YEAR-END REPORT 2022

# Strong cash flow from operating activities after measures were taken

### October–December 2022 (fourth quarter)

- Net sales amounted to SEK 1,027 million (1,012).
- EBITDA, before items affecting comparability, amounted to SEK 45 million (61), corresponding to a margin of 4.4 percent (6.0) and EBITDA amounted to SEK 39 million (58).
- Operating profit, before items affecting comparability, amounted to SEK 5 million (20), corresponding to a margin of 0.5 percent (2.0) and the operating profit/loss was SEK –6 million (17).
- Profit for the period was SEK –15 million (1), corresponding to earnings per share of SEK –0.19 (0.01) before and after dilution.
- Cash flow from operating activities amounted to SEK 128 million (–16).
- Having secured the approval of an Extraordinary General Meeting, Midsona's Board of Directors adopted and implemented a fully secured new share issue for SEK 600 million before issue expenses, with preferential rights for existing shareholders.
- The financing agreement with Danske Bank and Svensk Exportkredit was extended to subsequently mature in September 2025.

### January–December 2022 (full-year)

- Net sales amounted to SEK 3,899 million (3,773).
- EBITDA, before items affecting comparability, amounted to SEK 191 million (313), corresponding to a margin of 4.9 percent (8.3) and EBITDA amounted to SEK 176 million (329).
- Operating profit, before items affecting comparability, amounted to SEK 30 million (157), corresponding to a margin of 0.8 percent (4.2) and the operating profit/loss amounted to SEK –465 million (161).
- Items affecting comparability amounted to SEK –495 million (4), of which impairment on intangible and tangible fixed assets amounted to SEK –480 million following impairment testing.
- Profit for the period amounted to SEK –501 million (89), corresponding to earnings per share of SEK –6.73 (1.31) before dilution and of SEK –6.73 (1.30) after dilution.
- Cash flow from operating activities amounted to SEK 203 million (–64).
- The Board of Directors proposes that no dividend be paid for 2022.

| Key figures, Group[1] | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Net sales growth, % | 1.5 | –6.6 | 3.3 | 1.7 |
| Gross margin, before items affecting comparability, % | 22.6 | 23.9 | 24.0 | 27.0 |
| Gross margin, % | 22.4 | 23.9 | 22.5 | 26.9 |
| EBITDA margin, before items affecting comparability, % | 4.4 | 6.0 | 4.9 | 8.3 |
| EBITDA margin, % | 3.8 | 5.7 | 4.5 | 8.7 |
| Operating margin, before items affecting comparability, % | 0.5 | 2.0 | 0.8 | 4.2 |
| Operating margin, % | –0.6 | 1.7 | –11.9 | 4.3 |
| Profit margin, % | –3.2 | 0.6 | –13.6 | 3.0 |
| Return on capital employed, % | | | Neg. | 4.1 |
| Net debt, SEK million | 774 | 1,436 | 774 | 1,436 |
| Net debt / Adjusted EBITDA, multiple | | | 4.4 | 4.4 |
| Equity/assets ratio, % | 62.8 | 54.4 | 62.8 | 54.4 |
| Free cash flow, SEK million | 120 | –25 | 180 | –94 |

[1] *Midsona presents certain financial measures in the Year-end Report that are not defined under IFRS. For definitions and checks against IFRS, please refer to pages 19–20 of this Year-end Report and to pages 184–188 of the 2021 Annual Report.*

**Note:**
This is information such that Midsona AB (publ) is required to publish under the EU Market Abuse Regulation and the Financial Instruments Trading Act. This Year-end Report was submitted under the auspices of Peter Åsberg and Max Bokander for publication on 2 February 2023 at 8:00 a.m. CET.

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Q4

**SEK 1,027 million**

Net sales

**SEK 45 million**

EBITDA, before items affecting comparability

**4.4 percent**

EBITDA margin, before items affecting comparability

# Comment by the CEO

The fourth quarter remained challenging and was characterised by the same trends we perceived earlier in the year – high inflationary pressure, but also, at the same time, an underlying interest in healthy, organic food. We continued to implement cost-saving measures and prepared price increases with the aim of fully offsetting the cost increases.

## Still favourable demand at lower price points

Sales increased to SEK 1,027 million (1,012) over the quarter with good growth for our conventional brands, such as Friggs and Gainomax. Demand for organic alternatives remained favourable, and the decline in our sales of organic products was mitigated compared with the third quarter. While, Helios showed very good growth in Norway, growth was particularly strong for private label, where the price points are somewhat lower. On the whole, we can state that consumers' interest in our brands and in healthy choices remains intact.

## Price increases to take effect in the first quarter of 2023

The exceptional cost inflation that characterised 2022 continued in the fourth quarter. As previously communicated, our price increases will primarily achieve an impact in the first quarter of 2023 – and, in the fourth quarter of 2022, this was reflected in a continued low gross margin. EBITDA, before items affecting comparability, decreased to SEK 45 million (61), primarily as a result of the pressured gross margin, but also due to challenges in the South Europe division where production overheads were temporarily high. We believe these problems will be resolved in the first quarter of 2023 and that the successful cost savings implemented by the Group will be visible in the figures going forward. It is our assessment, however, that the gross margin may remain pressures in the first quarter of 2023, with some customers buying up stocks before the announced price increases take effect from mid-February.

## Strengthened platform for the future

We have worked to reduce our costs, but also to strengthen our cash flow, resulting in a free cash flow of SEK 120 million (–25). This was the strongest individual quarter to date, thanks largely to more efficient inventory management. The new share issue of approximately SEK 600 million completed during the quarter and our strong focus on cash flow meant that net debt was almost halved at the end of the year compared with a year earlier. This means we now have a more stable platform to build on.

## Slightly brighter cost trend

With regard to the continued cost trend for input goods, we perceive a certain stabilisation in the pricing scenario in the global market. Prices for organic products are not set there, however, and are instead based more locally, where we are not seeing the same clear shift. It is nonetheless our assessment that prices for organic products will also stabilise. Transport costs have also come down somewhat and energy costs have not risen quite as high as previously feared. We saw the currency headwind that we had experienced over most of the year soften somewhat over the quarter. Although the strengthening of the EUR and the DKK against the USD was favourable, the continued weak position of the SEK against the EUR had a negative impact.

## We take a confident view of the future

Despite a continued uncertain situation in early 2023, we are cautiously positive. The completed share issue means that we are in a very stable position and I would like to take this opportunity to express my gratitude for the trust shown in us. We are continuing to implement a number of measures, fully focused on strengthening our earnings, and we are seeing our cost-saving measures gradually having the desired impact. In addition, price increases in the first quarter of 2023 will allow us to close the cost gap experienced in previous quarters. On the whole, we look ahead with confidence.

Peter Åsberg
President and CEO

# Financial information – Group

## October–December

### Net sales

Net sales amounted to SEK 1,027 million (1,012), an increase of 1.5 percent. The organic change in net sales was –3.5 percent, while exchange rate fluctuations contributed 5.0 percent. For the Group's own brands, the organic sales growth was –4.6 percent. As a whole, the sales trend was challenging for the portfolio of own brands in the categories of organic products and consumer health products, while contract manufacturing has maintained strong growth. The harsher private finance climate for consumers has, to some extent, led to a temporary shift towards more private label products in the lower price segment. For most own brands in the health food category, sales growth was stable, despite continued capacity shortages at a major supplier, resulting a certain sales decline. Sales volumes were restrained among licensed brands, where much of the product range is in the upper price segment.

### Gross profit

Gross profit, before items affecting comparability, amounted to SEK 232 million (242), corresponding to a margin of 22.6 percent (23.9) and gross profit amounted to SEK 230 million (242). The negative margin trend continued to be driven by strong inflationary pressure with increased prices for finished goods in particular, certain raw materials and packaging materials – prices that have yet to be fully offset by price increases at the next level. For most raw materials and packaging materials, as well as for road transports, however, the pricing scenario began to stabilise, although still at a high level, while the pricing scenario for maritime transports improved as a result of lower global demand for such transports. Energy costs for the Group's production facilities increased, although not to the extent previously feared. A continued unfavourable exchange rate trend for both USD and EUR also contributed to the negative margin trend, as most raw materials and finished goods are purchased in these currencies. The product mix was unfavourable because a higher proportion of sales involved contract manufactured products, which generally have lower margins. Gross profit was also burdened by high temporary production overheads at one of the Group's production facilities. To restore the margin as quickly as possible, new price increases towards customers were both planned and announced.

### Operating profit

Operating profit, before items affecting comparability, amounted to SEK 5 million (20), corresponding to a margin of 0.5 percent (2.0) and the operating profit amounted to SEK –6 million (17). Amortisation and depreciation for the period amounted to SEK –40 million (–41), divided between SEK –12 million (–13) in amortisation of intangible fixed assets and SEK –28 million (–28) in depreciation of tangible fixed assets. Impairment of intangible fixed assets by SEK –5 million for the period consisted entirely of the translation difference on the preceding quarter's impairment. EBITDA amounted to SEK 39 million (58) and EBITDA, before items affecting comparability, amounted to SEK 45 million (61), corresponding to a margin of 4.4 percent (6.0). The EBITDA margin decreased essentially as a consequence of weak development in the gross margin.

Cost control and cost awareness were good in the Group at the same time that synergies from the ongoing restructuring programme were realised.

### Items affecting comparability

Operating profit included items affecting comparability of SEK –11 million (–3) comprising restructuring costs of SEK –6 million and translation differences of SEK –5 million on impairments of intangible fixed assets. Restructuring costs were attributable to the ongoing restructuring programme to lower the cost base. The comparison period included acquisition-related costs of SEK –3 million attributable to the acquired business Vitality.

### Financial items

Net financial items amounted to SEK –27 million (–11). Interest expenses for external loans to credit institutions amounted to SEK –18 million (–8) and interest expenses attributable to leases were SEK –1 million (–1). Interest expenses to credit institutions increased as a consequence of higher interest rates on the credit facilities. Net translation differences on financial receivables and liabilities in foreign currency amounted to SEK –5 million (0), of which SEK –8 million referred to a realised currency effect arising on the amortisation of loans to credit institutions in December. Other financial items amounted to SEK –3 million (–2).

### Profit for the period

Profit for the period amounted to SEK –15 million (1), corresponding to earnings per share of SEK –0.19 (0.01) before and after dilution. Tax on the profit for the period amounted to SEK 18 million (–5), of which the current tax was SEK –1 million (3), tax attributable to previous years was SEK 1 million (0) and deferred tax was SEK 18 million (–8).

### Cash flow

Cash flow from operating activities improved to SEK 128 million (–16) as a result of a stronger cash flow from changes in working capital. This was driven by significantly less capital, down SEK 136 million, being tied-up in inventory as a consequence of supply chain activities being implemented. Capital tied-up in operating receivables decreased substantially as a result of lower invoicing in November and December compared with August and September. In the comparison period, operating liabilities in particular were impacted strongly negatively by new legislation in Sweden, with changed payment terms for agricultural and food products. Cash flow from investing activities amounted to SEK –9 million (–125), consisting of investments in tangible and intangible fixed assets of SEK –8 million (–15), and a change in financial assets by SEK –1 million (1). The comparative period included a business acquisition for SEK –111 million. Free cash flow amounted to SEK 120 million (–25). Cash flow from financing activities was SEK –57 million (7), comprising the new share issue by SEK 600 million, issue expenses of SEK –9 million (–6), loans raised of SEK –24 million (140) in the form of less-utilised overdraft facilities, the amortisation of loans by SEK –609 million (– 69) and amortisations of lease liabilities by SEK –15 million (–14). The comparative period also included a dividend paid of SEK –44 million. Cash flow for the period amounted to SEK 62 million (–134).

**67 percent**[1]

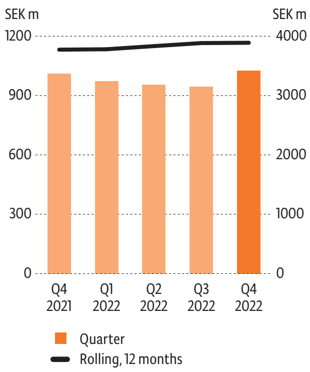
Percentage of own brands, income

**–4.6 percent**[1]

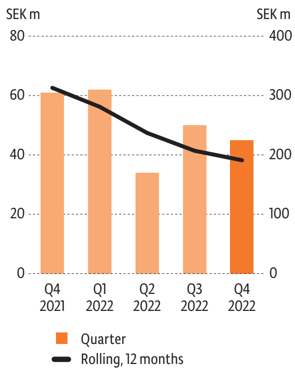
Organic growth of own brands

[1] *For Q4, 2022*

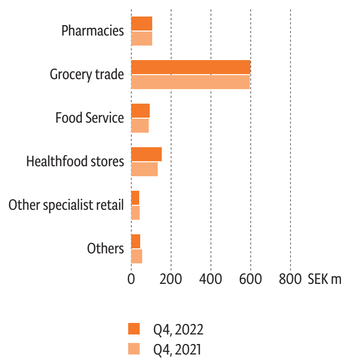
**Net sales**




**EBITDA, before items affecting comparability**




**Net sales per sales channel**



## January–December

### Net sales

Net sales amounted to SEK 3,899 million (3,773), an increase of 3.3 percent. The organic change in net sales was –2.6 percent while structural changes contributed 2.5 percent and exchange rate fluctuations 3.4 percent. For the Group's own brands, the organic sales growth was –3.3 percent. As a whole, the Group's sales trend for comparable units weakened despite stable growth for most own brands in the health food and consumer health product categories, as well as growth in contract manufacturing. For own brands in the organic products category and for licensed brands, sales for comparable units were weak. Society's removal of pandemic restrictions led to altered consumption patterns with decreased household consumption and more restaurant visits, which, on the whole, disadvantaged own brands in the organic products category. Strong inflationary pressure also burdened consumers' purchasing power, leading to a certain temporary shift whereby consumers increasingly chose private label products in the lower price segment. Over the year, the supply chain occasionally came under pressure with, for example, longer lead times for deliveries of raw materials, packaging materials and finished goods due to the global transport situation.

### Gross profit

Operating profit, before items affecting comparability, amounted to SEK 935 million (1,019), corresponding to a margin of 24.0 percent (27.0) and gross profit amounted to SEK 878 million (1,015). The negative margin trend was driven strongly by severe inflationary pressure, with increased prices for raw materials, packaging materials, completed goods, energy and transport, which could not immediately be parried by price increases to customer, but that occur with a certain time lag. Furthermore, the exchange rate trend for the EUR and USD against the SEK, NOK and DKK was unfavourable and had a strong negative impact on the development of the margin, with most raw materials and finished goods being purchased in EUR and USD. In the second half of the year in particular, the product mix was unfavourable with more sales of contract manufactured products with a generally lower margin. At most of the Group's production facilities, efficiency was occasionally low, partly due to the strained global transport situation with delays in deliveries of goods. Gross profit was also burdened in the second half of the year with increased production overheads in one of the Group's productions facilities. New price increases were both announced and implemented to customers in stages to offset the broad inflationary pressure to restore the margin as quickly as possible. There was an impairment of tangible assets by SEK –54 million (–4); see the section *Impairment of intangible assets and tangible assets* on page 9 for more information. In the comparison period, impairment of tangible assets amounted to SEK –4 million, as a result of a closed production facility.

### Operating profit

Operating profit, before items affecting comparability, amounted to SEK 30 million (157), corresponding to a margin of 0.8 percent (4.2) and the operating profit amounted to SEK –465 million (161). Amortisation and depreciation for the period amounted to SEK –161 million (–156), divided between SEK –48 million (–47) in amortisation of intangible fixed assets and SEK –113 million (–109) in depreciation of tangible fixed assets. In addition, impairments of intangible and tangible assets were made in an amount of SEK –480 million (–12); see the section *Impairment of intangible assets and tangible assets* on page 9 for more information. In the comparative period, impairment of SEK –8 million was recognised on intangible assets and of SEK –4 million on tangible assets as a result of a product development project being discontinued and a production facility being closed. EBITDA amounted to SEK 176 million (329) and EBITDA, before items affecting comparability, amounted to SEK 191 million (313), corresponding to a margin of 4.9 percent (8.3). The EBITDA margin decreased, essentially as a consequence of lower business volumes for comparable units and a weak gross margin trend. Selective investments in own brands continued to be made. Cost control and cost awareness in the Group were good. Large parts of the year were pervaded by work on the ongoing restructuring programme to lower the cost base and strengthen competitiveness. Synergies from the restructuring programme gradually began to be realised, starting in the third quarter.

### Items affecting comparability

Items affecting comparability were included in the operating profit of SEK –495 million (4) and consisted of restructuring costs of SEK –15 million (–1), impairment of intangible fixed assets by SEK –426 million (–8) and impairment of tangible fixed assets by SEK –54 million (–4). The comparison period also included a revalued conditional purchase price of SEK 21 million, returned part of a restructuring reserve of SEK 1 million, and acquisition-related costs of SEK –5 million, of which SEK –3 million was attributable to Vitality and SEK –2 million to System Frugt. Restructuring costs were attributable to the ongoing restructuring programme to lower the cost base. Impairments of tangible and intangible fixed assets were attributable to low capacity utilisation of machinery, as well as to impairment testing of cash-generating units, see under *Impairment of intangible and tangible fixed assets* on page 9 for more information.

### Financial items

Net financial items amounted to SEK –64 million (–46). Interest expenses for external loans to credit institutions amounted to SEK –50 million (–34) and interest expenses attributable to leases were SEK –4 million (–4). Interest expenses to credit institutions increased as a consequence of gradually rising interest rates on credit facilities. Net translation differences on financial receivables and liabilities in foreign currency amounted to SEK –4 million (–2), of which SEK –8 million referred to a realised currency effect arising on the amortisation of loans to credit institutions in December. Other financial items amounted to SEK –6 million (–6).

### Profit for the period

Profit for the period amounted to SEK –501 million (89), corresponding to earnings per share of SEK –6.73 (1.31) before dilution and of SEK –6.73 (1.30) after dilution. Tax on profit for the period amounted to SEK 28 million (–26), of which SEK –10 million (–19) consisted of current tax, SEK 1 million (0) was tax attributable to preceding years and SEK 37 million (7) was deferred tax. The effective tax rate was –5.2 percent (22.6). The low effective tax rate was essentially attributable to the non-tax-deductible impairment of consolidated goodwill.

### Cash flow

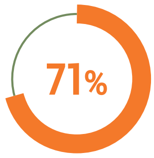
Cash flow from operating activities amounted to SEK 203 million (–64) and improved as a result of stronger cash flow from changes in working capital driven by less capital being tied up in inventories and trade receivables. In the comparison period, however, operating receivables were negatively affected by a terminated factoring agreement, while new legislation in Sweden, with changed payment terms for agricultural and food products negatively affected operating liabilities. Cash flow from investing activities amounted to SEK –29 million (–175), consisting of investments in tangible and intangible fixed assets of SEK –35 million (–59), of which SEK –6 million (–31) involved an on-going expansion investment in South Europe, SEK 7 million involved a divestment of tangible fixed assets and SEK –1 million (–2) involved a change in financial assets. The comparison period also included a paid conditional purchase consideration of SEK –3 million regarding previous years' acquisitions and acquisitions of operations by SEK –111 million. Free cash flow amounted to SEK 180 million (–94). Cash flow from financing activities was SEK –108 million (94), comprising a new share issue for SEK 600 million (500), issue expenses of SEK –9 million (–6), loans raised of SEK 60 million (291), loan amortisations of SEK –701 million (–549), amortisations of lease liabilities by SEK –58 million (–58) and premiums of SEK 0 million paid in for the TO2022 /2025 warrant programme. The comparison period included premiums of SEK 2 million paid in for the TO2021/2024 warrant programme and the dividend paid of SEK –86 million. Cash flow for the period amounted to SEK 66 million (–145).

### Liquidity and financial position

Cash and equivalents amounted to SEK 121 million (53) and there were unused credit facilities of SEK 587 million (490) at the end of the period. Net debt amounted to SEK 774 million (1,436) and was SEK 1,475 million at the end of the preceding quarter. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.4 (4.4), while it was a multiple of 7.4 at the end of the preceding quarter. Shareholders' equity amounted to SEK 3,082 million (2,875) and was SEK 2,474 million at the end of the preceding quarter. The changes consisted of the profit for the period of SEK –15 million, exchange differences on translation of foreign operations of SEK 36 million, a new share issue for SEK 600 million, and issue expenses of –13 SEK million. The equity/assets ratio was 62.8 percent (54.4) at the end of the period.

# Division Nordics

Percentage net sales in the Group[2]




| Division Nordics[1] | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Net sales | 732 | 726 | 2,702 | 2,611 |
| Gross profit | 206 | 202 | 784 | 800 |
| Gross margin, % | 28.1 | 27.9 | 29.0 | 30.7 |
| EBITDA | 60 | 65 | 216 | 263 |
| EBITDA margin, % | 8.3 | 8.9 | 8.0 | 10.1 |

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

## October–December

### Net sales

Net sales amounted to SEK 732 million (726), an increase of 0.7 percent, where the organic change in net sales was –3.2 percent. The organic change for own brands in external product sales was –2.7 percent. Sales remained strong for the division's largest brand, Friggs. However, volumes were more restrained for own brands in the organic products and consumer health products categories. Contract manufacturing saw continued strong sales growth, while sales volumes remained lower for licensed brands for comparable units.

### Gross profit

Gross profit amounted to SEK 206 million (202), corresponding to a margin of 28.1 percent (27.9). Through improved management of price increases towards customers and a better managed supply chain, the division was able to report a small improvement in its margin. Taking into account continued high inflationary pressure, an unfavourable exchange rate trend for the division for both the EUR and USD and a somewhat unfavourable product mix, the margin improvement was particularly positive. New price increases were announced to offset further inflationary pressures.

### EBITDA

EBITDA amounted to SEK 60 million (65), corresponding to a margin of 8.3 percent (8.9). Despite an improved gross profit, EBITDA ended up slightly lower than in the comparison period. The deterioration in EBITDA was primarily driven by selective investments in own brands, which could partly be offset by synergies derived from the ongoing restructuring programme. In addition, operational currency translation differences were more negative than in the comparison period.

## January–December

### Net sales

Net sales amounted to SEK 2,702 million (2,611), an increase of 3.5 percent, where the organic change in net sales was –3.5 percent. The organic change for own brands in external product sales was –2.8 percent. On the whole, the sales trend declined despite good growth among own brands in the healthfoods and consumer health products categories. However, our own brands in the organic products category faced continued challenges with a generally weak sales trend.

### Gross profit

Gross profit amounted to SEK 784 million (800), corresponding to a margin of 29.0 percent (30.7). The negative development in the margin over the year was strongly driven by the high level of inflation, with increased prices for finished goods, raw materials, inputs and transport, which could not immediately be parried by price increases to customers and instead occurred with a delay. Rounds of new price increases have been implemented to offset broad inflationary pressure and to restore future margins. The margin was also negatively affected by an unfavourable exchange rate trend for both the EUR and USD.

### EBITDA

EBITDA amounted to SEK 216 million (263), corresponding to a margin of 8.0 percent (10.1). The EBITDA margin decreased essentially as a consequence of weak development in the gross margin. In addition, the EBITDA margin was affected by negative operating translation differences, which were positive in the comparison period. Extracting cost synergies from acquisitions, realising synergies from restructuring programmes and good cost control compensated only to a certain extent for the lower gross margin and increased sales costs, all essentially attributable to outbound freight.

**69 percent**[2]

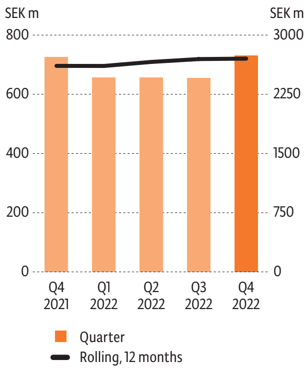
Percentage of own brands, income

**–2.7 percent**[2]

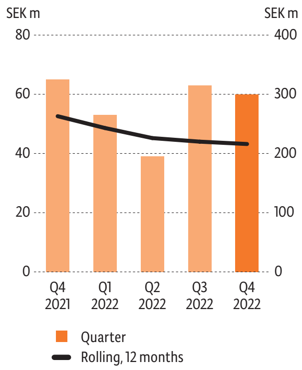
Organic growth of own brands[3]

[2] *For Q4, 2022*
[3] *For external product sales*

### Net sales




### EBITDA, before items affecting comparability




### Net sales per sales channel

# Division North Europe

Percentage net sales in the Group[2]


| Division North Europe[1] | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Net sales | 212 | 208 | 860 | 831 |
| Gross profit | 23 | 26 | 114 | 143 |
| Gross margin, % | 11.0 | 12.4 | 13.3 | 17.2 |
| EBITDA | 2 | 0 | 16 | 50 |
| EBITDA margin, % | 0.7 | 0.1 | 1.9 | 6.1 |

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

## October–December

### Net sales

Net sales amounted to SEK 212 million (208), an increase of 1.9 percent, where the organic change in net sales was –5.9 percent. The organic change for own brands in external product sales was –8.3 percent, where sales to the healthfood stores sales channel developed more weakly. However, contract manufacturing had continued good sales growth, with sales volumes to healthfood retailers developing strongly. To a certain extent, demand for the division has shifted to private label, which has also been confirmed by customers.

### Gross profit

Gross profit amounted to SEK 23 million (26), corresponding to a margin of 11.0 percent (12.4). The negative development in the margin was driven by an unfavourable product mix as a consequence of a higher proportion of sales of contract manufactured products with a generally lower margin, as well as of lower sales volumes overall, which were not fully offset by lower production overheads. The margin for the period and the comparative period was well below the division's target and historical levels, driven by the strong inflationary pressure with increased prices for raw materials, packaging materials and energy, which have yet to be fully offset by price increases at the next level. Customers were notified of new price increases to gradually be implemented over the next quarter with the aim of restoring the margin.

### EBITDA

EBITDA amounted to SEK 2 million (0), corresponding to a margin of 0.7 percent (0.1). The weak EBITDA margin was a consequence of a weak gross margin, which was partially offset by good cost control and synergies derived from completed restructuring program.

## January–December

### Net sales

Net sales amounted to SEK 860 million (831), an increase of 3.5 percent, where the organic change in net sales was –1.2 percent. The organic change for own brands in external product sales was –1.2 percent. The sales trend for own brands was relatively stable with some growth during the first nine months driven, however, by sales to the food service sales channel due to fewer pandemic restrictions in society and increased restaurant visits compared with the previous year. Although contract manufacturing started the first nine months of the year weaker, it achieved a stronger end to the year and, for the year overall, these sales showed smaller organic growth in net sales, although taking price increases into account, underlying volumes were slightly weaker even for contract manufactured products.

### Gross profit

Gross profit amounted to SEK 114 million (143), corresponding to a margin of 13.3 percent (17.2). The negative margin trend was driven strongly by an unfavourable product mix and the continued inflationary pressure, with rising prices for raw materials, input goods, energy and transport, which could not immediately be parried by price increases to customers, but that occur with a certain time lag. In addition, an unfavourable exchange rate trend for the USD contributed to the negative margin trend, as a considerable portion of raw materials are purchased in USD. New price increases were announced to customers and were implemented in batches to offset broad inflationary pressure and to restore the margin moving forwards.

### EBITDA

EBITDA amounted to SEK 16 million (50), corresponding to a margin of 1.9 percent (6.1) and decreased essentially as a consequence of the lower gross profit.

**61 percent[2]**

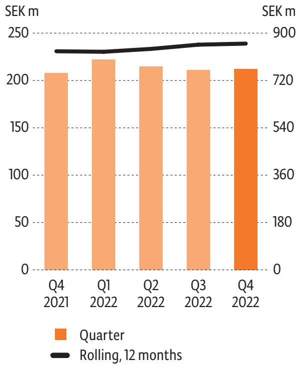
Percentage of own brands, income

**–8.3 percent[2]**

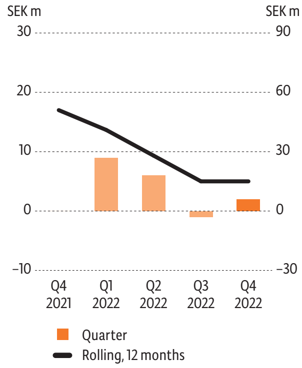
Organic growth of own brands[3]

*[2] For Q4, 2022*
*[3] For external product sales*

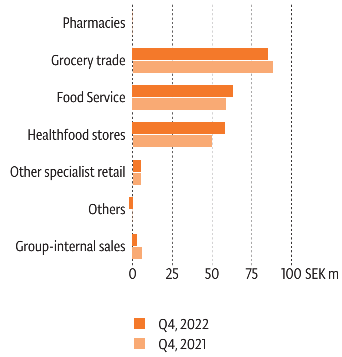
### Net sales




### EBITDA, before items affecting comparability

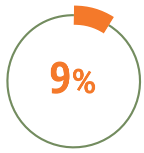



### Net sales per sales channel



# Division South Europe

Percentage net sales in the Group[2]




| Division South Europe[1] | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Net sales | 90 | 86 | 374 | 369 |
| Gross profit | 4 | 14 | 39 | 77 |
| Gross margin, % | 4.0 | 16.0 | 10.5 | 20.8 |
| EBITDA | –10 | 4 | –16 | 26 |
| EBITDA margin, % | –10.7 | 4.6 | –4.3 | 7.0 |

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

## October–December

### Net sales

Net sales amounted to SEK 90 million (86), an increase of 5.2 percent, where the organic change in net sales was –2.9 percent. The organic change for own brands in external product sales was –11.9 percent. Sales volumes for contract manufactured products increased, while they decreased for both own and licensed brands. For own brands, sales generally developed weakly due to consumers increasingly choosing to make their purchases in the grocery trade instead of from healthfood stores, which remain the operations' largest sales channel. Sales to the grocery trade showed good growth due to newly rolled-out business volumes of contract manufactured products.

### Gross profit

Gross profit amounted to SEK 4 million (14), corresponding to a margin of 4.0 percent (16.0). The negative margin trend was driven vigorously by the continued inflationary pressure, bringing higher prices for raw materials, packaging materials and other input goods that have yet to be offset through price increases at the next level. The margin was also negatively affected by an unfavourable product mix as a consequence of a higher proportion of sales of contract manufactured products. In addition, substantial but temporary additional costs at the newly commissioned production facility for plant-based meat alternatives continued to burden profit. Customers were notified of new price increases to gradually be implemented over the next quarter with the aim of restoring the margin.

### EBITDA

EBITDA amounted to SEK –10 million (4), corresponding to a margin of –10.7 percent (4.6) and decreased as a consequence of the lower gross profit.

## January–December

### Net sales

Net sales amounted to SEK 374 million (369), an increase of 1.4 percent, where the organic change in net sales was –3.3 percent. The organic change in external product sales of own brands was –10.5 percent. Sales volumes for contract manufactured products increased, while they decreased for both own and licensed brands. As a whole, the sales trend weakened due to a weak trend among most own brands. Lower sales volumes to the specialist healthfood stores could not fully be offset by correspondingly higher volumes to the grocery trade.

### Gross profit

Gross profit amounted to SEK 39 million (77), corresponding to a margin of 10.5 percent (20.8). The negative margin trend was driven strongly by continued inflationary pressure, with rising prices for raw materials, input goods and transport, which could not immediately be parried by price increases to customer, but that occur with a certain time lag. New price increases were announced to customers and were implemented in batches to offset broad inflationary pressure and to restore the margin moving forwards. The margin was also negatively affected by an unfavourable product mix and by certain temporary additional costs in June–December in the newly commissioned production facility for plant-based meat alternatives.

### EBITDA

EBITDA amounted to SEK –16 million (26), corresponding to a margin of –4.3 percent (7.0) and decreased essentially as a consequence of the lower gross profit.

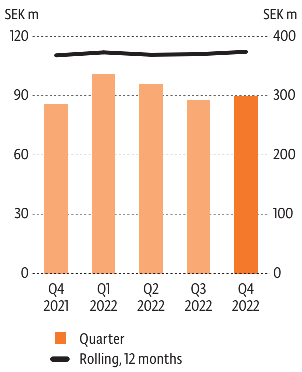
**71 percent**[2]

Percentage of own brands, income

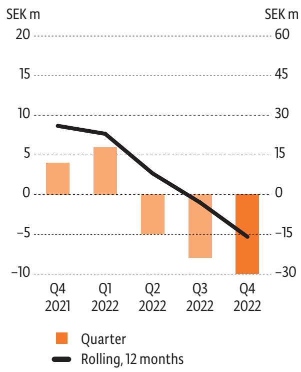
**–11.9 percent**[2]

Organic growth of own brands[3]

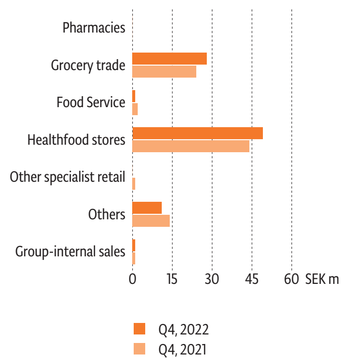
### Net sales




### EBITDA, before items affecting comparability




### Net sales per sales channel




[2] *For Q4, 2022*
[3] *For external product sales*

# Other information

## Financial calendar

| APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---|---|---|---|---|---|---|---|---|

Interim Report Jan–Mar 2023, *27 Apr 2023*

Annual General Meeting 2023, *4 May 2023*

Interim Report January–June 2023, *20 July 2023*

Interim report Jan–Sep 2023, *26 October 2023*

## Seasonal variations

Sales and earnings are affected to some extent by seasonal variations. Sales in the first and second quarter are affected by Easter week, depending on which quarter it occurs in. Easter week does not favour sales for the Group's product groups. Warm summer months normally entail lower sales for most product groups as the consumers prioritise different consumption. The second quarter of the year is usually the Group's weakest in terms of sales and profit. Sales are generally higher in the fourth quarter than in the first three quarters, which is mainly due to seasonally high deliveries of dried fruits and nuts prior to the holidays.

## Parent Company

Net sales amounted to SEK 63 million (64), and related primarily to invoicing of services provided internally within the Group. The operating profit amounted to SEK –24 million (–24). The profit before tax amounted to SEK –425 million (13). The profit/loss before tax included dividends from subsidiaries of SEK 1 million (2), of which SEK 1 million (1) was anticipated, the impairment of shares in subsidiaries by SEK –450 million (0) and Group contributions received of SEK 67 million (31). Net financial items included exchange-rate differences on financial receivables and liabilities in foreign currency of SEK –8 million (–2) and exchange-rate differences of SEK 6 million (13) on net investment in subsidiaries. Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 662 million (492). Borrowing from credit institutions was SEK 697 million (1,273) at the end of the period. In December, the Parent Company implemented an additional amortisation of SEK 578 million on its liabilities to credit institutions using proceeds from the new share issue. On the balance sheet date, there were 16 employees (18).

## Closely-related parties

In August 2022, warrants were transferred to senior executives on market terms, see Note 6 *Change in the number of shares in the Group* on page 18 for further information. Midsona's principal shareholder, Stena Adactum AB, undertook to subscribe for its pro rata share of the share issue and has issued an underwriting guarantee for the remainder of the issue. The warranty provision amounted to SEK 4 million. For further details of the new share issue, please see *Significant events* January–December on page 9 and Note 6 *Change in the number of shares in the Group* on page 18. Beyond this, there were no significant related party transactions during the period January – December. See also Note 33 *Related parties* on page 160 in the 2021 Annual Report for a description of the Group's and the Parent Company's related-party transactions.

## Risks and uncertainties

In its operations, the Group is subject to operational, market, financial and sustainability risks that may affect profits to a greater or lesser extent. In the first quarter of 2022, the security policy situation in Europe changed drastically with Russia's invasion of Ukraine. Midsona had no material direct customer or supplier exposure in the countries concerned – Ukraine, Russia and Belarus, but was strongly indirectly affected by the accelerated inflationary pressures with gradually rising prices on commodities, completed goods, packaging materials, energy and transport as a result of the Ukraine crisis. In addition, Ukraine is a major exporter of important cereals, such as wheat, maize and sunflower seeds, which are included as ingredients in some of the Group's finished products. Logistics problems in transporting last year's grain crops out of the country rapidly pushed up world market prices, severely impacting already hard-pressed subcontractors. In the spring, large areas of arable land were left un-sown as they had become theatres of war, resulting both in shortages and in already high global prices for certain cereals becoming further inflated. For certain cereals, the situation improved somewhat when the blockade of Ukrainian ports was lifted in the third quarter. There was some uncertainty regarding the outcome of the year's harvest of key raw materials such as chia and sesame seeds, nuts and rice given the prevailing climate-related risks. For chia and sesame seeds and nuts, the results of the harvest were relatively good, while for rice they were less favourable due to drought in Italy and floods in Pakistan, for example. This meant that prices for certain raw materials stabilised or even abated somewhat as a result of relatively good harvests, while the price scenario accelerated for other raw materials due to shortages.

The global transport situation worsened as a consequence partly of Asian ports being closed because of the pandemic and strikes at European ports, as well as the security policy situation in Europe, which together exerted further pressure on the supply chain, resulting in delivery delays and certain shortages. As lead times for certain transports were sometimes doubled, orders had to be placed significantly earlier. The global transport situation gradually improved during the fourth quarter however.

The major energy crisis that spread across Europe during the year, with rapidly rising electricity and gas prices, led to rising energy costs for some of the Group's production facilities. To date, the energy supply shortages and exceptionally high energy prices previously feared for the winter months have, in part, failed to materialise. Some uncertainties nonetheless remain regarding the energy supply in Europe. Midsona has sought to balance the risks by signing both variable and fixed energy contracts for the Group's production facilities as earlier electricity contracts have expired.

An overall assessment would indicate that the Ukraine crisis and other unfavourable external factors will continue to negatively affect the Group's earnings and financial position in the short term, as there is a built-in delay between price increases being announced and their impact on gross profit being felt. This lead time is typically longer for contract manufacturing assignments, which make up approximately 15 percent of the Group's income, as a result of the contracts being fixed and typically running for a year at a time. Volatility in prices for raw materials, packaging materials, energy and transport, as well as exchange rate trends for key currencies, including USD and EUR, will remain an ongoing challenge for the Group. Price trends will likely continue to rise for some raw materials and packaging materials, while they will stabilise or even abate for other raw materials, packaging materials, energy and for road transports. For maritime transports, the pricing scenario improved in the fourth quarter with declining global demand for such transports.

In 2022, central and national banks in Europe rapidly raised their key interest rates to dampen the increased inflationary pressure, resulting in rapidly rising market rates. For the Group, this resulted in higher interest expenses on its financing. In the short-term perspective, we expect further interest rate hikes to overcome inflationary pressure. This will result in continued slowdowns in economic development, placing consumers' private finances under further pressure, with eroded purchasing power as a consequence. The harsher private finance climate for consumers has already led to a temporary shift towards more private label products in the lower price segment. In the short term, this will certainly entail additional challenges regarding demand for some of the Group's product categories.

Beyond the aforementioned, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the section *Risks and risk management* on pages 116–125 and Note 31 *Financial risk management* on pages 158–160 in the 2021 Annual Report.

## Significant events January–December

### Customer agreement

A contract manufacturing agreement was signed with Mercadona, Spain's largest grocery trade chain, for deliveries of plant-based meat alternatives. It is estimated that the customer agreement will generate about SEK 30–40 million in net sales annually, with production taking place at the production facility in Spain.

### Prestigious appointment for supplier engagement

The global environmental initiative CDP named Midsona a Supplier Engagement Leader for its commitment along the entire supply chain. The award means that Midsona is one of the best companies globally when it comes to climate change strategy and leadership.

### Change in Group Management

In addition to her current role, Director Legal, Tora Molander, has been appointed Risk and Sustainability Manager for the Midsona Group and is a member of Group Management as of 1 April 2022.

### Security situation in Ukraine

Midsona has no material direct customer or supplier exposure in Ukraine, Russia or Belarus. However, the events in Ukraine have indirectly had major negative consequences for the Group through gradually rising prices for finished goods, raw materials, input goods, transport and energy, which could not immediately be parried by price increases to customers. The Ukraine crisis has also caused increased turmoil in financial markets, resulting in, for example, high volatility in major currency rates and rising market interest rates. As Ukraine is a major grain exporter, the situation will likely cause both shortages in, and rising world market prices for, certain commodities. Midsona is monitoring the Ukraine crisis meticulously and will implement the required measures as necessary.

### Restructuring programme

In April, a decision was made to implement a restructuring programme as a measure to strengthen competitiveness. The ambition is to reduce the cost base by SEK 40 million on an annual basis through structural changes, including staff cutbacks, as far as possible by terminating contracts with hired staff and through natural staff redundancies.

In October, the restructuring programme was expanded with new activities being added aimed at lowering the cost base by a further SEK 20 million annually. Accordingly, it was decided, during the year, to lower the cost base SEK 60 million in total through structural changes.

### Award

Alongside two other companies, Midsona won the 2022 Symbios award, which recognises Swedish companies that successfully combine responsible behaviour with profitable growth.

### Distribution agreement

Midsona's distribution agreement for the Compeed, EllaOne and Norlevo brands in the Nordic market has been terminated by the new owner Perrigo as of 31 December 2022, as they intend to coordinate in-house distribution with their other products in the European market. The sales assignment accounted for about 3 percent of the Group's net sales in 2021 with a below-average gross margin. After deducting expenses and certain cost savings, the effect on profit is expected to be limited.

### Impairment of intangible and tangible fixed assets

In August, impairment in a tangible fixed asset attributable to North Europe was recognised due to low capacity utilisation. Following an indication of impairment, the tangible fixed asset was tested for impairment test, leading to  the recoverable amount being reduced by SEK 54 million (EUR 5.1 million).

Impairment testing of cash-generating units identified a need to recognise impairment in North Europe and South Europe, to which consolidated goodwill had been allocated. In September, impairment of SEK 175 million (EUR 16.6 million) was recognised in the goodwill of the cash-generating unit North Europe and impairment of SEK 246 million (EUR 23.4 million) was recognised in the goodwill of the cash-generating unit South Europe – SEK 421 million (EUR 40.0 million) in total. A change in certain key assumptions led to lower estimated future cash flows for each cash-generating unit, see Note 2 *Important estimates and assessments* on pages 14–15.

### Extended financing agreement

In October, the existing financing agreement with Danske Bank and Svensk Exportkredit was extended for another year on largely the same terms as the existing agreement, now extending until September 2025. The extended agreement included a proviso to make an additional loan repayment to credit institutions following the implementation of the new share issue.

### New share issue

On 25 October, following the approval of an Extraordinary General Meeting on 24 November, Midsona's Board of Directors resolved to issue 298,320 new Series A shares and 72,415,720 Series B shares with preferential rights for existing shareholders. Midsona's principal shareholder, Stena Adactum AB, undertook to subscribe for its pro rata share of the share issue and issued an underwriting guarantee for the remainder of the issue. In December, Midsona gained an injection of SEK 600 million before transaction expenses. The transaction expenses amounted to SEK 16 million. The proceeds of the new share issue were used to repay loans to credit institutions by SEK 578 million to lower the debt ratio and thereby strengthen the financial position to promote a long-term sustainable capital structure and increase financial flexibility.

### Prestigious climate rating

The global environmental initiative CDP, an international non-profit organisation that helps companies make their environmental impact visible, awarded Midsona the grade A- for the second consecutive year, placing the Company among the best listed companies in the world with regard to reporting on its climate strategies.

### Changes on the Board of Directors

At an Extraordinary General Meeting on 20 December 2022, Patrik Andersson and Anders Svensson were elected as new Board members in accordance with the Nomination Committee's proposal. Patrik Andersson was also elected as Chairman of the Board in accordance with the Nomination Committee's proposal. Both Patrik Andersson and Anders Svensson are independent in relation to the Company, its management and its major shareholders. With Chairman of the Board Ola Erici and Board Member Peter Wahlberg having declined re-election, the Board of Directors of Midsona AB now comprises Patrik Anderson (Chairman), Heli Arantola, Sandra Kottenauer, Jari Latvanen, Henrik Stenqvist, Anders Svensson and Johan Wester.

### Board of Directors' dividend proposal

The Board of Directors proposes that no dividend be paid for the 2022 financial year. No dividend was paid for financial year 2021 either.

### Annual Report

The Annual Report for 2022 will be available on the website www.midsona.com 5 April 2023. The printed Annual Report will preliminarily be available at the head office in Malmö on 20 April 2023. Printed copies of the Annual Report will be sent to shareholders on request.

### Annual General Meeting 2023

The Annual General Meeting will be held in Malmö on 4 May 2023. The Board of Directors will preliminarily publish its invitation to the Annual General Meeting on 3 April 2023.

Malmö, 2 February 2023
Midsona AB (publ)
Board of Directors

## Review by auditor

This year-end report has been reviewed by the Company's auditors.

# Report of Review of Interim Financial Information

## Introduction

We have reviewed the year-end report (interim report) of Midsona AB (publ) for the period 1 January 2022 to 31 December 2022. 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, 2 February 2023
Deloitte AB

Jeanette Roosberg
AUTHORISED PUBLIC ACCOUNTANT

# Financial statements

## Summary consolidated income statement

| SEK million | Note | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|---|
| **Net sales** | 3.4 | **1,027** | **1,012** | **3,899** | **3,773** |
| Expenses for goods sold | | –797 | –770 | –3,021 | –2,758 |
| **Gross profit** | | **230** | **242** | **878** | **1,015** |
| Selling expenses | | –159 | –148 | –1,045 | –592 |
| Administrative expenses | | –76 | –76 | –298 | –289 |
| Other operating income | | 3 | 3 | 10 | 35 |
| Other operating expenses | | –4 | –4 | –10 | –8 |
| **Operating profit** | 3 | **–6** | **17** | **–465** | **161** |
| Financial income | | 12 | 5 | 67 | 11 |
| Financial expenses | | –39 | –16 | –131 | –57 |
| **Profit before tax** | | **–33** | **6** | **–529** | **115** |
| Tax on profit for the period | | 18 | –5 | 28 | –26 |
| **Profit for the period** | | **–15** | **1** | **–501** | **89** |
| | | | | | |
| *Profit for the period is divided between:* | | | | | |
| Parent Company shareholders (SEK million) | | –15 | 1 | –501 | 89 |
| Earnings per share before dilution attributable to Parent Company shareholders (SEK) | | –0.19 | 0.01 | –6.73 | 1.31 |
| Earnings per share after dilution attributable to Parent Company shareholders (SEK) | | –0.19 | 0.01 | –6.73 | 1.30 |

## Summary consolidated statement of comprehensive income

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Profit for the period** | **–15** | **1** | **–501** | **89** |
| *Items that have or can be reallocated to profit for the period* | | | | |
| Translation differences for the period on translation of foreign operations | 36 | 16 | 121 | 63 |
| **Other comprehensive income for the period** | **36** | **16** | **121** | **63** |
| **Comprehensive income for the period** | **21** | **17** | **–380** | **152** |
| | | | | |
| **Comprehensive income for the period is divided between:** | | | | |
| Parent Company shareholders (SEK million) | 21 | 17 | –380 | 152 |

During the quarter, the Spanish brand Vegetalia launched two new burgers, lentils and curry as well as red beans and ginger.

## Summary consolidated balance sheet

| SEK million | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| Intangible fixed assets | | 3,020 | 3,364 |
| Tangible fixed assets | | 451 | 522 |
| Non-current receivables | | 5 | 4 |
| Deferred tax assets | | 116 | 91 |
| **Fixed assets** | | **3,592** | **3,981** |
| Inventories | | 727 | 783 |
| Accounts receivable | | 398 | 403 |
| Tax receivables | | 17 | 18 |
| Other receivables | | 27 | 33 |
| Prepaid expenses and accrued income | | 22 | 16 |
| Cash and cash equivalents | | 121 | 53 |
| **Current assets** | | **1,312** | **1,306** |
| **Assets** | 5 | **4,904** | **5,287** |
| Share capital | 6 | 727 | 363 |
| Additional paid-up capital | | 1,850 | 1,627 |
| Reserves | | 126 | 5 |
| Profit brought forward, including profit for the period | | 379 | 880 |
| **Shareholders' equity** | | **3,082** | **2,875** |
| Non-current interest-bearing liabilities | | 776 | 1,314 |
| Other non-current liabilities | | 8 | 11 |
| Deferred tax liabilities | | 347 | 347 |
| **Non-current liabilities** | | **1,131** | **1,672** |
| Current interest-bearing liabilities | | 119 | 175 |
| Accounts payable | | 358 | 342 |
| Tax liabilities | | 7 | 15 |
| Other current liabilities | | 43 | 41 |
| Accrued expenses and deferred income | | 164 | 167 |
| **Current liabilities** | | **691** | **740** |
| **Liabilities** | 5 | **1,822** | **2,412** |
| **Shareholders' equity and liabilities** | | **4,904** | **5,287** |

## 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 Jan 2021 | 325 | 1,169 | -58 | 877 | 2,313 |
| Profit for the period | – | – | – | 89 | 89 |
| Other comprehensive income for the period | – | – | 63 | – | 63 |
| **Comprehensive income for the period** | **–** | **–** | **63** | **89** | **152** |
| New share issue | 37 | 463 | – | – | 500 |
| Issue expenses | – | -6 | – | – | -6 |
| Completed issue of warrant programme, TO2017/2020 | 1 | -1 | – | – | 0 |
| Issue expenses, TO2017/2020 | – | 0 | – | – | 0 |
| Premium paid in on issuing warrant programme, TO2021/2024 | – | 2 | – | – | 2 |
| Dividend | – | – | – | -86 | -86 |
| **Transactions with the Group's owners** | **38** | **458** | **–** | **-86** | **410** |
| **Closing shareholders' equity, 31 Dec 2021** | **363** | **1,627** | **5** | **880** | **2,875** |
| Opening shareholders' equity, 1 Jan 2022 | 363 | 1,627 | 5 | 880 | 2,875 |
| Profit for the period | – | – | – | -501 | -501 |
| Other comprehensive income for the period | – | – | 121 | – | 121 |
| **Comprehensive income for the period** | **–** | **–** | **121** | **-501** | **-380** |
| New share issue | 364 | 236 | – | – | 600 |
| Issue expenses | – | -13 | – | – | -13 |
| Premium paid in on issuing warrant programme, TO2022/2025 | – | 0 | – | – | 0 |
| **Transactions with the Group's owners** | **364** | **223** | **–** | **–** | **587** |
| **Closing shareholders' equity, 31 Dec 2022** | **727** | **1,850** | **126** | **379** | **3,082** |

## Summary consolidated cash flow statement

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Profit/loss before tax | -33 | 6 | -529 | 115 |
| Adjustment for items not included in cash flow | 63 | 47 | 683 | 141 |
| Income tax paid | -7 | 3 | -13 | -12 |
| **Cash flow from operating activities before changes in working capital** | **23** | **56** | **141** | **244** |
| Increase (–)/decrease (+) in inventories | 136 | 8 | 76 | -124 |
| Increase (–)/decrease (+) in operating receivables | 57 | 24 | 27 | -80 |
| Increase (+)/decrease (–) in operating liabilities | -88 | -104 | -41 | -104 |
| **Changes in working capital** | **105** | **-72** | **62** | **-308** |
| **Cash flow from operating activities** | **128** | **-16** | **203** | **-64** |
| Acquisitions of companies or operations | – | -111 | – | -114 |
| Divestments of companies or operations | 0 | – | 0 | – |
| Acquisitions of intangible assets | 0 | 0 | -1 | -5 |
| Acquisitions of tangible assets | -8 | -15 | -34 | -54 |
| Divestments of tangible assets | 0 | – | 7 | – |
| Change in financial assets | -1 | 1 | -1 | -2 |
| **Cash flow from investing activities** | **-9** | **-125** | **-29** | **-175** |
| **Cash flow after investing activities** | **119** | **-141** | **174** | **-239** |
| New share issue | 600 | – | 600 | 500 |
| Issue expenses | -9 | -6 | -9 | -6 |
| Premium paid in, warrant programme, TO2021/2024 | – | – | – | 2 |
| Premium paid in, warrant programme, TO2022/2025 | 0 | – | 0 | – |
| Loans raised | -24 | 140 | 60 | 291 |
| Repayment of loans | -609 | -69 | -701 | -549 |
| Amortisation of lease liabilities | -15 | -14 | -58 | -58 |
| Dividend paid | – | -44 | – | -86 |
| **Cash flow from financing activities** | **-57** | **7** | **-108** | **94** |
| **Cash flow for the period** | **62** | **-134** | **66** | **-145** |
| Cash and equivalents at beginning of period | 55 | 185 | 53 | 195 |
| Translation difference in cash and cash equivalents | 4 | 2 | 2 | 3 |
| **Cash and cash equivalents at end of the period** | **121** | **53** | **121** | **53** |

## Summary income statement, Parent Company

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Net sales** | **16** | **15** | **63** | **64** |
| Administrative expenses | -22 | -22 | -85 | -88 |
| Other operating income | 0 | 0 | 0 | 0 |
| Other operating expenses | -2 | 0 | -2 | 0 |
| **Operating profit** | **-8** | **-7** | **-24** | **-24** |
| Result from participations in subsidiaries | -449 | 2 | -449 | 3 |
| Financial income | 32 | 17 | 120 | 54 |
| Financial expenses | -36 | -12 | -124 | -46 |
| **Profit after financial items** | **-461** | **0** | **-477** | **-13** |
| Allocations | 52 | 26 | 52 | 26 |
| **Profit before tax** | **-409** | **26** | **-425** | **13** |
| Tax on profit for the period | -5 | 0 | -5 | 0 |
| **Profit for the period**[1] | **-414** | **26** | **-430** | **13** |

*[1] Profit for the period and comprehensive income for the period are the same, as the Parent Company has no transactions that are reported in other comprehensive income.*

During the quarter, Norwegian brand Biopharma launched vitamin D as effervescent, lemon-flavoured tablets.

### Summary balance sheet, Parent Company

| SEK million | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| Intangible fixed assets | | 42 | 51 |
| Tangible fixed assets | | 3 | 5 |
| Participations in subsidiaries | | 2,481 | 2,535 |
| Receivables from subsidiaries | | 1,030 | 1,321 |
| Deferred tax assets | | 0 | 2 |
| **Financial fixed assets** | | **3,511** | **3,858** |
| **Fixed assets** | | **3,556** | **3,914** |
| Receivables from subsidiaries | | 61 | 117 |
| Other receivables | | 11 | 12 |
| Cash and bank balances | | 75 | 2 |
| **Current assets** | | **147** | **131** |
| **Assets** | 5 | **3,703** | **4,045** |
| Share capital | 6 | 727 | 363 |
| Statutory reserve | | 58 | 58 |
| Profit brought forward, including profit for the period and other reserves | | 1,912 | 2,118 |
| **Shareholders' equity** | | **2,697** | **2,539** |
| **Untaxed reserves** | | **20** | **5** |
| Liabilities to credit institutions | | 640 | 1,166 |
| Other non-current liabilities | | 0 | 0 |
| **Non-current liabilities** | | **640** | **1,166** |
| Liabilities to credit institutions | | 57 | 107 |
| Liabilities to subsidiaries | | 264 | 212 |
| Other current liabilities | | 25 | 16 |
| **Current liabilities** | | **346** | **335** |
| **Equity and liabilities** | 5 | **3,703** | **4,045** |

# Notes to the financial statements

## Note 1 | Accounting principles

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). In addition to being presented in the financial statements and their notes, disclosures in accordance with IAS 34, page 16A are also presented in other parts of the year-end report. The Parent Company's accounts are prepared in accordance with the Annual Accounts Act (ÅRL) and recommendation RFR 2 *Accounting for Legal Entities, from the Swedish Financial Reporting Board*. The statements published by the Swedish Financial Reporting Board concerning listed companies are also applied, meaning that the Parent Company must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking the relationship between accounting and taxation into account.

In the year-end report for 2022, the same accounting principles and calculation methods were applied as in the last annual report issued for 2021 (Note 1 *Accounting principles,* pages 136–142) The new standards and the amendments and revisions to standards and new interpretations (IFRIC) that came into effect on 1 January 2022 had no significant impact on the Group's accounting for the period January–December 2022.

**Reporting of cloud service events**

IFRIC has published agenda decisions for how companies should report expenses in a Software-as-a-Service (SaaS) arrangement where access to software is obtained via the cloud, and configuring and adapting such software is also achieved through a cloud-based service arrangement. The decisions clarify that companies may not capitalise expenditures attributable to the implementation of a cloud-based service arrangement if they do not have control over the application, and that expenses for the configuration and adaptation of software services in such a cloud-based service arrangement must in many cases be reported as an expense in the same period. The assessment of the period for which the services are obtained depends, however, on whether they are distinct in relation to the service of obtaining access to the software. If the services are judged to be distinct, the expense is reported in the same period as the services are performed. If the services are not deemed distinct, the expenses are reported as an expense in the same period as the Company receives access to the software, which normally entails a prepaid expense in the balance sheet over the term of the agreement. Midsona has analysed whether the IFRIC clarifications for reporting cloud-based service arrangements would have any impact on the financial statements. The analysis resulted in the current management being in all material respects consistent with the principles regarding SaaS set out in the agenda decisions and in IAS 38 *Intangible assets*.

## Note 2 | Significant estimates and assumptions

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

For a detailed account of the assessments made by management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates made that could entail significant adjustments to subsequent financial statements, please refer to Note 35 *Important estimates and assessments* on page 162 of the 2021 Annual Report.

In the third quarter, new estimates and assessments were made in our assumptions regarding future conditions and regarding parameters affecting the future profitability of those cash-generating units within the Group to which goodwill has been allocated. A challenging market and unfavourable macroeconomic factors led to certain revisions in net sales growth, the development of the product margin and the discount rate, resulting in the calculated recovery value for the cash-generating units North Europe and South Europe being lower than their reported values – for this reason impairment was recognised in the goodwill of these units by SEK 175 million (EUR 16.6 million) and SEK 246 million (EUR 23.4 million) respectively. The dramatically changed conditions were difficult to predict. For the cash-generating unit Nordics, the assessment of the Company management's remained that no reasonable changes to the key assumptions would lead to the calculated recovery value being lower than the reported value. Moving forward, Company management will be carefully monitoring the development of these the cash-generating units in the event that new estimates and assessments must be made in the assumptions due to altered conditions. New estimates and assessments were also made regarding a tangible fixed asset, attributable to North Europe, due to low capacity utilisation. Following an indication of impairment, the tangible fixed asset was tested for impairment, leading to the recoverable amount being reduced by SEK 54 million (EUR 5.1 million).

In the fourth quarter, estimates and assessments were made as to whether tax loss carryforwards generated in some geographic markets over the year could be capitalised as deferred tax assets to be realised against future taxable income. Company management made the assessment that most of the tax loss carryforwards generated could be capitalised as deferred tax assets. The assessment is that, with the Group's current structure and future plans, the opportunities to exercise capitalised tax loss carryforwards are well founded.

Beyond the estimates and assessments reported, no significant new ones have been added since the latest annual report was issued.

## Note 3 | Operating segments, Group

| SEK million | Nordics | | North Europe | | South Europe | | Group-wide functions | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| **October–December** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Net sales, external | 729 | 725 | 209 | 202 | 89 | 85 | – | – | 1,027 | 1,012 |
| Net sales, intra-Group | 3 | 1 | 3 | 6 | 1 | 1 | -7 | -8 | – | – |
| **Net sales** | **732** | **726** | **212** | **208** | **90** | **86** | **-7** | **-8** | **1,027** | **1,012** |
| Expenses for goods sold | -526 | -524 | -191 | -182 | -86 | -72 | 6 | 8 | -797 | -770 |
| **Gross profit** | **206** | **202** | **21** | **26** | **4** | **14** | **-1** | **0** | **230** | **242** |
| Other operating expenses | -160 | -155 | -36 | -37 | -19 | -15 | -21 | -18 | -236 | -225 |
| **Operating profit** | **46** | **47** | **-15** | **-11** | **-15** | **-1** | **-22** | **-18** | **-6** | **17** |
| Financial items | | | | | | | | | -27 | -11 |
| **Profit before tax** | | | | | | | | | **-33** | **6** |
| *Significant income and expense items reported in the income statement:* | | | | | | | | | | |
| Items affecting comparability[1] | 1 | 4 | 6 | – | 0 | – | 4 | -1 | 11 | 3 |
| Depreciation/amortisation and impairment | 13 | 14 | 11 | 11 | 6 | 5 | 15 | 11 | 45 | 41 |
| **Gross profit, before items affecting comparability** | **206** | **202** | **23** | **26** | **4** | **14** | **-1** | **0** | **232** | **242** |
| **Operating profit, before items affecting comparability** | **47** | **51** | **-9** | **-11** | **-15** | **-1** | **-18** | **-19** | **5** | **20** |
| **EBITDA, before items affecting comparability** | **60** | **65** | **2** | **0** | **-9** | **4** | **-8** | **-8** | **45** | **61** |
| Average number of employees | 411 | 450 | 203 | 232 | 158 | 145 | 16 | 18 | 788 | 845 |
| Number of employees as per the balance sheet date | 408 | 459 | 200 | 229 | 156 | 143 | 16 | 18 | 780 | 849 |

*[1] For a specification of items affecting comparability, refer to the definitions and reconciliations against IFRS, Group, on pages 19–20.*

| SEK million | Nordics | | North Europe | | South Europe | | Group-wide functions | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| **January–December** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Net sales, external | 2,692 | 2,601 | 841 | 807 | 366 | 365 | – | – | 3,899 | 3,773 |
| Net sales, intra-Group | 10 | 10 | 19 | 24 | 8 | 4 | -37 | -38 | – | – |
| **Net sales** | **2,702** | **2,611** | **860** | **831** | **374** | **369** | **-37** | **-38** | **3,899** | **3,773** |
| Expenses for goods sold | -1,918 | -1,811 | -802 | -688 | -336 | -296 | 35 | 37 | -3,021 | -2,758 |
| **Gross profit** | **784** | **800** | **58** | **143** | **38** | **73** | **-2** | **-1** | **878** | **1,015** |
| Other operating expenses | -626 | -593 | -147 | -126 | -78 | -71 | -492 | -64 | -1,343 | -854 |
| **Operating profit** | **158** | **207** | **-89** | **17** | **-40** | **2** | **-494** | **-65** | **-465** | **161** |
| Financial items | | | | | | | | | -64 | -46 |
| **Profit before tax** | | | | | | | | | **-529** | **115** |
| *Significant income and expense items reported in the income statement:* | | | | | | | | | | |
| Items affecting comparability[1] | 6 | 3 | 62 | -10 | 2 | 5 | 425 | -2 | 495 | -4 |
| Depreciation/amortisation and impairment | 52 | 53 | 97 | 43 | 22 | 23 | 470 | 49 | 641 | 168 |
| **Gross profit, before items affecting comparability** | **784** | **800** | **114** | **143** | **39** | **77** | **-2** | **-1** | **935** | **1,019** |
| **Operating profit, before items affecting comparability** | **164** | **210** | **-27** | **7** | **-38** | **7** | **-69** | **-67** | **30** | **157** |
| **EBITDA, before items affecting comparability** | **216** | **263** | **16** | **50** | **-16** | **26** | **-25** | **-26** | **191** | **313** |
| Average number of employees | 439 | 442 | 214 | 225 | 150 | 148 | 17 | 17 | 820 | 832 |
| Number of employees as per the balance sheet date | 408 | 459 | 200 | 229 | 156 | 143 | 16 | 18 | 780 | 849 |

*[1] For a specification of items affecting comparability, refer to the definitions and reconciliations against IFRS, Group, on pages 19–20.*

## Note 4 | Breakdown of income, Group

| SEK million | Nordics | | North Europe | | South Europe | | Group-wide functions | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| **October–December** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| *Geographical areas*[1] | | | | | | | | | | |
| Sweden | 289 | 291 | 0 | 0 | 0 | 0 | -1 | -1 | **288** | **290** |
| Denmark | 179 | 170 | 3 | 5 | 1 | 0 | -3 | -4 | **180** | **171** |
| Finland | 114 | 112 | – | – | 0 | 0 | – | – | **114** | **112** |
| Norway | 116 | 124 | 0 | 0 | 1 | 0 | -1 | 0 | **116** | **124** |
| France | 1 | 1 | 4 | 6 | 49 | 47 | 0 | -1 | **54** | **53** |
| Spain | 3 | 2 | 6 | 4 | 35 | 34 | 0 | -1 | **44** | **39** |
| Germany | 3 | 2 | 176 | 169 | 0 | 1 | -2 | -1 | **177** | **171** |
| Rest of Europe | 24 | 23 | 23 | 24 | 2 | 2 | – | – | **49** | **49** |
| Other countries outside Europe | 3 | 1 | 0 | 0 | 2 | 2 | – | – | **5** | **3** |
| **Net sales** | **732** | **726** | **212** | **208** | **90** | **86** | **-7** | **-8** | **1,027** | **1,012** |
| *Sales channel* | | | | | | | | | | |
| Pharmacies | 105 | 104 | – | – | – | – | – | – | **105** | **104** |
| Grocery trade | 484 | 484 | 85 | 88 | 28 | 25 | – | – | **597** | **597** |
| Food Service | 27 | 25 | 63 | 59 | 1 | 2 | – | – | **91** | **86** |
| Healthfood stores | 44 | 38 | 58 | 50 | 49 | 50 | – | – | **151** | **138** |
| Other specialist retailers | 34 | 35 | 5 | 5 | – | 0 | – | – | **39** | **40** |
| Others | 35 | 39 | -2 | 0 | 11 | 8 | – | – | **44** | **47** |
| Group-internal sales | 3 | 1 | 3 | 6 | 1 | 1 | -7 | -8 | **–** | **–** |
| **Net sales** | **732** | **726** | **212** | **208** | **90** | **86** | **-7** | **-8** | **1,027** | **1,012** |
| *Product categories* | | | | | | | | | | |
| Organic products | 176 | 183 | 212 | 208 | 89 | 85 | -6 | -7 | **471** | **469** |
| Healthfoods | 357 | 343 | – | – | – | – | – | – | **357** | **343** |
| Consumer health products | 195 | 198 | – | – | – | – | – | – | **195** | **198** |
| Services linked to product handling | 4 | 2 | 0 | 0 | 1 | 1 | -1 | -1 | **4** | **2** |
| **Net sales** | **732** | **726** | **212** | **208** | **90** | **86** | **-7** | **-8** | **1,027** | **1,012** |
| *Brands* | | | | | | | | | | |
| Own | 504 | 499 | 130 | 134 | 64 | 66 | -6 | -7 | **692** | **692** |
| Licensed | 127 | 140 | – | – | 8 | 7 | – | – | **135** | **147** |
| Contract manufacture | 97 | 85 | 82 | 74 | 17 | 12 | – | – | **196** | **171** |
| Services linked to product handling | 4 | 2 | 0 | 0 | 1 | 1 | -1 | -1 | **4** | **2** |
| **Net sales** | **732** | **726** | **212** | **208** | **90** | **86** | **-7** | **-8** | **1,027** | **1,012** |

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

| SEK million | Nordics | | North Europe | | South Europe | | Group-wide functions | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| **January–December** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| *Geographical areas*[1] | | | | | | | | | | |
| Sweden | 1,110 | 1,120 | 0 | 0 | 3 | 1 | -5 | -2 | **1,108** | **1,119** |
| Denmark | 592 | 589 | 15 | 19 | 2 | 1 | -15 | -17 | **594** | **592** |
| Finland | 442 | 327 | – | – | 0 | 0 | – | – | **442** | **327** |
| Norway | 440 | 456 | 0 | 0 | 3 | 0 | -3 | 0 | **440** | **456** |
| France | 3 | 4 | 18 | 23 | 202 | 205 | -5 | -7 | **218** | **225** |
| Spain | 11 | 12 | 18 | 14 | 142 | 137 | -1 | -1 | **170** | **162** |
| Germany | 9 | 10 | 718 | 683 | 1 | 3 | -8 | -11 | **720** | **685** |
| Rest of Europe | 89 | 89 | 90 | 91 | 11 | 9 | – | – | **190** | **189** |
| Other countries outside Europe | 6 | 4 | 1 | 1 | 10 | 13 | – | – | **17** | **18** |
| **Net sales** | **2,702** | **2,611** | **860** | **831** | **374** | **369** | **-37** | **-38** | **3,899** | **3,773** |
| *Sales channel* | | | | | | | | | | |
| Pharmacies | 422 | 376 | – | – | – | – | – | – | **422** | **376** |
| Grocery trade | 1,736 | 1,730 | 352 | 366 | 121 | 105 | – | – | **2,209** | **2,201** |
| Food Service | 100 | 85 | 254 | 222 | 6 | 5 | – | – | **360** | **312** |
| Healthfood stores | 165 | 150 | 218 | 196 | 194 | 208 | – | – | **577** | **554** |
| Other specialist retailers | 130 | 126 | 19 | 19 | – | 0 | – | – | **149** | **145** |
| Others | 139 | 134 | -2 | 4 | 45 | 47 | – | – | **182** | **185** |
| Group-internal sales | 10 | 10 | 19 | 24 | 8 | 4 | -37 | -38 | **–** | **–** |
| **Net sales** | **2,702** | **2,611** | **860** | **831** | **374** | **369** | **-37** | **-38** | **3,899** | **3,773** |
| *Product categories* | | | | | | | | | | |
| Organic products | 699 | 750 | 860 | 831 | 372 | 368 | -35 | -37 | **1,896** | **1,912** |
| Healthfoods | 1,201 | 1,146 | – | – | – | – | – | – | **1,201** | **1,146** |
| Consumer health products | 788 | 705 | – | – | – | – | – | – | **788** | **705** |
| Services linked to product handling | 14 | 10 | 0 | 0 | 2 | 1 | -2 | -1 | **14** | **10** |
| **Net sales** | **2,702** | **2,611** | **860** | **831** | **374** | **369** | **-37** | **-38** | **3,899** | **3,773** |
| *Brands* | | | | | | | | | | |
| Own | 1,896 | 1,852 | 531 | 519 | 275 | 288 | -35 | -37 | **2,667** | **2,622** |
| Licensed | 520 | 494 | – | – | 32 | 32 | – | – | **552** | **526** |
| Contract manufacture | 272 | 255 | 329 | 312 | 65 | 48 | – | – | **666** | **615** |
| Services linked to product handling | 14 | 10 | 0 | 0 | 2 | 1 | -2 | -1 | **14** | **10** |
| **Net sales** | **2,702** | **2,611** | **860** | **831** | **374** | **369** | **-37** | **-38** | **3,899** | **3,773** |

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

## Not 5 | Fair value and reported in the balance sheet, Group

### Fair value

The carrying amount on non-current receivables, accounts receivable, other receivables, cash and cash equivalents, other non-current receivables, accounts payable and other current liabilities measured at amortised cost constitutes a reasonable approximation of fair value.

| SEK million | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Assets** | | |
| *Financial instruments measured at amortised cost* | | |
| Non-current receivables | 5 | 4 |
| Accounts receivable | 398 | 403 |
| Other receivables | 27 | 33 |
| Cash and cash equivalents | 121 | 53 |
| **Total** | **551** | **493** |
| **Total receivables** | **551** | **493** |
| **Liabilities** | | |
| *Financial instruments measured at fair value via the income statement* | | |
| Other current liabilities | 2 | – |
| **Total** | **2** | **–** |
| *Financial instruments measured at amortised cost* | | |
| Non-current interest-bearing liabilities | 776 | 1,314 |
| Other non-current liabilities | 8 | 11 |
| Current interest-bearing liabilities | 119 | 175 |
| Accounts payable | 358 | 342 |
| Other current liabilities | 41 | 41 |
| **Total** | **1,302** | **3,362** |
| **Total liabilities and provisions** | **1,304** | **3,362** |

### Certain disclosures regarding financial instruments assessed at fair value through profit for the year

The Group held financial instruments in the form of forward exchange contracts recognised at fair value via the consolidated income statement. The valuation was at level 2, in accordance with IFRS 13 *Fair Value Measurement*. Actual values were based on quotes from brokers. Similar contracts were traded on an active market and the rates reflected actual transactions on comparable instruments. In the comparison period, the Group held no such financial instruments, recognised at fair value in the balance sheet.

### Netting agreements and similar agreements

For derivative counterparties, there are ISDA agreements, meaning that derivative items can be reported net under certain conditions. There were reported financial liabilities attributable to derivative instruments of SEK 2 million in the consolidated balance sheet for the comparison period, which were covered by a legally binding framework agreement on netting. The Group holds no derivative instruments recognised net in its consolidated balance sheet.

### Calculation of fair value

Fair value of interest bearing liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date. Long-term interest-bearing liabilities essentially mature at variable interest rates and therefore correspond essentially to fair value with a carrying amount. For current interest-bearing liabilities, no discount is applied and the fair value corresponds, in all material respects, to the carrying amount. For further information on the fair value measurement of financial assets and liabilities, refer to Note 34 *Valuation of financial assets and liabilities at fair value and the category breakdown* on pages 160–161 in the 2021 Annual Report.

During the quarter, a spice calendar was launched in Norway under the Helios brand.

## Note 6 | Change in number of shares, Group

| Number of shares | Series A shares | Series B shares | Total |
|---|---|---|---|
| Number of shares, 1 January 2021 | 755,820 | 64,248,788 | 65,004,608 |
| Redemption of warrants | – | 213,180 | 213,180 |
| New share issue | – | 7,496,252 | 7,496,252 |
| Reclassification | –457,500 | 457,500 | – |
| **Number of shares, 31 December 2021** | **298,320** | **72,415,720** | **72,714,040** |
| Number of shares, 1 January 2022 | 298,320 | 72,415,720 | 72,714,040 |
| New share issue | 298,320 | 72,415,720 | 72,714,040 |
| **Number of shares, 31 December 2022** | **596,640** | **144,831,440** | **145,428,080** |
| Quota value per share, SEK | | | 5.00 |
| Share capital on the balance sheet date, SEK | | | 727,140,400 |
| Votes on the balance sheet date, number | | | 150,797,840 |

### New share issue

The new issue in December of 298,320 Series A shares and 72,415,720 Series B shares, with preferential rights for existing shareholders, showed that 277,448 Series B shares, corresponding to approximately 93.0 percent of the Series A shares offered, as well as 38,770,076 Series B shares, corresponding to approximately 53.5 percent of the Series B shares offered were subscribed with the support of subscription rights. In addition, 20,872 Series A shares, corresponding to around 7.0 percent of the Series A shares offered, as well as 225,475 Series B shares, corresponding to around 0.3 percent of the Series B shares offered, were subscribed for without the support of subscription rights. The remaining 33,420,169 Series B shares, corresponding to approximately 46.2 percent of the Series B shares offered, were assigned to Stena Adactum AB as the issue underwriter.

The new shares were registered with the Swedish Companies Registration Office in December 2022 and introduced in the share register maintained by Euroclear Sweden in January 2023.

### Reclassification of Series A shares to Series B

In December, at the request of shareholders, a reclassification of 172,856 Series A shares to Series B shares was initiated. The reclassification was registered in January 2023, whereby the number of votes changed to 149,242,136.

### Warrant programme

The subscription period for warrant programme TO2019/2022, potentially giving a maximum of 150,960 new B shares on full conversion, expired on 20 December 2022. No warrants were converted to B shares.

There were two warrant programmes outstanding at the end of the year. TO2021/2024, potentially giving a maximum of 171,000 new B shares given full conversion on the exercise of the warrants from 1 August 2024 to 20 December 2024. The subscription price for the option programme was recalculated at SEK 75.70 (previously SEK 75.85) in light of the completed rights issue. In August 2022, a total of 120,000 warrants inTO2022/2025 were transferred to senior executives. Each warrant entitles the holder to subscribe for one Series B share. The period during which the warrants may be exercised will be from 1 August 2025 to 20 December 2025. The subscription price for the option programme was recalculated at SEK 25.60 (previously SEK 25.66) in light of the completed rights issue. The transfer of the warrants took place at market terms based on a calculation according to the so-called Black & Scholes model done by PWC AB, which is to be considered independent in relation to Midsona. The fair value per warrant was SEK 3.82 at the time of the transaction in August 2022.

Because the average price for Series B shares was lower than the subscription price for TO2021/2024 and TO2022/2025 on the balance sheet date, earnings per share after dilution were not calculated. For more information on TO2021/2024, see Note 10 *Employees, personnel expenses and senior executives' remuneration* in the 2021 annual report, pages 146–148.

### Average number of shares, Group

| Number of shares (thousands) | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Average during the period | 79,646 | 72,714 | 74,447 | 67,783 |
| Average during the period, after full dilution | 79,937 | 72,864 | 74,668 | 67,932 |

## Note 7 | Acquisition analysis

The acquisition analysis for Vitality, which was presented preliminarily in the 2021 Year-end Report and the 2021 Annual Report, was approved without amendment in the third quarter of 2022.

Spanish brand Vegetalia launched two new falafels during the quarter, spicy falafel and sweet potato falafel.


# Definitions

Midsona presents certain financial measures in the Year-end Report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the Company's management as they facilitate the evaluation of the Company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these financial measures should not be considered a substitute for measurements as defined under IFRS. For the definition and purpose of respective measures not defined under IFRS, please see the Definitions section on pages 184–188 in the 2021 Annual Report. The following table presents reconciliations against IFRS.

## IFRS reconciliations, Group

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

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Operating profit, before items affecting comparability** | **5** | **20** | **30** | **157** |
| Items affecting comparability included in operating profit [1,2] | -11 | -3 | -495 | 4 |
| **Operating profit** | **-6** | **17** | **-465** | **161** |
| Amortisation of intangible assets | 12 | 13 | 48 | 47 |
| Impairment of intangible assets | 5 | – | 426 | 8 |
| Depreciation of tangible fixed assets | 28 | 28 | 113 | 109 |
| Impairment of tangible fixed assets | 0 | – | 54 | 4 |
| **EBITDA** | **39** | **58** | **176** | **329** |
| Items affecting comparability included in EBITDA [1,2] | 6 | 3 | 15 | -16 |
| **EBITDA, before items affecting comparability** | **45** | **61** | **191** | **313** |
| Net sales | 1,027 | 1,012 | 3,899 | 3,773 |
| **EBITDA margin, before items affecting comparability** | **4.4%** | **6.0%** | **4.9%** | **8.3%** |

[1] Specification of items affecting comparability

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Restructuring expenses, net | 6 | – | 15 | 0 |
| Revaluation of conditional purchase consideration | – | – | – | -21 |
| Acquisition-related expenses | – | 3 | – | 5 |
| Impairment of intangible and tangible assets | 5 | – | 480 | 12 |
| **Items affecting comparability included in operating profit** | **11** | **3** | **495** | **-4** |
| Impairment of intangible and tangible assets | -5 | – | -480 | -12 |
| **Items affecting comparability included in EBITDA** | **6** | **3** | **15** | **-16** |

[2] Corresponding line in the consolidated income statement

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| Expenses for goods sold | 2 | – | 57 | 4 |
| Selling expenses | 8 | – | 435 | 8 |
| Administrative expenses | 1 | – | 3 | 0 |
| Other operating income | – | – | – | -21 |
| Other operating expenses | – | 3 | 0 | 5 |
| **Items affecting comparability included in operating profit** | **11** | **3** | **495** | **-4** |
| Expenses for goods sold | – | – | -54 | -4 |
| Selling expenses | -5 | – | -426 | -8 |
| **Items affecting comparability included in EBITDA** | **6** | **3** | **15** | **-16** |

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

| SEK million | Full year 2022 | Full year 2021 |
|---|---|---|
| **EBITDA** | **176** | **329** |
| Acquisition-related transaction expenses | – | -16 |
| Pro forma adjustment | – | 11 |
| **Adjusted EBITDA** | **176** | **324** |

In Germany, the Davert brand launched portion packs of apple and cinnamon flavoured porridge.

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

| SEK million | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Non-current interest-bearing liabilities | 776 | 1,314 |
| Current interest-bearing liabilities | 119 | 175 |
| Cash and cash equivalents [1] | –121 | –53 |
| **Net debt** | **774** | **1,436** |

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

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

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Shareholders' equity and liabilities** | **4,904** | **5,287** | **4,904** | **5,287** |
| Other non-current liabilities | –8 | –11 | –8 | –11 |
| Deferred tax liabilities | –347 | –347 | –347 | –347 |
| Accounts payable | –358 | –342 | –358 | –342 |
| Other current liabilities | –50 | –56 | –50 | –56 |
| Accrued expenses and deferred income | –164 | –167 | –164 | –167 |
| **Capital employed** | **3,977** | **4,364** | **3,977** | **4,364** |
| Capital employed at the beginning of the period | 4,004 | 4,280 | 4,364 | 4,092 |
| **Average capital employed** | **3,991** | **4,322** | **4,171** | **4,228** |

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

| SEK million | Full year 2022 | Full year 2021 |
|---|---|---|
| **Profit/loss before tax** | **–529** | **115** |
| Financial expenses | 131 | 57 |
| **Profit before taxes, excluding financial expenses** | **–398** | **172** |
| Average capital employed | 4,171 | 4,228 |
| **Return on capital employed, %** | **–9.5** | **4.1** |

**Free cash flow. Cash flow from operating activities less cash flow from investing activities, excluding acquisitions/sales of operations, acquisitions/sales of trademarks and product rights and expansion investments**

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Cash flow from operating activities** | **128** | **–16** | **203** | **–64** |
| Cash flow from investment activities | –9 | –125 | –29 | –175 |
| Acquisitions of companies or operations | – | 111 | – | 114 |
| Expansion investment, new production line | 1 | 5 | 6 | 31 |
| **Free cash flow** | **120** | **–25** | **180** | **–94** |

**Organic change, net sales. Net change in sales between years adjusted for translation effects on consolidation and for changes in the Group structure**

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Net sales** | **1,027** | **1,012** | **3,899** | **3,773** |
| Net sales compared with the corresponding period in the preceding year | –1,012 | –1083 | –3,773 | –3,709 |
| **Net sales, change** | **15** | **–71** | **126** | **64** |
| Structural changes | 0 | –36 | –93 | –355 |
| Exchange rate changes | –51 | 4 | –132 | 67 |
| **Organic change** | **–36** | **–103** | **–99** | **–224** |
| Organic change | –3.5% | –9.5% | –2.6% | –6.0% |
| Structural changes | 0.0% | 3.3% | 2.5% | 9.5% |
| Exchange rate changes | 5.0% | –0.4% | 3.5% | –1.8% |

**Organic change in net sales of own brands. Net change in sales of own brands between years adjusted for translation effects on consolidation and for changes in the Group structure**

| SEK million | Oct–Dec 2022 | Oct–Dec 2021 | Full year 2022 | Full year 2021 |
|---|---|---|---|---|
| **Net sales own brands** | **692** | **691** | **2,667** | **2,622** |
| Net sales own brands compared with the corresponding period in the preceding year | –691 | –729 | –2,622 | –2,550 |
| **Net sales own brands, change** | **1** | **–38** | **45** | **72** |
| Structural changes | 0 | –16 | –47 | –191 |
| Exchange rate changes | –33 | 2 | –85 | 45 |
| **Organic change own brands** | **–32** | **–52** | **–87** | **–74** |
| Organic change | –4.6% | –7.1% | –3.3% | –2.9% |
| Structural changes | 0.0% | 2.3% | 1.8% | 7.5% |
| Exchange rate changes | 4.8% | –0.3% | 3.2% | –1.8% |

# Consolidated quarterly data

| SEK million | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 | 2021 Q4 | 2021 Q3 | 2021 Q2 | 2021 Q1 | 2020 Q4 | 2020 Q3 | 2020 Q2 | 2020 Q1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net sales** | **1,027** | **944** | **956** | **972** | **1,012** | **893** | **903** | **965** | **1,083** | **821** | **859** | **946** |
| Expenses for goods sold | -797 | -775 | -731 | -718 | -770 | -652 | -646 | -690 | -784 | -598 | -619 | -671 |
| **Gross profit** | **230** | **169** | **225** | **254** | **242** | **241** | **257** | **275** | **299** | **223** | **240** | **275** |
| Selling expenses | -159 | -567 | -162 | -157 | -148 | -138 | -155 | -151 | -161 | -128 | -123 | -130 |
| Administrative expenses | -76 | -72 | -76 | -74 | -76 | -67 | -73 | -73 | -88 | -60 | -70 | -66 |
| Other operating income | 3 | 3 | 2 | 2 | 3 | 12 | 13 | 7 | 17 | 16 | 17 | 2 |
| Other operating expenses | -4 | -1 | -2 | -3 | -4 | 0 | 0 | -4 | -1 | -4 | 9 | -10 |
| **Operating profit** | **-6** | **-468** | **-13** | **22** | **17** | **48** | **42** | **54** | **66** | **47** | **73** | **71** |
| Result from participations in joint ventures | – | – | – | – | – | – | – | – | – | – | -8 | 0 |
| Financial income | 12 | 20 | 25 | 10 | 5 | 4 | -5 | 7 | 7 | 3 | -29 | 33 |
| Financial expenses | -39 | -35 | -39 | -18 | -16 | -16 | -7 | -18 | -22 | -10 | 16 | -43 |
| **Profit/loss before tax** | **-33** | **-483** | **-27** | **14** | **6** | **36** | **30** | **43** | **51** | **40** | **52** | **61** |
| Tax on profit for the period | 18 | 5 | 7 | -2 | -5 | -5 | -6 | -10 | 4 | -6 | -12 | -14 |
| **Profit for the period** | **-15** | **-478** | **-20** | **12** | **1** | **31** | **24** | **33** | **55** | **34** | **40** | **47** |
| | | | | | | | | | | | | |
| *Items affecting comparability* | | | | | | | | | | | | |
| Items affecting comparability included in operating profit | 11 | 478 | 6 | – | 3 | -6 | -3 | 2 | 7 | -10 | -11 | – |
| **Operating profit, before items affecting comparability** | **5** | **10** | **-7** | **22** | **20** | **42** | **39** | **56** | **73** | **37** | **62** | **71** |
| | | | | | | | | | | | | |
| *Depreciation/amortisation and impairment* | | | | | | | | | | | | |
| Depreciation/amortisation and impairment included in operating income | 45 | 515 | 41 | 40 | 41 | 42 | 47 | 38 | 41 | 35 | 35 | 36 |
| **EBITDA** | **39** | **47** | **28** | **62** | **58** | **90** | **89** | **92** | **107** | **82** | **108** | **107** |
| | | | | | | | | | | | | |
| *Depreciation/amortisation, impairment and items affecting comparability* | | | | | | | | | | | | |
| Depreciation/amortisation, impairment and items affecting comparability included in operating profit | 51 | 518 | 47 | 40 | 44 | 32 | 36 | 40 | 48 | 25 | 24 | 36 |
| **EBITDA, before items affecting comparability** | **45** | **50** | **34** | **62** | **61** | **80** | **78** | **94** | **114** | **72** | **97** | **107** |
| | | | | | | | | | | | | |
| Free cash flow | 120 | 22 | 53 | -15 | -25 | -8 | -35 | -26 | 102 | 64 | 84 | 2 |
| Cash flow from operating activities | 128 | 29 | 54 | -8 | -16 | 0 | -29 | -19 | 113 | 71 | 89 | 10 |
| Number of employees as of the balance sheet date | 780 | 801 | 826 | 859 | 849 | 819 | 836 | 831 | 834 | 723 | 730 | 713 |

# Exchange rates

| | Average exchange rate | | Closing day rate | |
|---|---|---|---|---|
| **SEK** | **Jan-Dec 2022** | **Jan-Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| DKK | 1.4290 | 1.3641 | 1.4965 | 1.3753 |
| EUR | 10.6317 | 10.1449 | 11.1283 | 10.2269 |
| GBP | 12.4669 | 11.8022 | 12.5811 | 12.1790 |
| NOK | 1.0523 | 0.9980 | 1.0572 | 1.0254 |
| USD | 10.1245 | 8.5815 | 10.4371 | 9.0437 |

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