



# Midsona

**Interim Report**  
**Quarter 2, 2023**



This presentation may contain forward-looking statements. Such statements are based on current expectations and are subject to risks and uncertainties that could negatively affect our business. Please refer to our 2022 annual and sustainability report for a better understanding of these risks and uncertainties.

# Summary of Q2 2023 and financial highlights



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## Summary

- **Net Sales negatively impacted by discontinued distribution agreements.**
- **Stable to good demand for our conventional brands. Challenges for organic products.**
- **Gross Profit % strengthened considerably with support from price increases.**
- **Negative Fx effects.**
- **Improve EBITDA before one-offs.**

## Financial highlights

<p>Net sales</p> <p>SEK 893 m (SEK 956 m)</p> <p>-6,6% change</p>	<p>EBITDA<sup>1</sup></p> <p>SEK 39 m (SEK 34 m)</p> <p>+14,7%</p>	<p>EBITDA<sup>1</sup> margin</p> <p>4,4% (3,6%)</p> <p>+0,8 p.p.</p>
<p>Gross margin<sup>1</sup></p> <p>26,4% (23,6%)</p> <p>+2,8. p.p.</p>	<p>Net debt / Adj. EBITDA<sup>2</sup></p> <p>4,7x (6,2)</p> <p>Improved 1,5x</p>	<p>Free cash flow</p> <p>SEK 8 m (SEK 53 m)</p> <p>SEK -45m</p>



1) Before items affecting comparability. 2) EBITDA rolling 12-months, adjusted for transaction related costs

# Measures to turn around



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... and create opportunities ahead

## Price Increases

- Price increases fully implemented according to plan in q1-q2 2023
- Unfavourable Fx movements (SEK and NOK)
- Considering new price increase in q3 / q4.



## Cost savings

- Cost saving programme aiming to reduce the cost base by SEK 60 million on an annual basis
- Program on track
- New cost cutting measures under way



## Efficient assortment

- A number of non-performing brands have been discontinued in quarter 2
- Enhanced reliability in supply chain
- Continued reduction of inventory results in positive free cash flow for three quarters in a row



## Volume focus

- Driving our well-performing conventional brands
- Launching new organic communication concept
- Increased focus on Private Label tenders. A number of profitable contracts secured



Source: Company information

# Price management: Back to pre-war levels



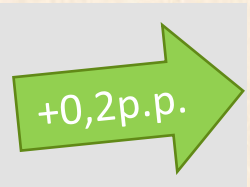
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## GM Gap Closing (vs YA)

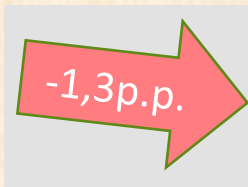
Q2  
2023



Q1  
2023



Q4  
2022



Q3  
2022



## 2023 status

### Pricing initiatives

- Price increases implemented in all markets during Q1 and Q2
- Gross margin clearly up vs PY, but still not at target levels
- New price increases are being considered

### Cost of goods

- Stabilization of raw materials prices.
- Fx
  - EUR/SEK and USD/SEK negative effects
  - EUR/NOK and USD/NOK negative effects

### Other cost

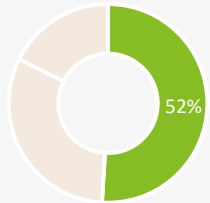
- Energy cost trending down

# Portfolio highlights



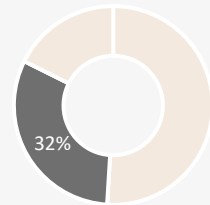
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## Organic products



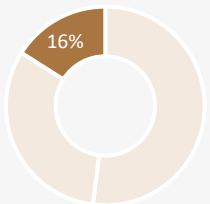
- **Growth -2%**
- **Stabilization for own brands supported by price increases**
- **Private label continues to grow strongly driven by buoyed customer and consumer demand.**

## Healthfoods



- **Growth +3%**
- **19% growth for Friggs.**
- **Stable demand for other key brands**
- **Private label decline due to exit of low margin contracts**

## Consumer health products



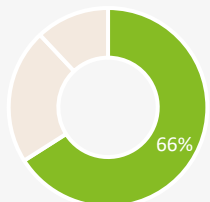
- **Growth -30%**
- **Growth for own brands**
- **Decline completely related to discontinued licensed brands.**

# Division Highlights



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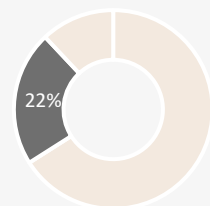
## Division Nordics



	<u>23</u>	<u>22</u>	<u>vs PY</u>
Net Sales	593	657	-10%
EBITDA**	45	39	+15%

- Net Sales decline solely explained by discontinued licensed brands
- Friggs is the shining star. Growth of +19% in q2.
- Gross profit improvements but off target due to negative Fx effects
- Successful cost savings program

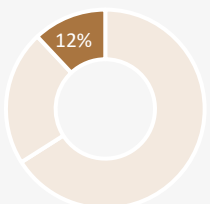
## Division North



	<u>23</u>	<u>22</u>	<u>vs PY</u>
Net Sales	201	215	-7%
EBITDA**	3	6	-50%

- Weak demand for organic products in the German market
- Minor gross profit improvements despite price increases. Negative mix effects. More private label and food service products.
- Focus on new volumes in the grocery trade and cost savings

## Division South



	<u>23</u>	<u>22</u>	<u>vs PY</u>
Net Sales	108	96	+13%
EBITDA*	-2	-5	n/a

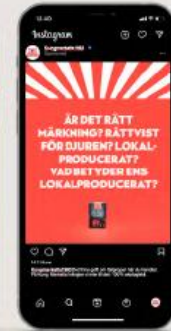
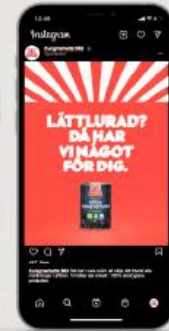
- Net Sales growth comes from Private Label
- Certain production related issues remain in Spain

# New cut-through concept for our organic brands

Example: Kung Markatta



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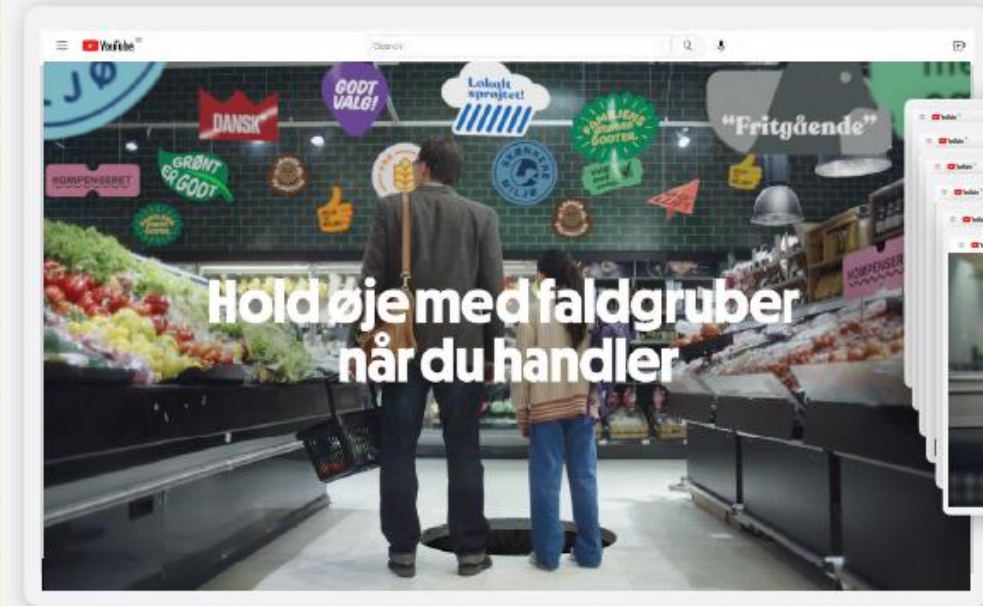


# New cut-through concept for our organic brands

Example: Urtekram



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# Forward focus



## 1. Selective price increases

We see margin improvement in Q2, but we are still not back to 2021 levels. Accordingly, we will selectively increase prices in certain and maintain in other markets,

## 2. Volume focus

- Activate our brands with focus on high profit items
- Find new business opportunities for our core brands (listings, new customers)
- Private Label is booming. Leverage buoyed demand, but only at right margins.

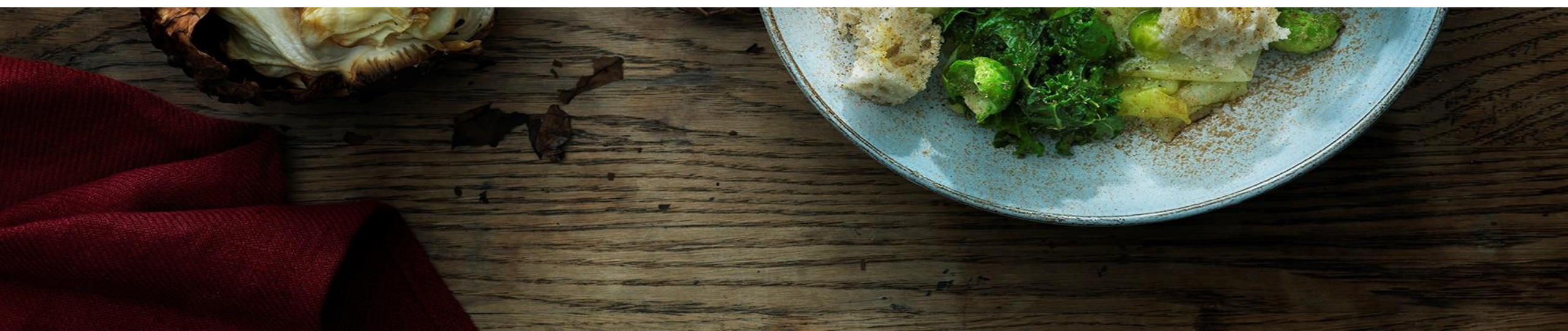
## 3. EBITDA and Cash before Net Sales

- Further cost savings
- Complexity reduction project. Will discontinue nonperforming brands and products
- Continued inventory reduction over the year





**Financial review**  
**CFO Max Bokander**



# Financial Summary



MSEK	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<b>Net Sales</b>	<b>893</b>	<b>956</b>	<b>1 867</b>	<b>1 928</b>
GM%*	26,4	23,6	26,4	24,9
<b>EBITDA*</b>	<b>39</b>	<b>34</b>	<b>99</b>	<b>96</b>
<b>EBITDA%*</b>	<b>4,4</b>	<b>3,6</b>	<b>5,3</b>	<b>5,0</b>
IAC**	-14	-6	-19	-6
Net financing costs	-15	-14	-29	-22
Net tax costs	-2	7	-10	5
<b>Net result</b>	<b>-32</b>	<b>-20</b>	<b>-38</b>	<b>-8</b>
<b>Free Cashflow</b>	<b>8</b>	<b>53</b>	<b>84</b>	<b>38</b>

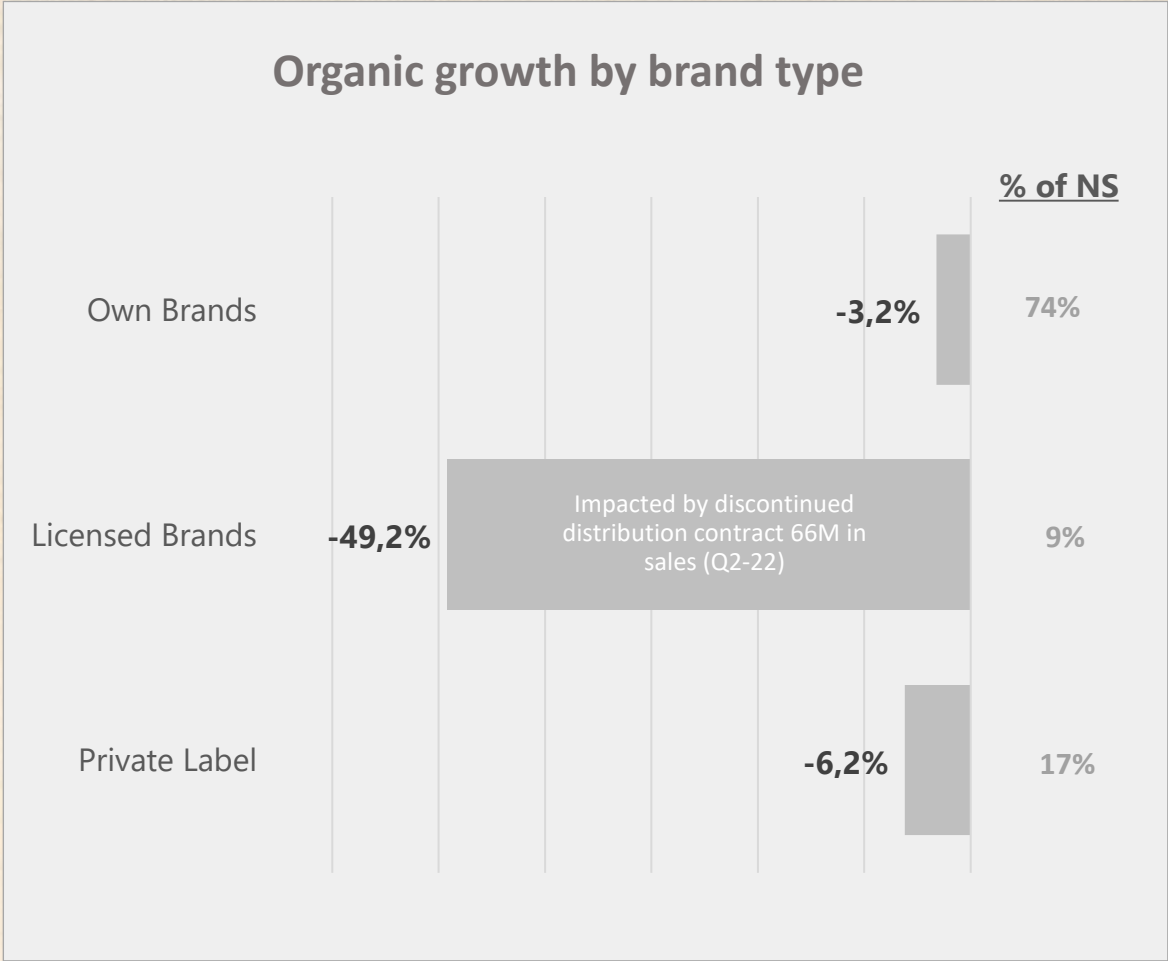
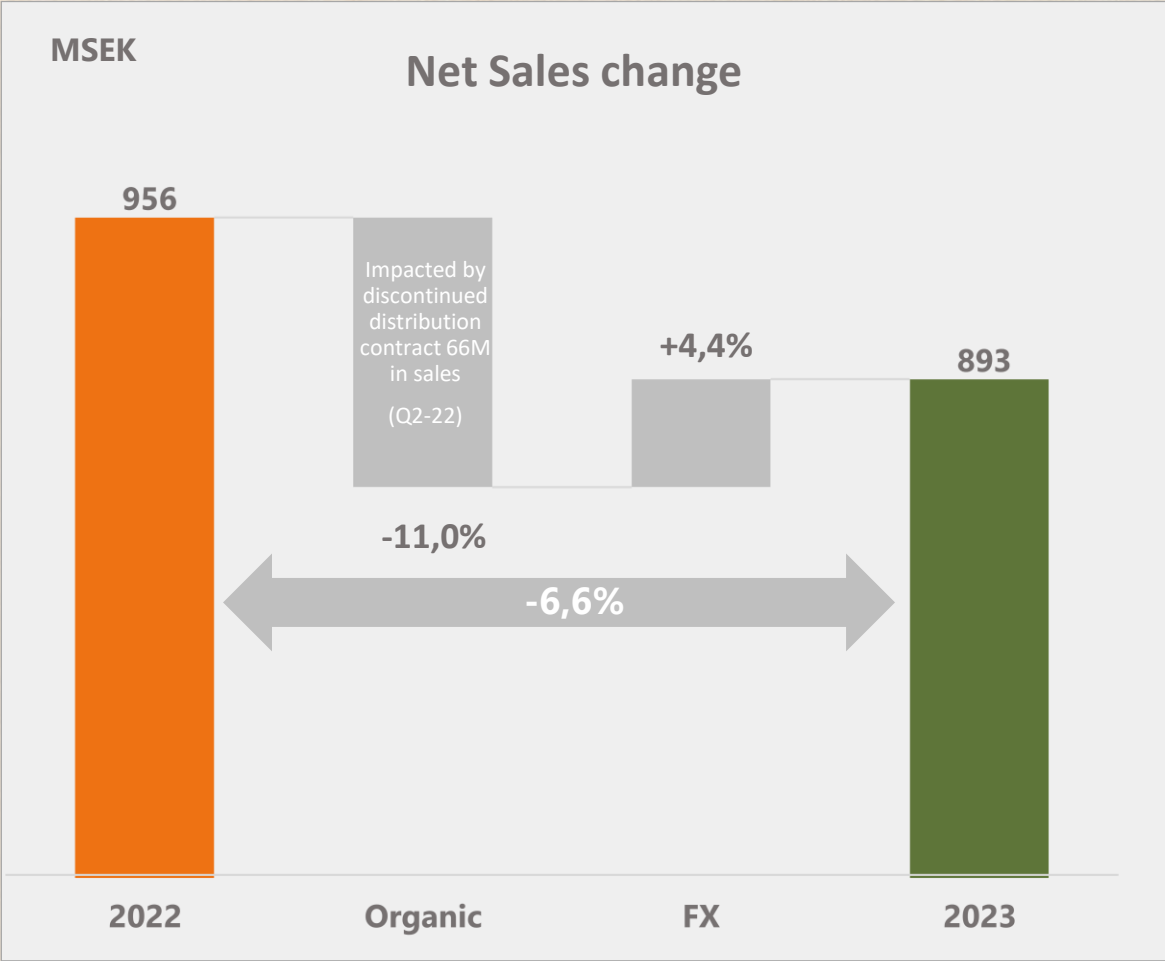
## Comments QTD

- Net Sales – 6,6%
- GM +2,8 p.p.
- EBITDA +5M
- IAC; QTD restructuring cost 14M linked to discontinuation of certain brands with mainly cost for write offs
- Net tax; higher than LY, due to good taxable results in some countries , but continued losses for some countries without activating these losses during the quarter.

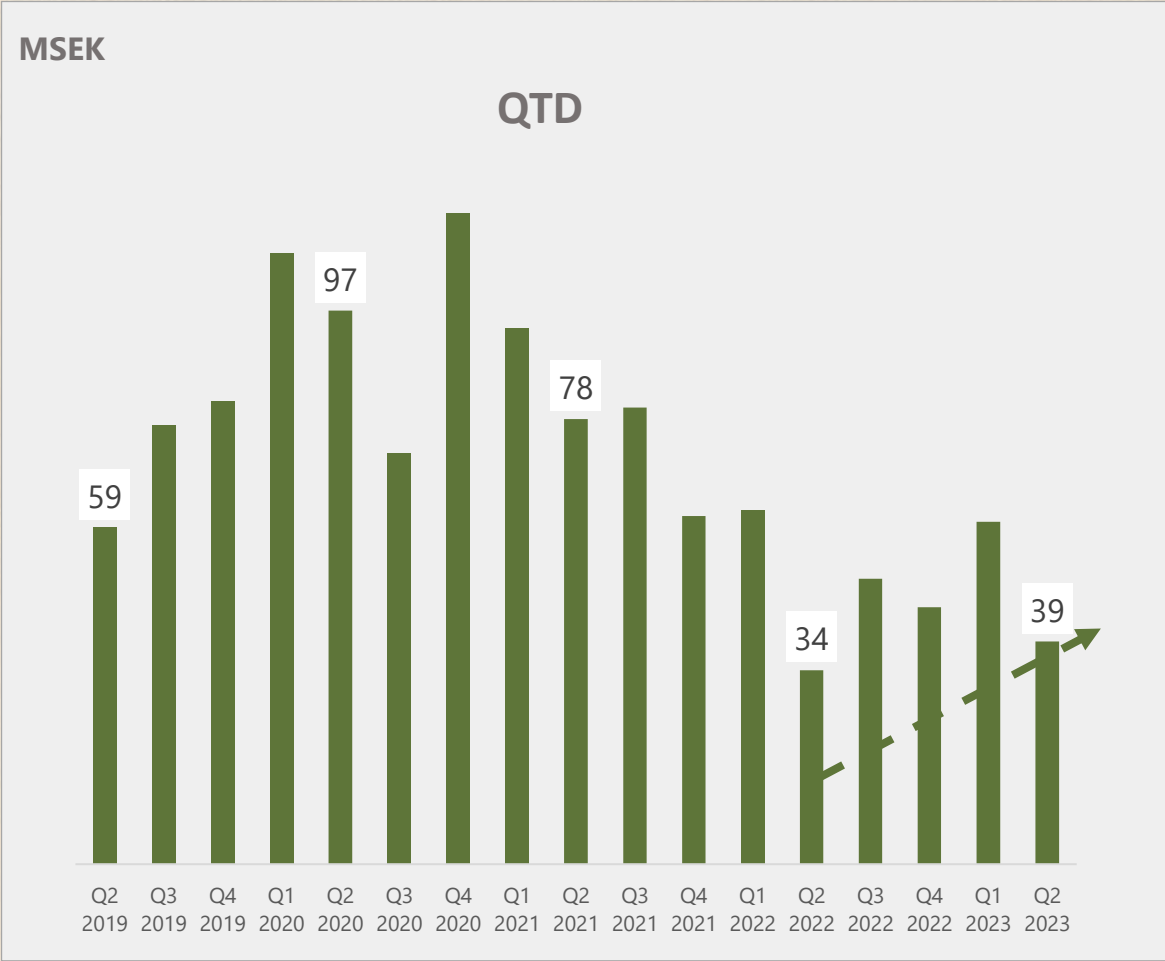
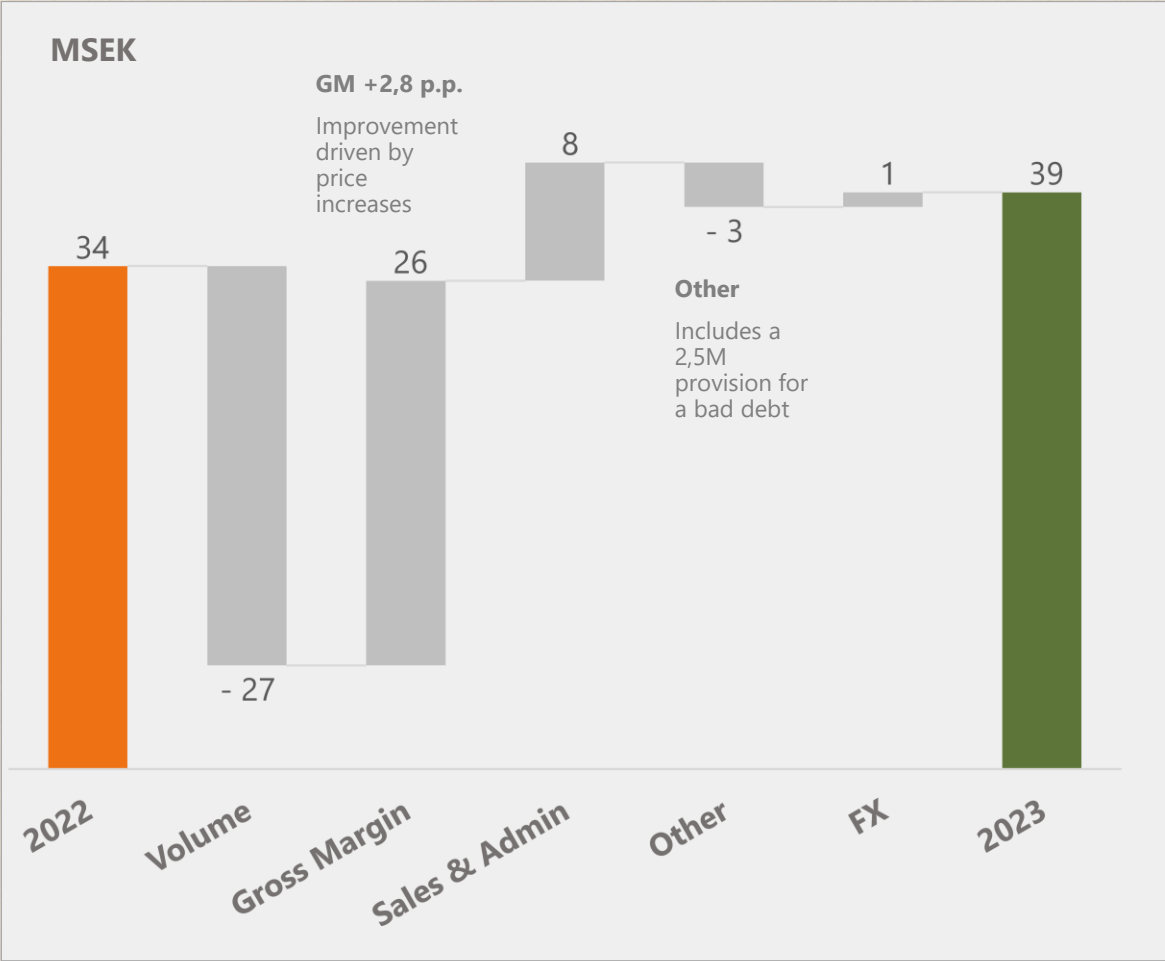
\* Before Items Affecting Comparability

\*\* IAC including one off costs for impairment if applicable

# Q2 - Net sales

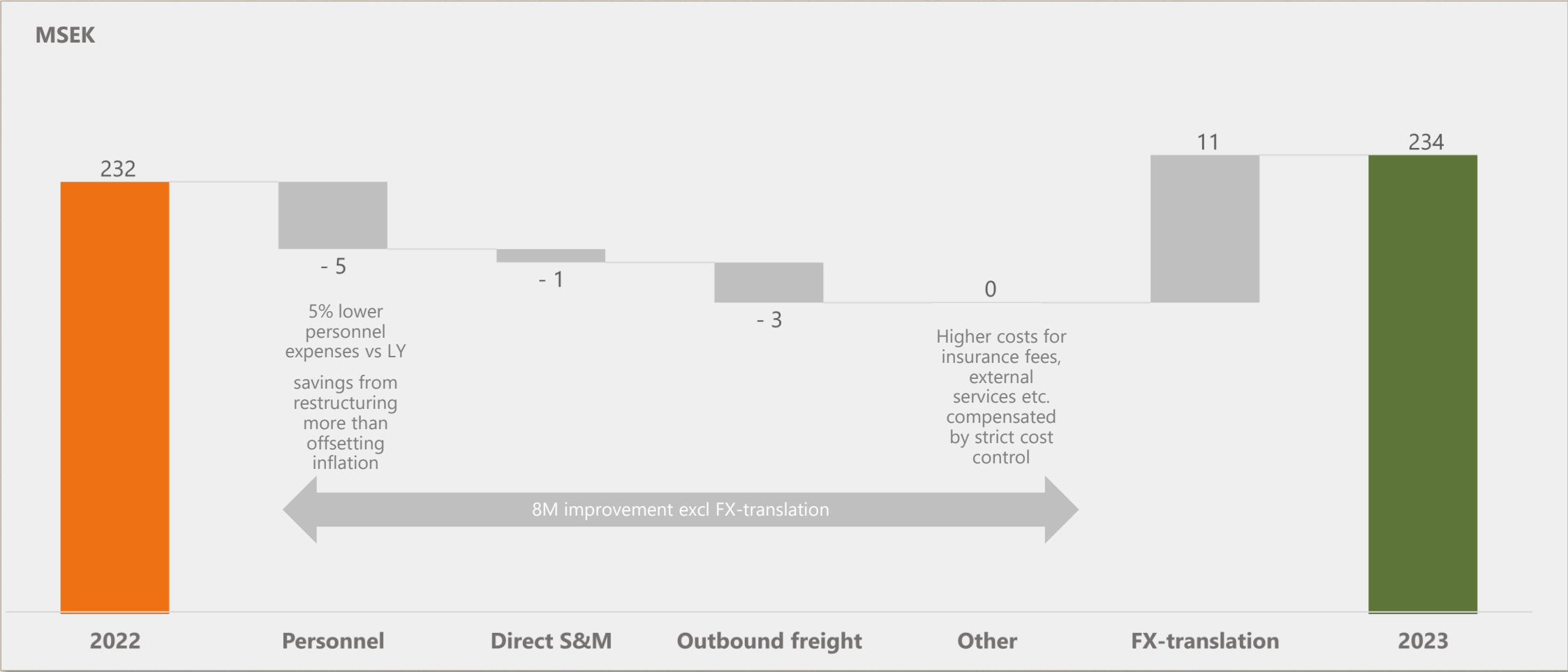


# Q2 - EBITDA \*



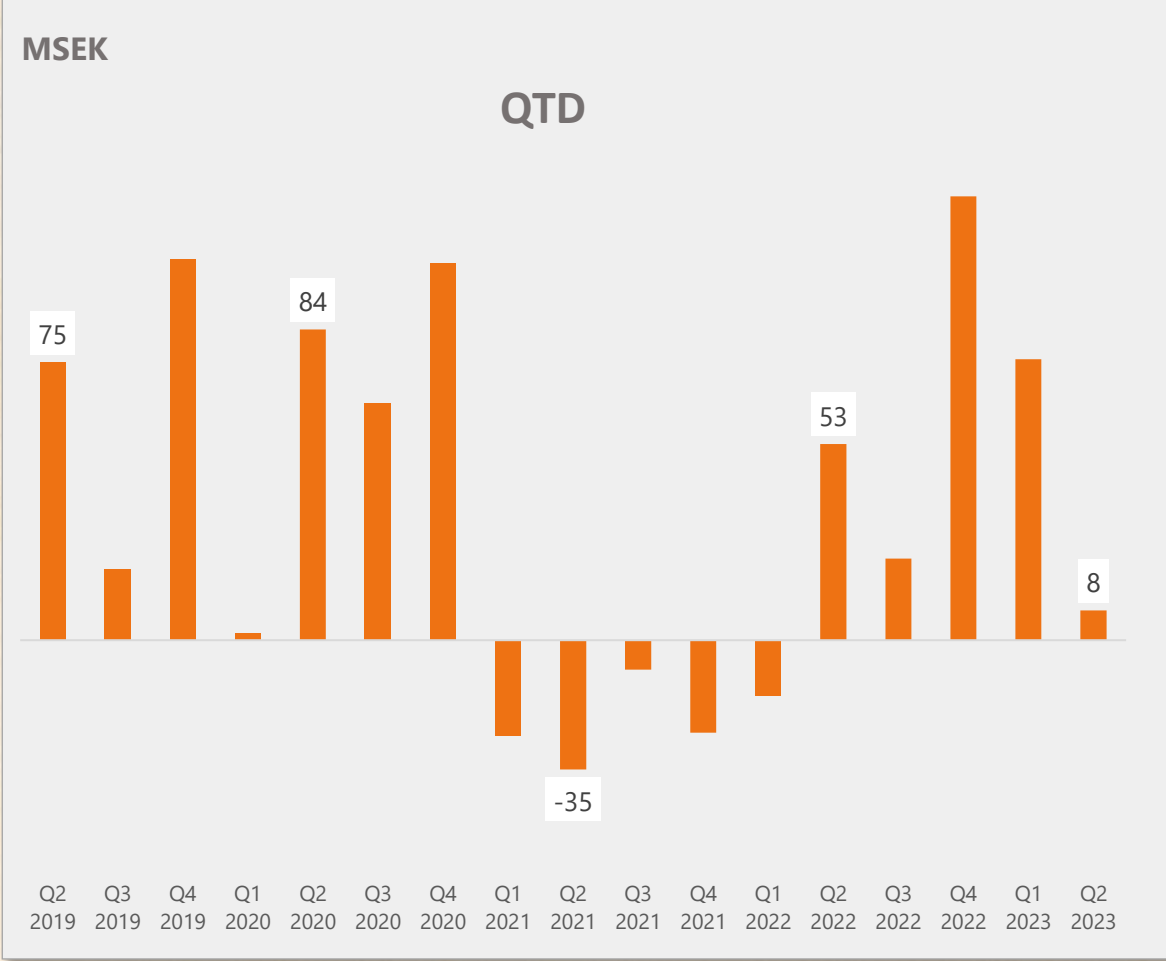
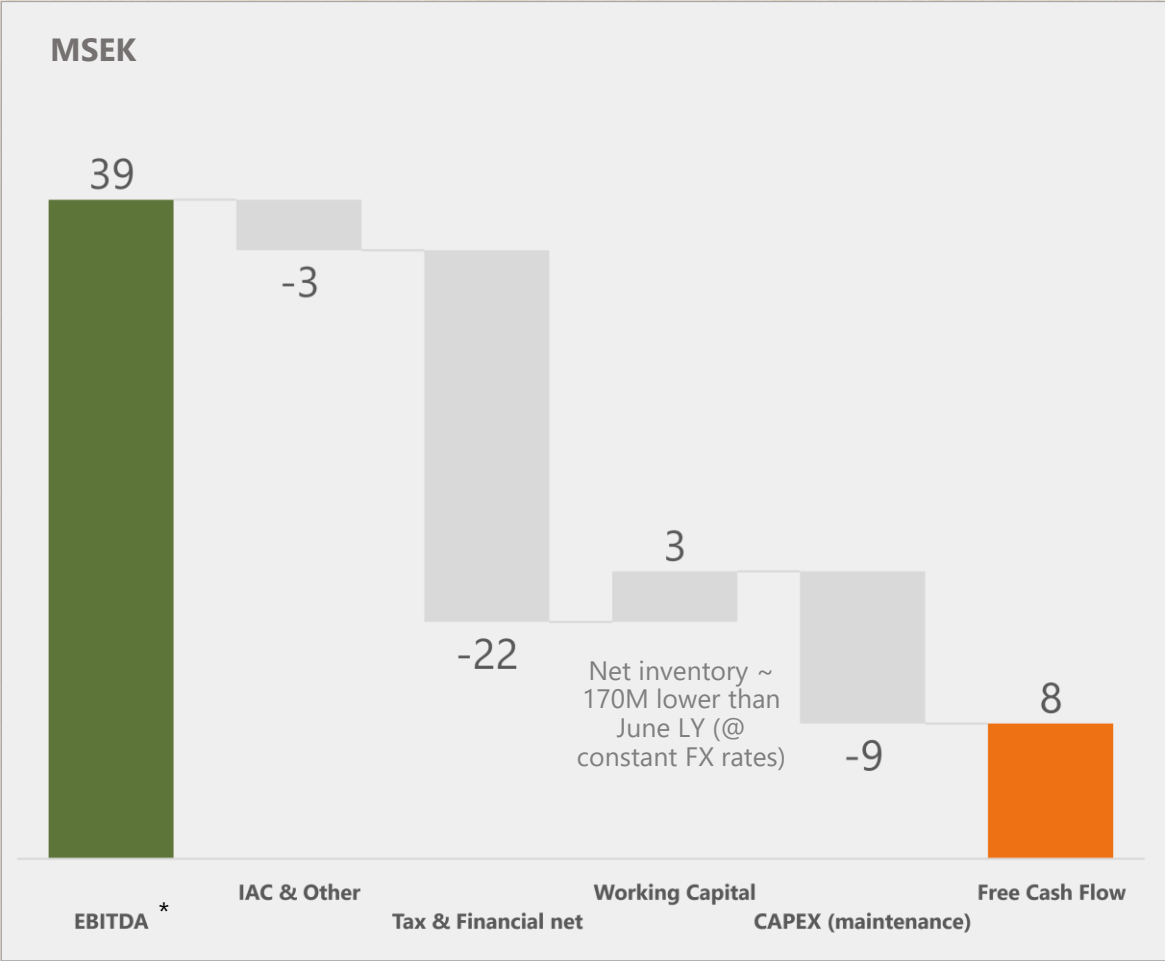
\* Before Items Affecting Comparability

# Q2 - Sales, Marketing & Admin Expenses\*



\* Before Items Affecting Comparability and excluding depreciation

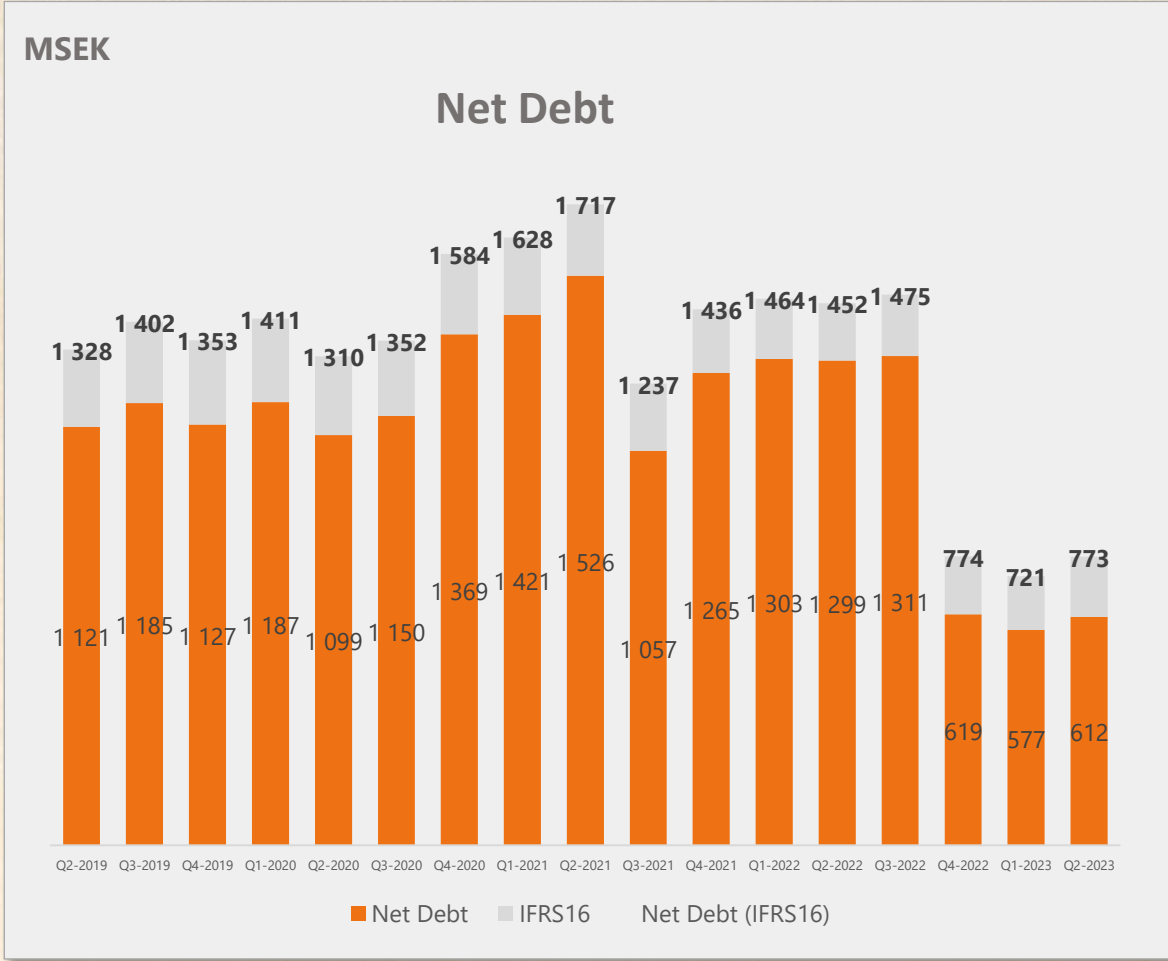
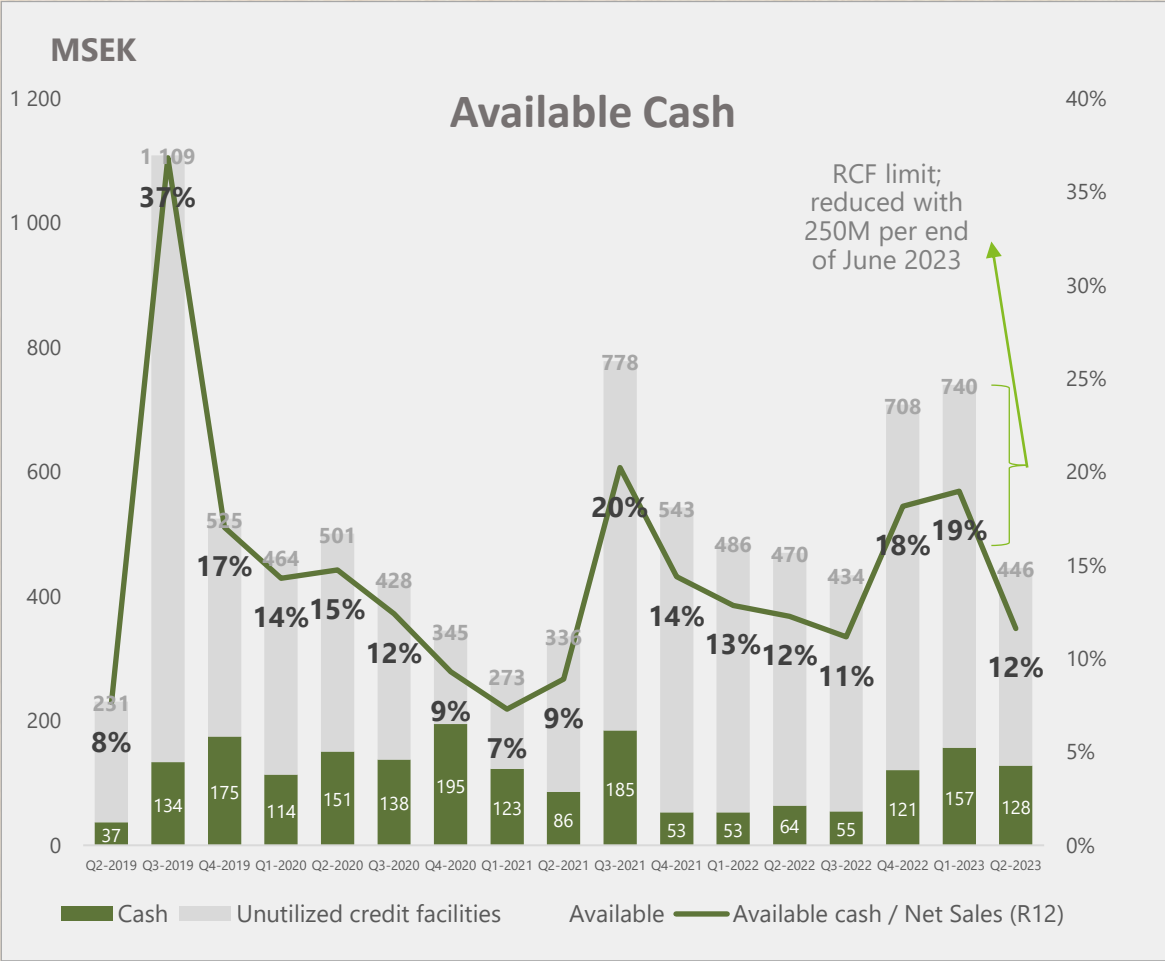
# Q2 - Free Cash Flow



\* Before Items Affecting Comparability



# Available cash and Net Debt



Available Cash = Cash + available overdraft and unutilized contracted bank credit facilities

# Outlook 2023

## Reaching higher

- Selective price increases going forward to offset negative Fx effects.
- Volume focus.
  - Getting key brands back on the growth track
  - Secure profitable Private Label contracts
- Continued cost savings
- Complexity reduction



