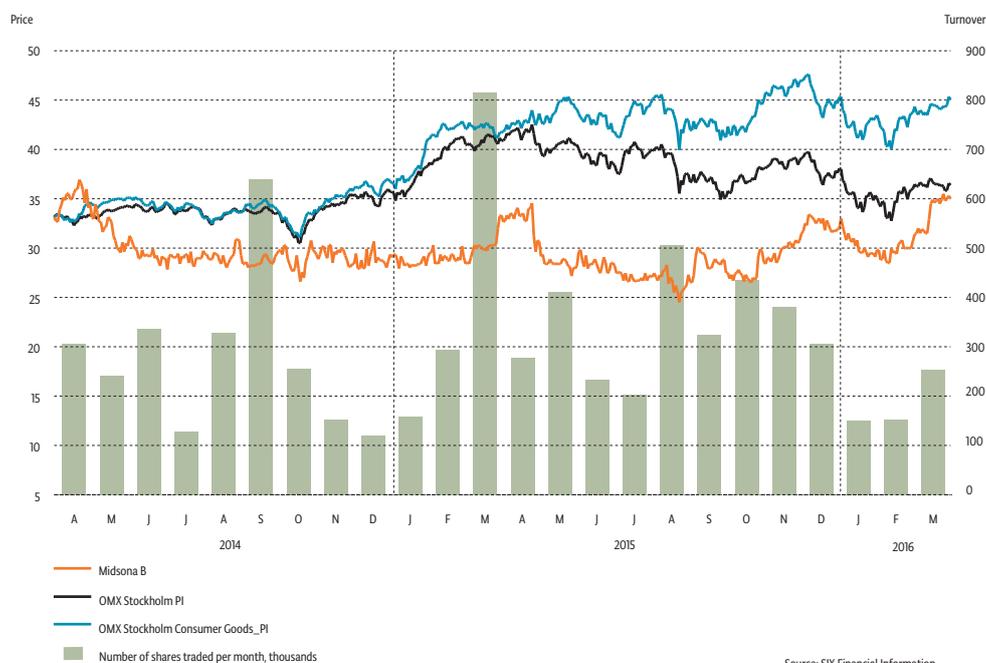


The share

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

At the end of the period, the total number of shares was 28,430,987 (22,744,790), divided between 474,915 series A shares (379,932) and 27,956,072 series B shares (22,364,858). At the end of the period, the number of votes was 32,705,222 (26,164,178), where one series A share carries ten votes and one series B share carries one vote. The quota value of the shares is SEK 20.00.

During the period January-March 2016, 569,085 shares were traded. The highest price paid for series B shares was SEK 36.00, and the lowest was SEK 28.10. On 31 March, the most recent price paid for the share was SEK 35.00. Midsona had no incentive programmes outstanding at the end of the period.



Source: SIX Financial Information

Ownership

Stena Adactum AB was the largest shareholder with 24.7 percent of the capital and 27.4 percent of the voting rights on 31 March 2016. 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	7,024,438	24.7	27.4
Handelsbanken Fonder	2,705,803	9.5	8.3
Nordea Investment Funds	2,624,961	9.2	8.0
Second AP Fund	1,680,838	5.9	5.1
Midelfart Holding AS	157,675	0.6	4.8
Peter Wahlberg and companies	1,525,316	5.4	4.7
BPSS PAR/FCP ECHIQUIER	1,133,900	4.0	3.5
LINC INVEST AB	962,988	3.4	2.9
Försäkringsaktiebolaget Avanza Pension	679,080	2.4	2.5
Humle Kapitalförvaltning AB	562,500	2.0	1.7
Total	19,057,499	67.1	68.9
Other shareholders	9,373,488	32.9	31.1
Total	28,430,987	100.0	100.0

Source: Euroclear

The total number of shareholders (including nominee-registered) was 4,540 (4,329). In the quarter at hand, the number of shareholders decreased by 27. Foreign ownership amounted to 34.9 percent (28.8) of the shares on the market. More information on the shareholder structure is available at www.midsona.com.

Segment reporting

Until 30 June 2015, the Group had three identified segments, the geographical areas Sweden, Norway and Finland. In connection with the acquisition of Urtekram International A/S on 1 July 2015, the number of identified segments was extended with the geographical area Denmark. Until the integration of the acquired Urtekram International A/S has been completed, the segment's sales and the earnings from the Swedish, Norwegian and Finnish geographical markets in the operating segments Denmark. The integration was completed in the first quarter of 2016. From 1 January 2016, sales and earnings from the Norwegian and Finnish geographical markets are reported under operating segment Norway and operating segment Finland respectively. From 1 March 2016, sales and earnings from the Swedish geographic market are reported under operating segment Sweden.

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 2015 Annual Report.

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.

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 the 2015 Annual Report.

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). Disclosures in accordance with IAS 34 Interim Financial Reporting are provided throughout this document. 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 new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2016 had no impact on the Group's accounting for the first three months of 2016. 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 the 2015 Annual Report.

Malmö, 27 April 2016
Midsona AB (publ)

BOARD OF DIRECTORS

Review by auditor

This interim report has not been reviewed by company's auditors.

Summary consolidated income statement

SEK million	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales	350	232	1,292	1,174
Expenses for goods sold	-219	-133	-785	-699
Gross profit	131	99	507	475
Selling expenses	-83	-75	-331	-323
Administrative expenses	-31	-24	-110	-103
Other operating income	1	1	9	9
Other operating expenses	-1	0	-11	-10
Operating profit	17	1	64	48
Financial income	0	0	1	1
Financial expenses	-4	-2	-12	-10
Profit before tax	13	-1	53	39
Tax on profit for the period	-2	0	25	27
Profit for the period	11	-1	78	66

Profit for the period is divided between:

Parent Company shareholders (SEK million)	11	-1	78	66
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)	0.37	-0.04	3.01	2.71

Number of shares (thousands)

On the balance sheet date	28,431	22,745	28,431	28,431
Average during the period	28,431	22,745	25,841	24,419

Operating profit before amortisation, depreciation and impairment (EBITDA)	23	5	85	67
Depreciation/amortisation and impairment	-6	-4	-21	-19
Operating profit	17	1	64	48

Summary consolidated statement of comprehensive income

SEK million	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Profit for the period	11	-1	78	66
<i>Items that cannot be reallocated to profit for the period</i>				
Items that cannot be reallocated to profit for the period	-	-	-	-
<i>Items that have or can be reallocated to profit for the period</i>				
Translation differences for the period on translation of foreign operations	10	9	-32	-33
Items that have or can be reallocated to profit for the period	10	9	-32	-33
Other comprehensive income for the period	10	9	-32	-33
Comprehensive income for the period	21	8	46	33
<i>Comprehensive income for the period is divided between:</i>				
Parent Company shareholders (SEK million)	21	8	46	33

Summary consolidated balance sheet

SEK million	31 March 2016	31 March 2015	31 December 2015
Intangible fixed assets ¹	1,076	883	1,067
Tangible fixed assets	47	9	47
Non-current receivables	2	0	2
Deferred tax assets	79	49	79
Fixed assets	1,204	941	1,195
Inventories	151	104	151
Accounts receivable	134	105	131
Tax receivables	3	2	3
Other receivables ²	1	1	2
Prepaid expenses and accrued income	14	12	12
Liquid assets	51	38	61
Current assets	354	262	360
Assets	1,558	1,203	1,555
Share capital	569	455	569
Additional paid-up capital	165	186	165
Reserves	-15	17	-25
Profit brought forward, including profit for the period	179	101	168
Shareholders' equity	898	759	877
Non-current interest-bearing liabilities	271	150	250
Other non-current liabilities	-	4	-
Deferred tax liabilities	136	81	135
Non-current liabilities	407	235	385
Current interest-bearing liabilities	22	42	69
Accounts payable	129	93	132
Other current liabilities ²	26	28	31
Accrued expenses and deferred income	76	46	61
Current liabilities	253	209	293
Liabilities	660	444	678
Shareholders' equity and liabilities	1,558	1,203	1,555
Pledged assets	830	772	796
Contingent liabilities	-	-	-

¹ Intangible assets

SEK million	31 March 2016	31 March 2015	31 December 2015
Brands	534	342	533
Goodwill	522	534	516
Other intangible fixed assets	20	7	18
Total	1,076	883	1,067

² Fair value and reported in the balance sheet

SEK million	31 March 2016	31 March 2015	31 December 2015
Assets			
<i>Financial instruments measured at fair value</i>			
Currency futures ¹	0	1	1
Total	0	1	1
<i>Financial instruments not measured at fair value</i>			
Other receivables	1	0	1
Total	1	0	1
Total other receivables	1	1	2
Liabilities			
<i>Financial instruments measured at fair value</i>			
Currency futures ¹	1	-	0
Total	1	-	0
<i>Financial instruments not measured at fair value</i>			
Other current liabilities	25	28	31
Total	25	28	31
Total other current liabilities	26	28	31

¹ The Group holds financial instruments such as 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. 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 in the 2015 Annual Report.

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 2015	455	186	8	102	751
Profit for the period	-	-	-	-1	-1
Other comprehensive income for the period	-	-	9	-	9
Comprehensive income for the period	-	-	9	-1	9
Closing shareholders' equity 31 March 2015	455	186	17	101	759
Opening shareholders' equity 04 January 2015	455	186	17	101	759
Profit for the period	-	-	-	67	67
Other comprehensive income for the period	-	-	-42	-	-42
Comprehensive income for the period	-	-	-42	67	25
New share issue	114	8	-	-	122
Issue costs	-	-4	-	-	-4
Dividend	-	-25	-	-	-25
Transactions with the Group's owners	114	-21	-	-	93
Closing shareholders' equity 31 December 2015	569	165	-25	168	877
Opening shareholders' equity 1 January 2016	569	165	-25	168	877
Profit for the period	-	-	-	11	11
Other comprehensive income for the period	-	-	10	-	10
Comprehensive income for the period	-	-	10	11	21
Closing shareholders' equity 31 March 2016	569	165	-15	179	898

Summary consolidated cash flow statement

SEK million	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Profit before tax	13	-1	53	39
Adjustment for items not included in cash flow	9	14	23	28
Income tax paid	-2	0	-5	-3
Cash flow from continuing operations before changes in working capital	20	13	71	64
Increase (-)/decrease (+) in inventories	1	-3	10	6
Increase (-)/decrease (+) in operating receivables	-4	-2	9	11
Increase (+)/decrease (-) in operating liabilities	3	6	3	6
Changes in working capital	0	1	22	23
Cash flow from continuing operations	20	14	93	87
Acquisitions of companies or operations	-	-16	-235	-251
Acquisitions of intangible fixed assets	-2	0	-4	-2
Acquisitions of tangible fixed assets	-2	-	-3	-1
Divestments of tangible fixed assets	0	-	0	-
Disposal/reduction of financial assets	-	-	0	0
Cash flow from investing activities	-4	-16	-242	-354
Cash flow after investing activities	16	-2	-149	-167
New share issue	-	-	122	122
Issue costs	-	-	-4	-4
Loans raised	25	-	145	120
Amortisation of loans	-52	-11	-71	-30
Dividend paid	-	-	-25	-25
Cash flow from financing activities	-27	-11	167	183
Cash flow for the period	-11	-13	18	16
Cash and equivalents at beginning of period	61	50	38	50
Translation difference in cash and equivalents	1	1	-5	-5
Cash and equivalents at end of period	51	38	51	61

Consolidated quarterly data

SEK million	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Net sales	350	352	367	223	232	228	228	223	241	225	229	220
Expenses for goods sold	-219	-219	-226	-121	-133	-124	-123	-119	-133	-124	-123	-116
Gross profit	131	133	141	102	99	104	105	104	108	101	106	104
Selling expenses	-83	-84	-95	-69	-75	-65	-64	-71	-71	-64	-69	-71
Administrative expenses	-31	-31	-27	-21	-24	-22	-20	-23	-22	-21	-19	-21
Other operating income	1	5	0	3	1	1	1	2	2	1	1	1
Other operating expenses	-1	0	-8	-2	0	-1	0	0	-1	-1	0	0
Operating profit	17	23	11	13	1	17	22	12	16	16	19	13
Financial income	0	1	0	0	0	1	0	0	0	1	0	0
Financial expenses	-4	-2	-4	-2	-2	-3	-2	-2	-2	-3	-2	-4
Profit before tax	13	22	7	11	-1	15	20	10	14	14	17	9
Tax on profit for the period	-2	-6	32	1	0	10	-2	-2	-2	-2	0	0
Profit for the period	11	16	39	12	-1	25	18	8	12	12	17	9
<i>Non-recurring items</i>												
Non-recurring items included in operating profit	-	-2	14	-2	10	-	-	-2	-1	0	-	-
Operating profit before non-recurring items	17	21	25	11	11	17	22	10	15	16	19	13
<i>Depreciation/amortisation and impairment</i>												
Depreciation/amortisation and impairment included in operating income	6	6	6	3	4	4	3	4	3	4	3	4
Operating profit before amortisation, depreciation and impairment (EBITDA)	23	29	17	16	5	21	25	16	19	20	22	17
<i>Depreciation/amortisation, impairment and non-recurring items</i>												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	6	4	20	1	14	4	3	2	2	4	3	4
Operating profit before amortisation/depreciation and impairment (EBITDA) before non-recurring items	23	27	31	14	15	21	25	14	18	20	22	17
Cash flow from continuing operations	20	20	30	23	14	15	23	11	7	35	19	0
Number of employees as per the balance sheet date	285	294	284	156	163	167	152	150	154	157	162	169

Summary consolidated segment reporting

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
January–March	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales, external	101	100	89	104	39	28	121	-	-	0	350	232
Net sales, intra-Group	12	8	1	0	1	-	19	-	-33	-8	-	-
Net sales	113	108	90	104	40	28	140	-	-33	-8	350	232
Operating expenses (excluding depreciation/amortisation and impairment), external	-95	-108	-77	-89	-19	-21	-127	-	-9	-9	-327	-227
Operating expenses, intra-Group	-9	-2	-6	-5	-16	-4	-3	-	34	11	-	-
Operating expenses (excluding depreciation/amortisation and impairment)	-104	-110	-83	-94	-35	-25	-130	-	25	2	-327	-227
Operating profit before amortisation, depreciation and impairment (EBITDA), undistributed	9	-2	7	10	5	3	10	-	-8	-6	23	5
Depreciation/amortisation and impairment	-1	0	-1	-1	-1	-1	-2	-	-1	-2	-6	-4
Operating profit, undistributed	8	-2	6	9	4	2	8	-	-9	-8	17	1
Financial items											-4	-2
Profit before tax											13	-1
<i>Significant income and expense items reported in the income statement:</i>												
Provision, expenses for restructuring of operations	-	-10	-	-	-	-	-	-	-	-	-	-10
Average number of employees	56	52	76	86	25	20	121	-	9	8	287	166
Number of employees as per the balance sheet date	56	50	72	85	25	20	123	-	9	8	285	163

Consolidated key figures

	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales growth, %	50.9	-3.7	41.8	27.6
Gross margin, %	37.4	42.7	39.2	40.5
EBITDA margin before non-recurring items, %	6.6	6.5	7.4	7.4
EBITDA margin, %	6.6	2.2	6.6	5.7
Operating profit before non-recurring items, %	4.9	4.7	5.7	5.8
Operating margin, %	4.9	0.4	5.0	4.1
Profit margin, %	3.7	-0.4	4.1	3.3
Average capital employed, SEK million	1,194	952	1,071	1,074
Return on capital employed, %	1.4	0.1	6.1	4.6
Return on equity, %	1.2	neg.	9.4	8.1
Net debt, SEK million	242	154	242	258
Net debt/EBITDA, multiple			2.8	3.9
Net debt/equity ratio, multiple	0.3	0.2	0.3	0.3
Interest coverage ratio, multiple	4.3	0.5	5.4	4.9
Debt/equity ratio, %	57.6	63.1	57.6	56.4

Definitions

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

Gross margin. Gross profit in relation to net sales.

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

EBITDA-margin. EBITDA in relation to net sales.

Net sales growth. Net sales for the year less the preceding year's net sales in relation to the preceding year's net sales.

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

Net debt/EBITDA. Net debt in relation to operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets.

Net debt ratio. Net debt in relation to shareholders' equity.

Organic change. Year-on-year comparison figures, adjusted for translation effects on consolidation and changes in structure.

Non-recurring items. One-off items, such as restructuring and impact of acquisitions.

Earnings per share. Profit for the period in relation to the average number of shares.

Interest coverage. Profit before tax plus interest expenses in relation to interest expenses.

Operating margin. Operating profit in relation to net sales.

Debt/equity ratio. Shareholders' equity at the end of the period in relation to total assets.

Capital employed. Total assets less non-interest-bearing liabilities and deferred tax liabilities.

Pay-out ratio. Proposed/approved dividend per share divided by earnings per share.

Profit margin. Profit before tax in relation to net sales.

For additional definitions, please refer to the 2015 Annual Report.

Sales channels

Pharmacies. Parties conducting retail trade of medicines and other special pharmaceutical preparations through shops and those conducting wholesale operations specialised in sales to parties conducting retail trade of medicines and other special pharmaceutical preparations.

FMCG retailers. Parties conducting retail trade of a wide range of household products through shops. The term refers to supermarkets, discount stores, after-hours supermarkets and convenience stores.

E-commerce. Parties that primarily sell to consumers via the Internet, through webshops or portals from which end consumers can have the ordered items delivered to their homes or other designated locations. This channel also includes Midsona's own online shops/websites where sales are made directly to consumers, and post-order sales, which are also made directly to consumers.

Healthfood retailers. Retailers specialised in health and personal care, mainly through shops and those conducting wholesale operations specialised in sales to retailers specialised in health and personal care.

Other specialist retailers. Other retailers, conducting sales mainly through shops. This channel includes sports and leisure shops, health clubs, perfume shops, baby shops, clothing shops and bakeries.

Other sales channel. Those who trade in ways other than those that can be classified under the other sales channels. This channel includes catering (hotels, restaurants, workplace canteens), therapists and contract manufacturing.

Summary income statement, Parent Company

SEK million	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-month	Full year 2015
Net sales	6	6	23	23
Selling expenses	0	0	0	0
Administrative expenses	-9	-9	-34	-34
Other operating income	1	1	4	4
Other operating expenses	-1	-1	-4	-4
Operating profit	-3	-3	-11	-11
Profit from participations in subsidiaries	0	0	39	39
Financial income	4	5	4	5
Financial expenses	-2	-1	-17	-16
Profit after financial items	-1	1	15	17
Allocations	-	-	-	-
Profit before tax	-1	1	15	17
Tax on profit for the period	-	-	21	21
Profit for the period	-1	1	36	38

Summary statement of comprehensive income, Parent Company

SEK million	Jan-Mar 2016	Jan-Mar 2015	Rolling 12-months	Full year 2015
Profit for the period	-1	1	36	38
Other comprehensive income for the period	-	-	-	-
Comprehensive income for the period	-1	1	36	38

Summary balance sheet, Parent Company

SEK million	31 March 2016	31 March 2015	31 December 2015
Intangible fixed assets	1	2	1
Tangible fixed assets	0	1	0
Participations in subsidiaries	790	481	790
Receivables from subsidiaries	217	245	186
Deferred tax assets	35	15	35
Financial fixed assets	1,042	741	1,011
Fixed assets	1,043	744	1,012
Receivables from subsidiaries	6	44	46
Other receivables	4	4	4
Cash and bank balances	0	1	5
Current assets	10	49	55
Assets	1,053	793	1,067
Share capital	569	455	569
Statutory reserve	57	57	57
Profit brought forward, including profit for the period and other reserves	91	76	92
Shareholders' equity	717	588	718
Liabilities to credit institutions	210	95	190
Liabilities to subsidiaries	0	1	0
Non-current liabilities	210	96	190
Liabilities to credit institutions	20	41	67
Liabilities to subsidiaries	100	61	85
Other current liabilities	6	7	7
Current liabilities	126	109	159
Shareholders' equity and liabilities	1,053	793	1,067

Financial calendar

2016

2017

MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
	Interim Report January–March 2016 27 April 2016			Interim Report January–June 2016 15 July 2016			Interim Report January–September 2016 21 October 2016				Year-end Report 2016 8 February 2017



This is Midsona

A Nordic company with strong brands

Midsona is one of the leading consumer goods companies in the Nordic region operating in a growing market for health and well-being. Our attractive product portfolio, with well-known products, focuses on making it easier for all people to make their own contribution to a healthier everyday life. 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 shares have been listed on the Nasdaq Stockholm exchange since 1999, in the FMCG sector.

Clear vision

Visionen är att bli det ledande bolaget inom hälsa och välbefinnande i Norden.

Clear strategies

- *Growth in priority brands* – We prioritise strong proprietary brands alongside a number of select licensed brands, which we are developing in our core markets of Sweden, Norway, Finland and Denmark.

- *Optimising the profitability of the product portfolio* – We analyse the brand portfolio continuously to enable us to focus on the brands that can deliver the best margins and to enable us to develop or phase out those deemed unable to achieve a satisfactory level of profitability.
- *New growth areas* – We invest actively in acquisitions, for example, to establish ourselves in new, adjacent product areas.
- *Efficient organisation* – We work actively to maintain an optimal organisation at all times and to reduce the Group's cost level.

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.

Denna rapport finns även på svenska. The English version is a translation from Swedish. In case of discrepancy, the Swedish version shall prevail.



Eight priority brands

Midsona's operations are based on strong proprietary brands. Four 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 and Naturdiet. The Tri Tolonen, Supernature, Mygga and Miwana brands are also prioritised.



Urtekram

A leading brand in organic food and organically certified bodycare 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 Sweden, Finland and Norway.



Dalblads

A series of sports-related products for those who exercise 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.



Tri Tolonen

A series of high-quality dietary supplements, including vitamins, minerals and antioxidants – sold in supermarkets, healthfood shops and pharmacies in Finland.



Supernature

A brand in the areas of superfoods – simple foods from nature with a naturally high concentration of key nutrients. The products are primarily available through healthfood shops in Sweden and Norway.



Mygga

A mosquito repellent available in several variants to suit different needs and preferences. The products are sold primarily in pharmacies, supermarkets and other specialist retailers in Sweden and 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.

