midsona

YEAR-END REPORT 2016

Substantial increase in net sales and operating profit

October–December 2016 (fourth quarter)

- Net sales amounted to SEK 521 million (352).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 46 million (27), before non-recurring items.
- Profit for the period was SEK 16 million (16), corresponding to earnings per share, before and after dilution, of SEK 0.39 (0.57).
- Cash flow from continuing operations amounted to SEK 58 million (20).
- A new share issue provided Midsona with SEK 402 million after issue expenses. The issue was oversubscribed.

January–December 2016 (full-year)

- Net sales amounted to SEK 1,744 million (1,174).
- Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 134 million (87), before non-recurring items.
- Profit for the period was SEK 45 million (66), corresponding to earnings per share, before and after dilution, of SEK 1.42 (2.71).
- Cash flow from continuing operations amounted to SEK 69 million (87).
- For 2016, a dividend of SEK 1.10 per share (1.10) is proposed, corresponding to 46,911,128 (31,274,085).

Financial overview

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales. SEK million	521	352	1,744	1,174
Net sales growth. %	48.0	54.4	48.6	27.6
Gross margin. %	35.3	37.8	35.4	40.5
Operating profit before amortisation. depreciation and impairment (EBITDA). SEK million	39	29	107	67
EBITDA margin. %	7.5	8.2	6.1	5.7
Operating profit. SEK million	32	23	82	48
Operating margin. %	6.1	6.5	4.7	4.1
Profit for the period. SEK million	16	16	45	66
Earnings per share before and after dilution. SEK	0.39	0.57	1.42	2.71
Net debt. SEK million	662	258	662	258
Net debt/EBITDA. multiple			6.2	3.9

URTEKRAM FRIGGS DALBLADS SPORTS NUTRITION naturdiet Tri TOLONEN KUNG MARKATTA HELIOS Miwana

Note: This information is such that Midsona AB (publ) is obliged to disclose in accordance with the EU Market Abuse Regulation. The information was submitted, through the provision of Lennart Svensson, for publication on 8 February 2017 at 8.00 a.m. CET.

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Peter Åsberg, President and CEO

FOURTH QUARTER

SEK 521 million

Sales

SEK 46 million

Profit before depreciation/amortisation and impairment (EBITDA), before non-recurring items

11 percent

Growth prioritized brands*

Comment by the CEO

The strong health trend continued in 2016. With the acquisition of the brands Urtekram, Kung Markatta and Helios, Midsona is well-positioned for the particularly favourable trend in organic food. Midsona also ended the year strong. Net sales for the fourth quarter amounted to SEK 521 million (352), an increase of 48 percent. The consolidated operating profit before depreciation/amortisation and impairment, EBITDA, was SEK 46 million (27) before non-recurring items and was the best to date in the Group's history.

Strong development for leading brands in prioritised categories

In recent years, Midsona has focused its activities on three main product categories: organic, health food products and dietary supplements. These categories are expected to grow in the coming years, and Midsona has a number of market-leading Nordic brands in key segments. The eight proprietary brands that the Group prioritise showed growth of 11 percent in the fourth quarter*. Similarly, two of the three largest brands represented by the Group had double-digit growth in the quarter. While focusing on those categories, we simultaneously completed some sales assignments in other categories, which primarily had a negative impact on organic growth in Norway. Development in the Group's organic brands remained strong. Of these brands, Urtekram performed the best. The efforts to export outside the Nordic region have begun to show results. We have received several new listings that have now resulted in increased sales for the fourth quarter. Friggs was the prioritised brand with the highest level of growth. The launch of a new series of corn cakes in Sweden, Finland and Norway was the single most important factor, although new products within health teas and dietary supplements also contributed to the growth.

Synergies through integration

An important part of Midsona's strategy is to acquire companies, integrate them and achieve synergies. In the autumn, intensive integration efforts were carried out for the acquired Internatural, with the brands Kung Markatta and Helios. Synergy impacts will occur gradually in 2017, and we remain steadfast in our commitment to achieve at least SEK 25 million in administrative synergies. Another SEK 10 million will be achieved through joint purchasing, relocation of the production of parts of the product range of King Markatta and Helios to own factory, and coordinated logistics. We have said previously that these synergies will begin to show in the results in 2018, but we can already see that some of the synergies will be achieved as early as the end of 2017.

Improved cash flow from continuing operations

Cash flow from continuing operations is a key indicator of Midsona's progress. In addition to measures for improving profitability, we continually strive to optimise working capital. It is also worth noting that the actual tax paid is significantly lower than reported, as Midsona can utilise a tax loss carryforward in Sweden and Norway. Cash flow from operating activities amounted to a solid SEK 58 million (20) in the fourth quarter.

The Board will propose an unchanged dividend of SEK 1.10 (1.10) per share in 2016. Due to an increase in the number of shares during the year, this entails an increase in the total dividend to SEK 47 million (31).

Priorities for 2017

The main focus in 2017 will be on continuing development through innovation, marketing and effective sales processing. Midsona sees continued growth opportunities in the Nordic region through acquisitions. We will also increase our European export efforts for Urtekram. Acquisition opportunities outside the Nordic region will be subjected to in-depth analysis. In 2016, we have made further progress in becoming a Nordic leader in health and well-being, and we intend to take additional steps towards this in 2017 as we simultaneously prepare for a European expansion. Midsona expects its net sales and profit before depreciation and amortisation (EBITDA) to increase in 2017.

Peter Åsberg

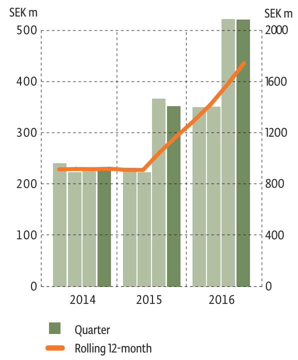
President and CEO

* Acquired brands, Kung Markatta and Helios, are compared in the fourth quarter with the same period last year in which Midsona did not yet own the brands.

Financial information

Group

Net sales



October–December

Net sales amounted to SEK 521 million (352), an increase of 48 percent. Most of the Group’s brands developed strongly over the quarter. The Group's eight priority brands showed growth of 11 percent*. Sales were affected by discontinued sales assignments in non-priority categories in Norway.

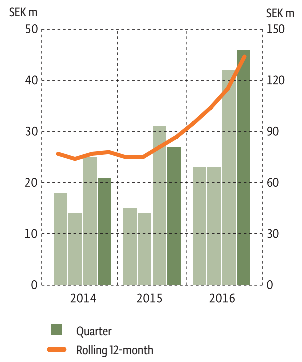
The positive sales trend for Sweden was driven by acquisitions and increased sales for the brand Urtekram. Friggs also achieved very strong sales growth. Increased sales in Norway were primarily related to acquired sales volumes. Some completed sales assignments, however, had a negative effect on the continued sales growth. Several brands in the Norwegian brand portfolio developed favourably, strengthening its position among retailers. Sales in Finland were strong as a result of increased distribution for priority brands. Urtekram grew significantly faster than the overall market for organic food. Sales performance in Denmark was stable and continued to be strong for the export business outside the Nordic region. Several new contracts relating to the export business were signed during the period. Several important products were launched in Sweden, Finland and Denmark during the period.

* Acquired brands, Kung Markatta and Helios, are compared in the fourth quarter with the same period last year in which Midsona did not yet own the brands.

January–December

Net sales amounted to SEK 1,744 million (1,174), an increase of 49 percent. Structural transactions contributed to the positive sales trend while primarily discontinued sales assignments in the Norwegian market affected sales negatively.

Earnings



October–December

Gross profit amounted to SEK 184 million (133), corresponding to a gross margin of 35.3 percent (37.8). The lower gross margin was primarily attributable to a change in the product mix related to both completed and new sales assignments, along with a significant increase in sales of consumer non-durables with lower margins.

Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 46 million (27), before non-recurring items, representing a margin of 8.8 percent (7.7). The improvement was mainly linked to the acquisition of Internatural, strong sales for the priority brands and good cost control in operations.

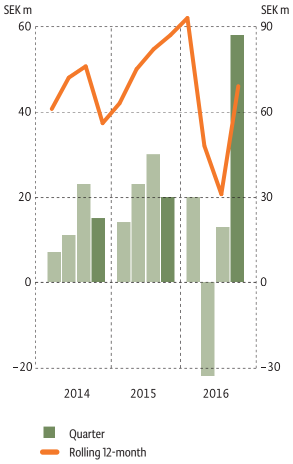
Operating profit amounted to SEK 32 million (23), with an operating margin of 6.1 percent (6.5). Non-recurring items of SEK 7 million (negative 2) were charged against profit for the period. In Sweden, restructuring charges of SEK 8 million were recognised, which weighed down profit in the period. Following a revaluation of cancelled leases, SEK 1 million of the restructuring costs recognised in Norway during the third quarter in 2016 was restored.

Profit before tax was SEK 25 million (22), with net financial items increasing to an expense of SEK 7 (1) as a result of significantly higher debt. Tax on the profit amounted to a negative SEK 9 million (6), of which SEK 1 million (negative 1) consisted of current tax and a negative SEK 10 million (5) in deferred tax. The deferred tax charge in the period was mainly attributable to applying loss carryforwards in Sweden and Norway on taxable income. Profit for the period was SEK 16 million (16), corresponding to earnings per share of SEK 0.39 (0.57).

January–December

Gross profit amounted to SEK 617 million (475), corresponding to a gross margin of 35.4 percent (40.5). Operating profit before amortisation/depreciation and impairment, EBITDA, amounted to SEK 134 million (87), before non-recurring items, representing a margin of 7.7 percent (7.4). Operating profit amounted to SEK 82 million (48), with an operating margin of 4.7 percent (4.1). Non-recurring items of SEK 27 million (20) were charged against profit for the period. Profit before tax was SEK 58 million (39), with net financial items increasing to an expense of SEK 24 million (9). Tax on profit for the period amounted to a negative SEK 13 million (positive 27), of which a negative SEK 7 million (3) consisted of current tax, and negative SEK 6 million (positive 30) of deferred tax. Profit for the period was SEK 45 million (66), corresponding to earnings per share of SEK 1.42 (2.71). In the comparative period, a reassessment of tax loss carryforwards attributable to the Group's Swedish operations resulted in deferred tax revenue of SEK 31 million.

Cash flow from continuing operations



Cash flow, liquidity and financial position

October–December

Cash flow from continuing operations amounted to SEK 58 million (20), which was primarily explained by stronger operating activities before changes in working capital as well as less capital tied up in operating receivables. Capital tied up in inventory, however, increased in the current quarter, and reduction measures are being taken in the coming quarters. Cash flow from investing activities amounted to a negative SEK 35 million (1), of which investment in brands was a negative SEK 30 million. Cash flow from financing activities amounted to a negative SEK 58 million (1), based on a new share issue of SEK 402 million, a negative SEK 400 million in loan amortisation and a negative SEK 60 million (1) due to a change in the use of an existing overdraft facility. Cash and equivalents amounted to SEK 65 million (61) and there were unused credit facilities of SEK 98 million (72) at the end of the period.

Net debt amounted to SEK 662 million (258) at the end of the period. Net debt decreased in the quarter by SEK 423 million, as a result of SEK 400 million in amortised bridge financing costs related to business combinations (see Business combinations, page 10). The net debt/equity ratio was a multiple of 0.5 (0.3). The ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 6.2 (3.9). At the end of the preceding quarter, the ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 11.2.

Shareholders' equity amounted to SEK 1,349 million (877). At the end of the preceding quarter, shareholders' equity was SEK 943 million. The changes consisted of profit for the period of SEK 16 million, translation differences on translating foreign operations of a negative SEK 12 million, as well as a share issue, net after issue costs, of SEK 402 million. The equity/assets ratio was 51.5 percent (56.4) at the end of the period.

January–December

Cash flow from continuing operations amounted to SEK 69 million (87). Cash flow from investing activities amounted to a negative SEK 848 million (254), while cash flow from financing activities amounted to SEK 778 million (183).

Investments

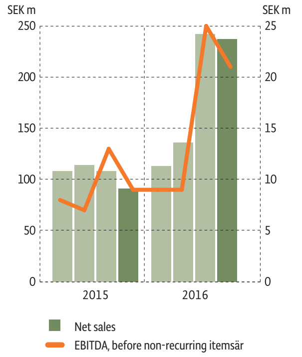
October–December

Investments in intangible and tangible fixed assets amounted to SEK 35 million (1) and consisted mainly of brand and production-related investments. Amortisation and depreciation for the period amounted to SEK 7 million (6), divided between SEK 5 million (4) in amortisation of intangible fixed assets and depreciation of SEK 2 million (2) on tangible fixed assets.

January–December

Investments in intangible and tangible fixed assets amounted to SEK 48 million (3). Amortisation and depreciation for the period amounted to SEK 25 million (19), divided between SEK 16 million (13) in amortisation of intangible fixed assets and depreciation of SEK 9 million (6) on tangible fixed assets.

Quarterly overview – Sweden



Sweden

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK million	237	91	728	421
Net sales growth, %	160.4	−16.5	72.9	−4.1
EBITDA, before non-recurring items, SEK million	21	9	64	37
Operating profit before non-recurring items, SEK million	20	9	59	36
Non-recurring items included in operating profit, SEK million	−8	–	−8	−15
Operating profit, SEK million	12	9	51	21
Operating margin, %	5.1	9.9	7.0	5.0

October–December

Net sales amounted to SEK 237 million (91), an increase of 160 percent. Sales to the FMCG retail market were very strong, driven by acquisition-related sales volumes as well as the brands Friggs and Urtekram. The Naturdiet brand maintained stable sales development with increasing market share in a generally declining market for the weight management category. The sales development for health food retailers as well as e-commerce was strong, driven by increased distribution of the Urtekram brand and acquisition-related volumes. Retail pharmacy sales were stable. Sales through other sales channels were strong, mainly in connection with acquisition-related volumes. Several product launches were made under the Dalblads, Friggs, Naturdiet and Kung Markatta brands.

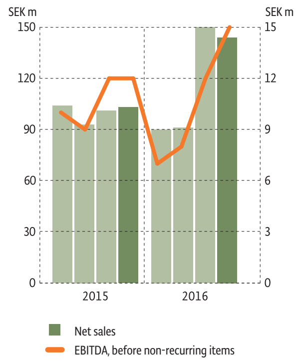
Operating profit before depreciation/amortisation and impairment, EBITDA, improved to SEK 21 million (9), before non-recurring items, primarily as a result of higher sales volumes. The period was characterised by the integration of operations and restructuring costs of SEK 8 million classified as a non-recurring charge to income. The integration is expected to be completed during the second quarter of 2017.

Acquired operations contributed net sales of SEK 115 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 12 million before non-recurring items.

January–December

Net sales amounted to SEK 728 million (421), an increase of 73 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 64 million (37), before non-recurring items. Acquired operations contributed net sales of SEK 223 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 26 million before non-recurring items.

Quarterly overview – Norway



Norway

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK million	144	103	475	401
Net sales growth, %	39.8	7.3	18.5	1.5
EBITDA, before non-recurring items, SEK million	15	12	42	43
Operating profit before non-recurring items, SEK million	14	12	39	41
Non-recurring items included in operating profit, SEK million	1	2	−12	4
Operating profit, SEK million	15	14	27	45
Operating margin, %	10.4	13.6	5.7	11.2

October–December

Net sales amounted to SEK 144 million (103), an increase of 40 percent. In local currencies, net sales increased by 30 percent. Sales were strong for FMCG retail, driven by acquisition-related sales volumes. Several licensed brands strengthened their positions in the FMCG sector, with increased market share. Sales were stable for the brand Biopharma, which was acquired in the period. Completed sales assignments in December 2015 and June 2016 have not been fully offset. Sales were strong for the retail health food sector and other specialised retail sectors, driven by acquisition-related sales volumes. The Soma brand continued to grow stronger in the retail health food sector. Sales to pharmacies were somewhat weak for licensed brands as a result of discontinued sales assignments. The brand Miwana continued to show strong sales performance.

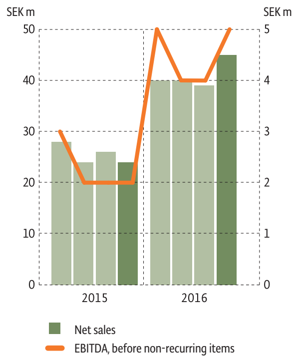
Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 15 million (12), before non-recurring items. The improvement in profit was mainly attributable to the higher sales volume. Completed sales assignments continued to adversely affect profit compared to the previous year. A major focus in the period was the integration of operations and consolidation of offices in Oslo. The integration is expected to be completed during the first quarter of 2017.

Acquired operations contributed net sales of SEK 50 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 7 million for the period.

January–December

Net sales amounted to SEK 475 million (401), an increase of 18 percent. In local currencies, net sales increased by 21 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 42 million (43), before non-recurring items. Acquired operations contributed net sales of SEK 106 million and operating profit before depreciation/amortisation and impairment, EBITDA, of SEK 14 million before non-recurring items.

Quarterly overview – Finland



Finland

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK million	45	24	164	102
Net sales growth, %	87.5	-11.1	60.8	-10.5
EBITDA, before non-recurring items, SEK million	5	2	18	9
Operating profit before non-recurring items, SEK million	5	1	17	7
Non-recurring items included in operating profit, SEK million	1	–	–	0
Operating profit, SEK million	6	1	17	7
Operating margin, %	13.3	4.2	10.4	6.9

October–December

Net sales amounted to SEK 45 million (24), an increase of 87 percent. In local currencies, net sales increased by 75 percent. Sales remained strong for the FMCG sector. Urtekram is growing considerably faster than the overall market for organic food, strengthening the brand's position in the FMCG sector. Friggs also continued to strengthen its position in the FMCG sector. Sales in the health food sector recovered well, especially for the brand Tri Tolonen. Measures implemented for the brand had the desired effect. The sales trend for the retail pharmacy sector was weak and remains a challenge. Several important new launches were made under the Friggs, Urtekram and Tri Tolonen brands.

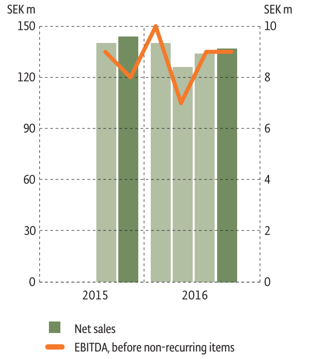
Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 5 million (2), before non-recurring items. The improved profit was mainly a result of the higher sales volume.

Dalblads launched a number of products in Sweden.

January–December

Net sales amounted to SEK 164 million (102), an increase of 61 percent. In local currencies, net sales increased by 59 percent. Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 18 million (9), before non-recurring items.

Quarterly overview – Denmark



Denmark

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015[1]
Net sales, SEK million	137	144	537	284
Net sales growth, %	–4.9	–	89.1	–
EBITDA, before non-recurring items, SEK million	9	8	35	17
Operating profit before non-recurring items, SEK million	7	6	27	13
Non-recurring items included in operating profit, SEK million	–	20	–	17
Operating profit, SEK million	7	26	27	30
Operating margin, %	5.1	18.1	5.0	10.6

[1] Refers 1 July 2015 to 31 December 2015

October–December

Net sales amounted to SEK 137 million (144), a decrease of 5 percent. In local currency, net sales decreased by 10 percent. The lower net sales were primarily related to a higher proportion of internal sales (see section Segment reporting on page 10). Sales development was stable in the Danish FMCG sector, despite increased competition from private brands. Sales growth remained strong for the export business. A new agreement was entered into with a supermarket chain in Portugal for the supply of both groceries and Body Care products. In addition, an agreement was signed with a leading supermarket chain in the UK for the supply of Body Care products. E-commerce sales, through SHOBR.com, were strong, although initial sales volumes were relatively low. During the period, several new launches were made under the Urtekram brand in both the Danish and export markets.

Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 9 million (8), before non-recurring items. A lower sales volume with lower margins from a higher proportion of sales was offset in full by good cost control and improved operational efficiency.

The high allocation of resources in the production remained. A new production line was finalised in the period to improve efficiency and meet the increased demand.

Warehouse capacity was increased by 50 percent through the utilisation of new modern warehouse space, with efficient distribution processes.

January–December

Net sales amounted to SEK 537 million (284). Operating profit before depreciation/amortisation and impairment, EBITDA, amounted to SEK 35 million (17), before non-recurring items. The comparative period is the period from 1 July 2015–31 December 2015.

In Denmark, Urtekram launched four new spices in its spice range.

Future prospects

Consumer demand for products in the areas of health and well-being in general, and ecological 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 308 (220), while the number of employees at the end of the period amounted to 322 (294). The increased number of employees at the end of the period was mainly related to the acquisition of Internatural AB in July 2016. During the current quarter, the number of employees decreased by 19 as a result of reorganisation in Sweden and Norway.

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 28 million (23), and related primarily to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 243 million (17). The profit before tax included anticipated dividends from subsidiaries of SEK 284 million (39), impairment of shares in subsidiaries of a negative SEK 197 million and Group contributions of SEK 166 million. Net interest income increased as a result of increased external interest expenses to credit institutions on increased debt.

Shareholders' equity amounted to SEK 1,299 million (718), of which restricted equity amounted to SEK 1,029 million (92). At the close of the preceding quarter, shareholders' equity amounted to SEK 681 million. The changes in equity during the current quarter consisted of net profit of SEK 217 million and a share issue of SEK 402 million, after issue expenses. Share capital was reduced by SEK 427 million to SEK 142 million through an allocation to unrestricted shareholders' equity without withdrawing shares, meaning a reduction in the shares' quotient value from SEK 20.00 to 5.00 (see the Shares section on page 9).

Investments in intangible and tangible assets amounted to SEK 0 million (0). Cash and equivalents, including unutilised credit facilities, amounted to SEK 125 million (90). At the end of the period, borrowing from credit institutions amounted to SEK 725 million (257). In connection with the acquisition of Internatural AB during the third quarter, new loans of SEK 800 million were taken, of which SEK 400 million consisted of a bridge financing facility that was amortised in October 2016 following completion of the new issue.

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

Transactions with closely related parties

For the Parent Company, SEK 28 million (23), equivalent to 100 percent (100) of sales for the period and SEK 2 million (0), corresponding to 6 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.

Midsona's largest shareholder, Stena Adactum AB, has undertaken to subscribe for its pro rata share of the share issue and has issued an underwriting guarantee for the remainder of the issue.

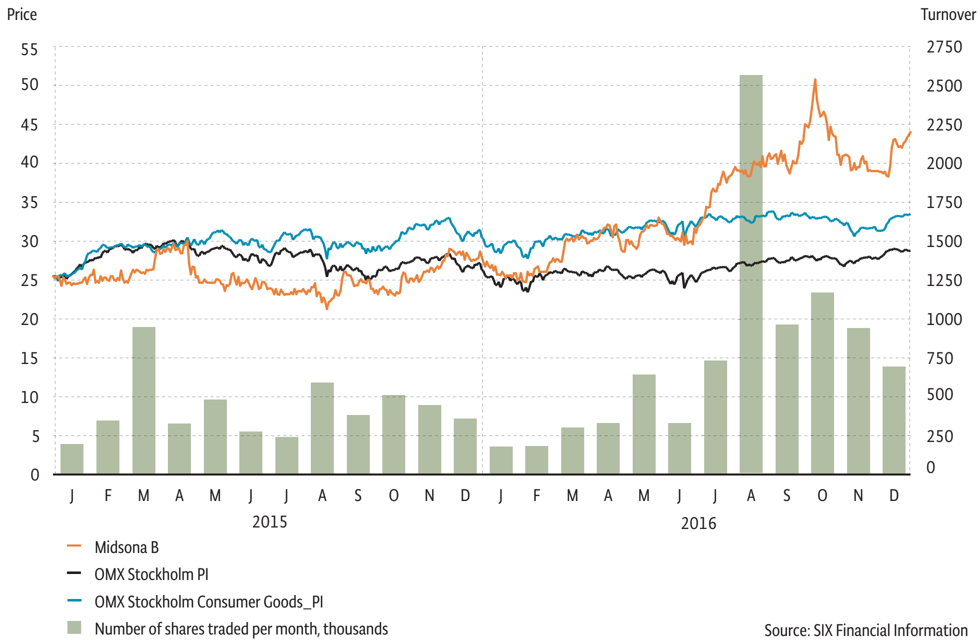
There have been no loans, purchases or sales involving members of the Board or senior executives.

The share

Midsona's Series A and Series 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 42,646,480 (28,430,987), divided between 539,872 Series A shares (474,915) and 42,106,608 Series B shares (27,956,072). At the end of the period, the number of votes was 47,505,328 (26,164,178), where one Series A share carries ten votes and one Series B share carries one vote. In May 2016, 115,000 Series A shares were reclassified as Series B shares at the request of shareholders. At the 2016 Annual General Meeting, a resolution was taken to change the Articles of Association and to reduce the share capital by SEK 427 million to SEK 142 million through an allocation to unrestricted equity without withdrawing shares, entailing the quotient value being reduced from SEK 20.00 to SEK 5.00. The Swedish Companies Registration Office approved a share capital reduction 11 July 2016. On 3 August 2016, the Board of Directors of Midsona AB (publ) resolved to implement a new issue of Series A and Series B shares with preferential rights for shareholders, for the partial financing of the acquisition of Internatural AB. For each share of each series already held, the new share issue, which was approved by the Extraordinary General Meeting on 8 September 2016, granted existing shareholders preferential rights to subscribe for one new share at a price of SEK 29.00 per share. In October 2016, a new share issue was completed, upon which, share capital increased by SEK 71 million to SEK 213 million through the issue of 179,957 Series A shares and 14,035,536 Series B shares. The new share issue provided Midsona with SEK 402 million after issue costs. Issue costs amounted to SEK 10 million. The new share issue was oversubscribed by 494 percent for Series A shares and 39 percent for Series B shares.

During the period January-December 2016, 9,317,012 shares (5,141,528) were traded. The highest price paid for Series B shares was SEK 52.00 (30.01), and the lowest was SEK 24.40 (20.15). On 31 December, the most recent price paid for the share was SEK 44.00 (28.66).



There was one incentive programme outstanding at the end of the period. At the Extraordinary General Meeting of 8 September 2016, a decision was made, deviating from existing shareholders' preferential rights, to issue and transfer at most 450,000 warrants to current and future senior executives in the Midsona Group, in connection with which the CEO shall be offered to purchase 100,000 warrants and other senior executives in Group Management shall be offered to acquire 50,000 warrants each. The period during which the warrants may be exercised will be from 1 March 2019 to 31 August 2019. The subscription price was SEK 51. The transfer of a total 390,000 warrants to current senior executives took place on market terms in October 2016 based on a calculation in accordance with the Black & Scholes model performed by PWC AB, which is considered to be independent of the company. At the time of the transaction, the fair value of each warrant was SEK 5.30, with the financial statements being affected by SEK 2 million following deductions for the costs of the programme. The subscription price for outstanding warrants exceeded the average share price of Series B shares on the closing date, which is why earnings per share after dilution were not calculated.

Ownership

Stena Adactum AB was the largest shareholder with 25.3 percent of the capital and 30.0 percent of the voting rights on 31 December 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	10,773,169	25.3	30.0
Handelsbanken Fonder	4,221,443	9.9	8.9
Andra AP-fonden	2,521,257	5.9	5.3
Nordea Investment Funds	1,564,879	3.7	3.3
Peter Wahlberg med bolag	1,534,568	3.6	3.2
LINC AB	1,444,482	3.4	3.0
BPSS PAR/FCP ECHIQUIER	1,400,000	3.3	3.0
Valbay Kapitalförvaltning	1,391,416	3.3	2.9
Lannebo Fonder	1,325,318	3.1	2.8
Försäkringsaktiebolaget Avanza Pension	985,852	2.3	2.3
Total	**27,162,384**	**63.8**	**64.7**
Other shareholders	15,484,096	36.2	35.3
Total	**42,646,480**	**100.0**	**100.0**

Source: Euroclear

Total number of shareholders (including nominee-registered) was 5,924 (4,567). In the current quarter, the number of shareholders increased by 818. Foreign ownership amounted to 17.1 percent (34.5) of the shares in the market. More information on the shareholder structure is available at www.midsona.com.

Segment reporting

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 was completed, the segment's sales and the earnings from the Swedish, Norwegian and Finnish geographical markets were reported under the Denmark operating segment. 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.

New financing agreements

In June 2016, Midsona AB (publ) signed a financing agreement with Danske Bank regarding credit facilities totalling SEK 425 million, including a complete cash management solution for the entire Nordic region. The financing consists of a revolving credit facility of SEK 325 million, maturing over three years with the possibility of a one-year extension and an overdraft facility of SEK 100 million. The new financing arrangement and cash management solution provide a complete Group-wide structure whereby capital is used more efficiently, leading to lower costs.

In connection with the acquisition of Internatural AB, new loans of SEK 800 million were taken, of which SEK 400 million constituted a bridge financing facility that was repaid in October 2016 with proceeds from the completed share issue.

Business acquisitions

On 5 July 2016, all of the shares were acquired in Internatural AB, with the two wholly-owned subsidiaries, Kung Markatta AB and Alma Norge AS, together forming the Internatural AB Group. The total purchase consideration amounted to SEK 690 million and was paid in cash, corresponding to SEK 810 million on a debt-free basis together with a performance compensation to the seller for the period between the date on which net debt was determined and the date of access, of approximately SEK 10 million. The acquisition was financed through existing credit facilities of SEK 20 million and by raising new loans of SEK 800 million, of which SEK 400 million consisted of a bridge financing facility.

The International AB Group holds a leading position in organic foods and other lifestyle-related products in Sweden and Norway. The company's headquarters are located in Malmö, Sweden. The company also has offices and a warehouse for the Swedish market in Örebro, as well as offices and a warehouse for the Norwegian market in Arnes. In 2015, net sales amounted to SEK 637 million and operating profit before amortisation/depreciation and impairment (EBITDA), to SEK 65 million. Most sales are made to customers in the FMCG retail (about 85 percent) and to healthfood retail customers (about 10 percent). The remaining sales are to customers engaged in e-commerce and to customers in other sales channels. Among other things, the acquisition gives Midsona access to the Urtekram, Kung Markatta and Helios brands, which significantly strengthens its position in the Nordic market for organic foods. The Kung Markatta and Helios brands will be two of the Group's priority brands. Additionally, the International AB Group holds exclusive distribution rights for some 60 local and international brands in the Swedish and Norwegian markets, which include market leaders such as Alpro, Yogi Tea and Green & Black's. Approximately 40 percent of total net sales are generated by proprietary brands. The acquisition is expected to generate synergies in the form of both increased income and reduced expenses. At the time of acquisition, the International AB Group, which develops, markets and sells organic foods and other lifestyle-related products, had 71 employees, of which 43 were in Sweden and 28 in Norway.

The acquired business was consolidated into the Midsona Group from 5 July 2016, and was included in the Sweden and Norway operating segments in segment reporting. From the acquisition date to 31 December 2016, the operations contributed SEK 329 million to consolidated income and SEK 26 million to the Group's operating profit. If the acquisition had occurred on 1 January 2016, estimated consolidated net sales for the period January-December 2016 would have been SEK 2,082 million and consolidated operating income SEK 117 million.

Effects of acquisitions (preliminary)

The net assets of the acquired company on the acquisition date, SEK million	Fair value
Intangible fixed assets	269
Tangible fixed assets	6
Financial fixed assets	0
Deferred tax assets	1
Inventories	64
Accounts receivable	67
Other receivables	1
Prepaid expenses and accrued income	2
Cash and equivalents	29
Deferred tax liabilities	-60
Non-current interest-bearing liabilities	-89
Current interest-bearing liabilities	-50
Accounts payable	-60
Other current liabilities	-9
Accrued expenses and deferred income	-13
Total	158
Consolidated goodwill	532
Total	690

Transferred consideration, SEK million	Fair value
Cash	690
Total	690

The fair value of identified assets and liabilities, amounted net to SEK 739 million, of which SEK 267 million was attributed to trademarks, SEK 60 million to deferred tax liabilities and SEK 532 million to goodwill after the reduction of existing surplus values in Internatural of SEK 138 million and a deferred tax liability of SEK 18 million. Brands valued at SEK 27 million are estimated to have a useful life of 20 years. Brands valued at SEK 240 million are estimated to have an indefinite useful life and are not amortised but tested for impairment. The goodwill recognised for the acquisition corresponds to the acquired company's market position in the Swedish and Norwegian markets for organic food, its employees' skills and experience in the segment, as well as anticipated future synergies. The fair value of accounts receivable amounted to SEK 67 million and was fully settled. Acquisition-related expenses amounted to SEK 5 million and are recognised as other operating expenses in profit for the period.

The acquired operations will be integrated gradually with the Midsona Group's existing businesses. The integration is expected to be completed during the first quarter of 2017 in Norway and in the second quarter of 2017 in Sweden. The integration has resulted in restructuring costs of SEK 20 million, with SEK 12 million relating to Norway and 8 million relating to Sweden.

The acquisition analysis that has been prepared is preliminary.

Acquisition of brand

On 17 October 2016, the Biopharma brand was acquired from Biopharma AS. The product series includes a number of nutritional supplements that are mainly sold in the Norwegian FMCG sector. Midsona has been commissioned to sell the brand in the Norwegian market since 2012. Biopharma AS will continue to be responsible for the manufacture of the products and for logistics. For the 2015 financial year, the Biopharma brand achieved net sales of approximately NOK 30 million. With considerable growth in the FMCG sector, Midsona perceives opportunities for further development of the brand. The acquisition had a negligible effect on earnings per share in 2016.

Change in Group Management

In September 2016, the composition of Group Management was changed. Anders Dahlin was appointed Director Nordics for the Group's geographical business areas, Sweden, Norway, Finland and Denmark. From September 2016, Group Management consisted of Peter Åsberg, Lennart Svensson, Anders Dahlin, Ulrika Palm, Vidar Eskelund, Markku Janhunen and Lars Børresen.

Priority brands

Midsona works with eight prioritised proprietary brands, all with great potential for growth. In connection with the acquisition of Internatural AB, with the leading brands in organic food, Kung Markatta and Helios, a decision was made to focus resources and replace the Supernature and MyggA brands with the Kung Markatta and Helios brands as priority brands. Supernature and MyggA will continue to be developed within the Group. Midsona's prioritised brands are: Urtekram, Friggs, Dalblads, Naturdiet, Tri Tolonen, Kung Markatta, Helios and Miwana.

Annual General Meeting

The 2017 Annual General Meeting will be held in Malmö on 26 April. The Board of Directors will publish its invitation to the Annual General Meeting by 30 March 2017.

Dividend

The Board of Directors proposes a dividend for 2016 of SEK 1.10 per share (1.10), corresponding to SEK 46,911,128 (31,274,085).

Annual Report

The Annual Report for 2016 will be available on the website www.midsona.com no later than 5 April 2017. The printed Annual Report will be available at the head office in Malmö on 12 April 2017 at the latest. Printed copies of the Annual Report will be sent to shareholders on request.

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 page 97 of 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 year-end 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 financial year 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 page 58 of the 2015 Annual Report. Effective from the half-year report, January–June 2016, the ESMA guidelines for Alternative Performance Measures (APM) have been applied, entailing expanded disclosures on key performance indicators and performance measures.

Malmö 8 February 2017
Midsona AB (publ)

BOARD OF DIRECTORS

In Sweden, Friggs launched a new range of vegetarian protein products.

Report of Review of Interim Financial Information

Introduction

We have reviewed the year-end (interim) report of Midsona AB (publ) for the period 1 January 2016 to 31 December 2016. 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 8 February 2017
Deloitte AB

Per-Arne Pettersson
AUTHORISED PUBLIC ACCOUNTANT

Summary consolidated income statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales	521	**352**	1,744	**1,174**
Expenses for goods sold	-337	-219	-1,127	-699
Gross profit	**184**	**133**	**617**	**475**
Selling expenses	-108	-84	-377	-323
Administrative expenses	-42	-31	-149	-103
Other operating income	3	5	5	9
Other operating expenses	-5	0	-14	-10
Operating profit	**32**	**23**	**82**	**48**
Financial income	0	1	1	1
Financial expenses	-7	-2	-25	-10
Profit before tax	**25**	**22**	**58**	**39**
Tax on profit for the period	-9	-6	-13	27
Profit for the period	**16**	**16**	**45**	**66**
Profit for the period is divided between:				
Parent Company shareholders (SEK million)	16	16	45	66
Earnings per share before and after dilution attributable to Parent Company shareholders (SEK)	0.39	0.57	1.42	2.71
Number of shares (thousands)				
On the balance sheet date	42,646	28,431	42,646	28,431
Average during the period	40,897	28,431	31,547	24,419

Summary consolidated statement of comprehensive income

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Profit for the period	**16**	**16**	**45**	**66**
Items that cannot be reallocated to profit for the period				
Items that cannot be reallocated to profit for the period	–	–	–	–
Items that have or can be reallocated to profit for the period				
Translation differences for the period on translation of foreign operations	-12	-20	56	-33
Items that have or can be reallocated to profit for the period	**-12**	**-20**	**56**	**-33**
Other comprehensive income for the period	**-12**	**-20**	**56**	**-33**
Comprehensive income for the period	**4**	**-4**	**101**	**33**
Comprehensive income for the period is divided between:				
Parent Company shareholders (SEK million)	4	-4	101	33

Supplementary financial information, Group (not audited)

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Operating profit before amortisation, depreciation and impairment (EBITDA)	**39**	**29**	**107**	**67**
Depreciation/amortisation and impairment	-7	-6	-25	-19
Operating profit	**32**	**23**	**82**	**48**

Summary consolidated balance sheet[1]

SEK million	31 December 2016	31 December 2015
Intangible fixed assets[2]	1,940	1,067
Tangible fixed assets	55	47
Non-current receivables	2	2
Deferred tax assets	82	79
Fixed assets	**2,079**	**1,195**
Inventories	244	151
Accounts receivable	209	131
Tax receivables	1	3
Other receivables[3]	0	2
Prepaid expenses and accrued income	22	12
Liquid assets	65	61
Current assets	**541**	**360**
Assets	**2,620**	**1,555**
Share capital	213	569
Additional paid-up capital	892	165
Reserves	31	–25
Profit brought forward, including profit for the period	213	168
Shareholders' equity	**1,349**	**877**
Non-current interest-bearing liabilities	706	250
Other non-current liabilities	4	–
Deferred tax liabilities	207	135
Non-current liabilities	**917**	**385**
Current interest-bearing liabilities	21	69
Accounts payable	212	132
Other current liabilities[3]	38	31
Accrued expenses and deferred income	83	61
Current liabilities	**354**	**293**
Liabilities	**1,271**	**678**
Shareholders' equity and liabilities	**2,620**	**1,555**

1 Pledged assets and contingent liabilities

SEK million	31 December 2016	31 December 2015
Pledged assets	1,401	796
Contingent liabilities	15	–

Pledged assets increase due to business combinations.

2 Intangible assets

SEK million	31 December 2016	31 December 2015
Brands	840	533
Goodwill	1,082	516
Other intangible fixed assets	18	18
Total	**1,940**	**1,067**

3 Fair value and reported in the balance sheet

SEK million	31 December 2016	31 December 2015
Assets		
Financial instruments measured at fair value		
Currency futures[1]	0	1
Financial instruments not measured at fair value		
Other receivables	0	1
Total other receivables	**0**	**2**
Liabilities		
Financial instruments measured at fair value		
Currency futures[1]	2	0
Financial instruments not measured at fair value		
Other current liabilities	36	31
Total other current liabilities	**38**	**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	–	–	–	66	66
Other comprehensive income for the period	–	–	-33	–	-33
Comprehensive income for the period	**–**	**–**	**-33**	**66**	**33**
New share issue	114	8	–	–	122
Issue costs	–	-4	–	–	-4
Dividend	–	-25	–	–	-25
Transactions with the Group's shareholders	**114**	**-21**	**–**	**–**	**93**
Closing shareholders' equity 31 December 2015	**569**	**165**	**-25**	**168**	**877**
Opening shareholders' equity 1 Janiary 2016	569	165	-25	168	877
Profit for the period	–	–	–	45	45
Other comprehensive income for the period	–	–	56	–	56
Comprehensive income for the period	**–**	**–**	**56**	**45**	**101**
New share issue	71	341	–	–	412
Issue costs	–	-10	–	–	-10
Reduction of share capital by decision AGM 2016	-427	427	–	–	–
Dividend	–	-31	–	–	-31
Transactions with the Group's shareholders	**-356**	**727**	**–**	**–**	**371**
Closing shareholders' equity December 2016	**213**	**892**	**31**	**213**	**1,349**

Summary consolidated cash flow statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Profit before tax	25	22	58	39
Adjustment for items not included in cash flow	14	-3	52	28
Income tax paid	1	-1	-7	-3
Cash flow from continuing operations before changes in working capital	**40**	**18**	**103**	**64**
Increase (–)/decrease (+) in inventories	-11	4	-22	6
Increase (–)/decrease (+) in operating receivables	47	30	-15	11
Increase (+)/decrease (–) in operating liabilities	-18	-32	3	6
Changes in working capital	**18**	**2**	**-34**	**23**
Cash flow from continuing operations	**58**	**20**	**69**	**87**
Acquisitions of companies or operations	–	–	-800	-251
Acquisitions of intangible fixed assets	-30	-1	-35	-2
Acquisitions of tangible fixed assets	-5	0	-13	-1
Divestments of tangible fixed assets	0	–	0	–
Disposal/reduction of financial assets	–	0	–	0
Cash flow from investing activities	**-35**	**-1**	**-848**	**-254**
Cash flow after investing activities	**23**	**19**	**-779**	**-167**
New share issue	412	–	412	122
Issue costs	-10	–	-10	-4
Loans raised	–	–	1,250	120
Amortisation of loans	-460	-1	-843	-30
Dividend paid	–	–	-31	-25
Cash flow from financing activities	**-58**	**-1**	**778**	**183**
Cash flow for the period	**-35**	**18**	**-1**	**16**
Cash and equivalents at beginning of period	101	46	61	50
Translation difference in cash and equivalents	-1	-3	5	-5
Cash and equivalents at end of period	**65**	**61**	**65**	**61**

Kvartalsdata, koncernen

Mkr	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Net sales	**521**	**522**	**351**	**350**	**352**	**367**	**223**	**232**	**228**	**228**	**223**	**241**
Expenses for goods sold	-337	-348	-223	-219	-219	-226	-121	-133	-124	-123	-119	-133
Gross profit	**184**	**174**	**128**	**131**	**133**	**141**	**102**	**99**	**104**	**105**	**104**	**108**
Selling expenses	-108	-107	-79	-83	-84	-95	-69	-75	-65	-64	-71	-71
Administrative expenses	-42	-44	-32	-31	-31	-27	-21	-24	-22	-20	-23	-22
Other operating income	3	0	1	1	5	0	3	1	1	1	2	2
Other operating expenses	-5	-7	-1	-1	0	-8	-2	0	-1	0	0	-1
Operating profit	**32**	**16**	**17**	**17**	**23**	**11**	**13**	**1**	**17**	**22**	**12**	**16**
Financial income	0	1	0	0	1	0	0	0	1	0	0	0
Financial expenses	-7	-9	-5	-4	-2	-4	-2	-2	-3	-2	-2	-2
Profit before tax	**25**	**8**	**12**	**13**	**22**	**7**	**11**	**-1**	**15**	**20**	**10**	**14**
Tax on profit for the period	-9	-1	-1	-2	-6	32	1	0	10	-2	-2	-2
Profit for the period	**16**	**7**	**11**	**11**	**16**	**39**	**12**	**-1**	**25**	**18**	**8**	**12**
Non-recurring items												
Non-recurring items included in operating profit	7	19	1	–	-2	14	-2	10	–	–	-2	-1
Operating profit before non-recurring items	**39**	**35**	**18**	**17**	**21**	**25**	**11**	11	**17**	**22**	**10**	**15**
Depreciation/amortisation and impairment												
Depreciation/amortisation and impairment included in operating income	7	7	5	6	6	6	3	4	4	3	4	3
Operating profit before amortisation, depreciation and impairment (EBITDA)	**39**	**23**	**22**	**23**	**29**	**17**	**16**	**5**	**21**	**25**	**16**	**19**
Depreciation/amortisation, impairment and non-recurring items												
Depreciation/amortisation, impairment and non-recurring items included in operating profit	14	26	6	6	4	20	1	14	4	3	2	2
Operating profit before amortisation/depreciation and impairment (EBITDA) before non-recurring items	**46**	**42**	**23**	**23**	**27**	**31**	**14**	**15**	**21**	**25**	**14**	**18**
Cash flow from continuing operations	58	13	-22	20	20	30	23	14	15	23	11	7
Number of employees as per the balance sheet date	322	341	275	285	294	284	156	163	167	152	150	154

Summary consolidated segment reporting

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
October–December	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Net sales, external	230	83	143	103	45	23	103	143	–	0	**521**	**352**
Net sales, intra-Group	7	8	1	0	0	1	34	1	-42	-10	–	–
Net sales	**237**	**91**	**144**	**103**	**45**	**24**	**137**	**144**	**-42**	**-10**	**521**	**352**
Operating expenses (excluding depreciation/ amortisation and impairment), external	-201	-80	-123	-86	-21	-18	-127	-113	-10	-26	**-482**	-323
Operating expenses, intra-Group	-23	-2	-5	-3	-18	-4	-1	-3	47	12	–	–
Operating expenses (excluding depreciation/ amortisation and impairment)	**-224**	**-82**	**-128**	**-89**	**-39**	**-22**	**-128**	**-116**	**37**	**-14**	**-482**	**-323**
Operating profit before amortisation, depreciation and impairment (EBITDA), undistributed	**13**	**9**	**16**	**14**	**6**	**2**	**9**	**28**	**-5**	**-24**	**39**	**29**
Depreciation/amortisation and impairment	-1	0	-1	0	0	-1	-2	-2	-3	-3	-7	-6
Operating profit, undistributed	**12**	**9**	**15**	**14**	**6**	**1**	**7**	**26**	**-8**	**-27**	**32**	**23**
Financial items											-7	-1
Profit before tax											**25**	**22**
Significant income and expense items reported in the income statement:												
Provision, expenses for restructuring of operations	-8	–	1	–	–	–	–	–	–	–	-7	–
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–	–	2	–	–	–	–	–	–	–	2
Acquisition-related cost	–	–	–	–	1	–	–	–	-1	–	–	–
Capital gains on disposals of operations	–	–	–	–	–	–	–	20	–	-20	–	–
Average number of employees	98	48	86	77	22	19	118	132	9	9	333	285
Number of employees as per the balance sheet date	93	58	79	78	22	25	119	124	9	9	322	294

Summary consolidated segment reporting

SEK million	Sweden		Norway		Finland		Denmark		Group functions		Group	
January–December	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Net sales, external	687	390	471	400	162	101	424	283	–	0	**1,744**	**1,174**
Net sales, intra-Group	41	31	4	1	2	1	113	1	-160	-34	–	–
Net sales	**728**	**421**	**475**	**401**	**164**	**102**	**537**	**284**	**-160**	**-34**	**1,744**	**1,174**
Operating expenses (excluding depreciation/ amortisation and impairment), external	-599	-391	-418	-336	-80	-77	-498	-247	-42	-56	**-1,637**	-1,107
Operating expenses, intra-Group	-73	-8	-27	-18	-66	-16	-4	-3	170	45	–	–
Operating expenses (excluding depreciation/ amortisation and impairment)	**-672**	**-399**	**-445**	**-354**	**-146**	**-93**	**-502**	**-250**	**128**	**-11**	**-1,637**	**-1,107**
Operating profit before amortisation, depreciation and impairment (EBITDA), undistributed	**56**	**22**	**30**	**47**	**18**	**9**	**35**	**34**	**-32**	**-45**	**107**	**67**
Depreciation/amortisation and impairment	-5	-1	-3	-2	-1	-2	-8	-4	-8	-10	**-25**	-19
Operating profit, undistributed	**51**	**21**	**27**	**45**	**17**	**7**	**27**	**30**	**-40**	**-55**	**82**	**48**
Financial items											**-24**	-9
Profit before tax											**58**	**39**
Significant income and expense items reported in the income statement:												
Provision, expenses for restructuring of operations	-8	-15	-12	–	–	0	–	-3	–	–	**-20**	-18
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–	–	4	–	–	–	–	–	–	–	4
Acquisition-related cost	–	–	–	–	–	–	–	–	-7	-6	**-7**	-6
Capital gains on disposals of operations	–	–	–	–	–	–	–	20	–	-20	–	–
Average number of employees	76	47	80	83	23	20	120	62	9	8	308	220
Number of employees as per the balance sheet date	93	58	79	78	22	25	119	124	9	9	322	294

Consolidated key figures

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales growth, %	48.0	54.4	48.6	27.6
Gross margin, %	35.3	37.8	35.4	40.5
EBITDA margin before non-recurring items, %	8.8	7.7	7.7	7.4
EBITDA margin, %	7.5	8.2	6.1	5.7
Operating profit before non-recurring items, %	7.5	6.0	6.3	5.8
Operating margin, %	6.1	6.5	4.7	4.1
Profit margin, %	4.8	6.3	3.3	3.3
Average capital employed, SEK million	2,103	1,200	1,636	1,074
Return on capital employed, %	1.5	2.0	5.1	4.6
Return on equity, %	1.4	1.8	4.0	8.1
Net debt, SEK million	662	258	662	258
Net debt/EBITDA, multiple			6.2	3.9
Net debt/equity ratio, multiple	0.5	0.3	0.5	0.3
Interest coverage ratio, multiple	4.6	12.0	3.3	4.9
Debt/equity ratio, %	51.5	56.4	51.5	56.4

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. The table below presents measures not defined under IFRS, unless otherwise stated.

Return on capital employed. Profit before tax plus financial expenses in relation to average capital employed. *Return on capital employed is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a rate of return, reasonable for the sector, on the total capital made available by shareholders and creditors.*

Gross margin. Gross profit in relation to net sales. *Gross margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.*

EBITDA. Operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets. *EBITDA is a key performance measure for Midsona and considered relevant for investors who want to assess the financial performance of the company over time.*

EBITDA-margin. EBITDA in relation to net sales. *EBITDA-margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.*

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 sales growth is a key ratio that Midsona regards as relevant to investors who want to assess whether the company's growth strategy is being fulfilled, and* *whether one of the company's financial targets, that growth should average at least 10 percent over time, is being met.*

Net debt. Interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including short-term investments. *Net debt is a measure that Midsona regards as relevant to creditors and credit rating agencies.*

Net debt/EBITDA. Net debt in relation to operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets. *Net debt/EBITDA is a key ratio that Midsona regards as relevant to investors who want to assess the company's opportunities to implement strategic investments, to meet its financial obligations, and to meet one of its financial targets – that net debt/EBITDA be maintained at a multiple of less than 2.*

Net debt ratio. Net debt in relation to shareholders' equity. *Net debt ratio is a key ratio that Midsona regards as relevant to investors who want to gain a view of the company's capital structure.*

Organic change. Year-on-year comparison figures, adjusted for translation effects on consolidation and changes in structure. *Organic change is a key ratio that Midsona regards as relevant to investors who want to assess whether the company's growth strategy is being fulfilled, adjusted for translation effects on consolidation and for acquisitions and disposals.*

Non-recurring items. One-off items, such as restructuring and impact of acquisitions. *This is a measure of operating items not normally included in the company's operating activities. Midsona regards the measure as relevant for investors who want to assess the company's trend in operating profit where such non-recurring operating items have been eliminated.*

Earnings per share. Profit for the period in relation to the average number of shares. *Financial measure defined under IFRS.*

Interest coverage. Profit before tax plus interest expenses in relation to interest expenses. *Interest coverage is a key ratio that Midsona regards as relevant to investors who want to assess the company's opportunities to implement strategic investments and assess the company's opportunities to meet its financial obligations.*

Operating margin. Operating profit in relation to net sales. *Operating margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector and whether the company's financial target of reaching an operating margin exceeding 10 percent is being met.*

Debt/equity ratio. Shareholders' equity at the end of the period in relation to total shareholders' equity and liabilities. *Debt/equity ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to gain a view of the company's capital structure.*

Capital employed. Total shareholders' equity and liabilities less non-interest-bearing liabilities and deferred tax liabilities. *Capital employed is a measure of the total capital that Midsona borrows from its shareholders, who usually receive compensation in the form of dividends, or that it borrows from credit institutions, who receive compensation in the form of interest.*

Pay-out ratio. Proposed/approved dividend per share divided by earnings per share. *Pay-out ratio is a key ratio that Midsona regards as relevant to investors in assessing whether the company meets one of its financial targets, to maintain a long-term pay-out ratio exceeding 30 percent.*

Profit margin. Profit before tax in relation to net sales. *Profit margin is a key ratio that Midsona regards as relevant to investors who want to assess the company's ability to reach a level of profitability reasonable for the sector.*

For additional definitions, please refer to page 121 of the 2015 Annual Report.

IFRS reconciliations, Group

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

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Operating profit/loss	**32**	**23**	**82**	**48**
Amortisation of intangible fixed assets	5	4	16	13
Depreciation of tangible fixed assets	2	2	9	6
EBITDA	**39**	**29**	**107**	**67**
Non-recurring items[2]	7	–2	27	20
EBITDA, before non-recurring items	**46**	**27**	**134**	**87**

[1] There were no impairments of tangible fixed assets or intangible fixed assets in operating profit/loss for the respective period.

[2] Specification of non-recurring items

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year2015
Restructuring costs	7	–	20	18
Reversal of purchase consideration for previous years' acquisitions recognised as a liability	–	–2	–	–4
Acquisition-related expenses	–	–	7	6
Total	**7**	**–2**	**27**	**20**

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

SEK million	31 December 2016	31 December 2015
Non-current interest-bearing liabilities	706	250
Current interest-bearing liabilities	21	69
Cash and cash equivalents[1]	–65	–61
Net debt	**662**	**258**

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

Capital employed – total shareholders' equity and liabilities less non-interest-bearing liabilities and deferred tax liabilities

Mkr	31 December 2016	31 December 2015
Shareholders' equity and liabilities	**2,620**	**1,555**
Other non-current liabilities	–4	–
Deferred tax liabilities	–207	–135
Accounts payable	–212	–132
Other current liabilities	–38	–31
Accrued expenses and deferred income	–83	–61
Capital employed	**2,076**	**1,196**

Summary income statement, Parent Company

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales	**11**	**7**	**28**	**23**
Selling expenses	0	0	0	0
Administrative expenses	–9	–9	–37	–34
Other operating income	0	1	3	4
Other operating expenses	0	–1	–4	–4
Operating profit	**2**	**–2**	**–10**	**–11**
Profit from participations in subsidiaries	87	39	87	39
Financial income	1	1	19	5
Financial expenses	–7	–6	–19	–16
Profit after financial items	**83**	**32**	**77**	**17**
Allocations	166	–	166	–
Profit before tax	**249**	**32**	**243**	**17**
Tax on profit for the period	–32	6	–32	21
Profit for the period	**217**	**38**	**211**	**38**

Summary statement of comprehensive income, Parent Company

SEK million	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Profit for the period	**217**	**38**	**211**	**38**
Other comprehensive income for the period	–	–	–	–
Comprehensive income for the period	**217**	**38**	**211**	**38**

Balansräkning i sammandrag, moderbolaget

SEK million	31 December 2016	31 December 2015
Intangible fixed assets	1	1
Tangible fixed assets	0	0
Participations in subsidiaries	1,405	790
Receivables from subsidiaries	742	186
Deferred tax assets	3	35
Financial fixed assets	**2,150**	**1,011**
Fixed assets	**2,151**	**1,012**
Receivables from subsidiaries	462	46
Other receivables	8	4
Cash and bank balances	25	5
Current assets	**495**	**55**
Assets	**2,646**	**1,067**
Share capital	213	569
Statutory reserve	57	57
Profit brought forward, including profit for the period and other reserves	1,029	92
Shareholders' equity	**1,299**	**718**
Liabilities to credit institutions	705	190
Liabilities to subsidiaries	481	0
Non-current liabilities	**1,186**	**190**
Liabilities to credit institutions	20	67
Liabilities to subsidiaries	133	85
Other current liabilities	8	7
Current liabilities	**161**	**159**
Shareholders' equity and liabilities	**2,646**	**1,067**

Financial calendar

2017

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
			Interim Report January–March 2017 *26 april 2017*			Interim Report January–June 2017 *21 july 2017*			Interim Report January–September 2017 *20 october 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. Five 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 and Kung Markatta. The Tri Tolonen, Helios 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 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.

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

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.

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 hypermarkets, 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.

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