Midsona

ANNUAL REPORT AND SUSTAINABILITY REPORT 2021

midsona

Image of strong brands – with sights on becoming the leader in Europe

Midsona's strategy for building leading positions in selected product categories is based on strong brands in health and well-being. We will continuously develop our brands and bring in new ones so that we can meet current and new trends even more effectively. With this strategy, Midsona has become a leader in the Nordic region and the goal is to now work in a similar way to become a leader in Europe.

In 2021, we continued our proactive sustainability work, acquired the Finnish company Vitality, and integrated System Frugt in Denmark and the Swedish brand Gainomax. Midsona's broad portfolio includes strong brands such as Friggs, Urtekram, Kung Markatta, Helios, Davert, Happy Bio, Celnat, Vegetalia and Earth Control.

Contents

Annual Report and consolidated accounts

The Annual Report and consolidated accounts are included on pages 126–168 of this document and include the Audit Report. The consolidated financial statements have been prepared in accordance with IFRS. All values are expressed in millions of Swedish kronor (SEK million) unless otherwise stated. Figures in parentheses refer to the preceding financial year, unless otherwise stated. Market information is based on Midsona's own assessment if no other source is given. Assessments are based on the best available evidence.

Information about the Annual General Meeting

Midsona's Annual General Meeting will be held on 5 May 2022 at 3.00 p.m. at High Court, Malmöhusvägen 1, SE-211 18 Malmö, Sweden. The registration of voting rights will commence at 2.00 p.m. and will be closed when the Meeting commences. For more information, see the separate notice convening the Annual General Meeting.

Participation and registration

Pursuant to section 11 of Midsona's Articles of Association, the Board of Directors has determined that shareholders may exercise their voting rights at the Annual General Meeting by postal ballot. Shareholders may accordingly choose to exercise their voting rights at the Meeting by participating in person, via a proxy or by postal ballot.

Anyone wishing to exercise their voting rights at the meeting must:

- be entered in the share register maintained by Euroclear Sweden AB ("Euroclear") as of 27 April 2022; and
- notify the Company of their intention to attend the Meeting to in accordance with the instructions in the full notice convening the Meeting no later than 29 April 2022.

Shareholders whose shares are nominee-registered through a bank or other nominee, who hold their shares in a custodial account for example, must – in addition to registering – request that the shares be temporarily re-registered in their own name so that the shareholder is listed in the share register maintained by Euroclear as of the record date of 27 April 2022. Such registration may be temporary (so-called voting rights registration) and requested from the trustee in accordance with the trustee's routines, and in advance by an amount of time determined by the trustee. Registration of voting rights requested by shareholders sufficiently in advance that registration has been made by the nominee no later than 29 April 2022 will be taken into account in the production of the share register.

Dividend

The Board of Directors proposes that the 2022 Annual General Meeting resolve that no dividend be paid for the 2021 financial year.

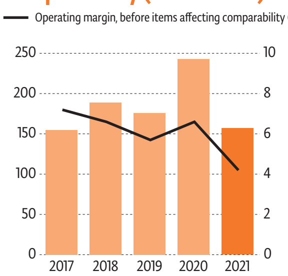
Significant events in 2021

- **Acquisitions of Vitality and Oy.** During the year, Vitality was acquired, a leading player in consumer health. With its broad product portfolio in consumer health and organic foods, Vitality will strengthen Midsona's position in Finland. By using Midsona's existing platform, favourable opportunities exist to build a strong presence and position in the grocery trade, as well as at pharmacies and healthfood retailers in the Finnish market. Midsona continues to consolidate the Nordic market through acquisitions in accordance with the Company's growth strategy.
- **Investment in plant-based meat-alternatives in Castellcir.** Midsona invested in the production facility in Castellcir, Spain. The investment aims to strengthen the business in plant-based meat alternatives by increasing production capacity and broadening the product range. Read more about Midsona's state-of-the-art production facility on page 24.
- **Directed new issue.** The Group carried out a directed new share issue, thereby raising approximately SEK 500 million. The capital injection strengthens Midsona's opportunities to make further acquisitions and to continue being a driving force in the consolidation of the other European markets.
- **Integration of Danish System Frugt A/S.** The strategically important company System Frugt, which was acquired in 2020, was fully integrated in 2021. System Frugt is a leading Nordic supplier of nuts and dried fruit to supermarkets. The company's market presence and product portfolio complement and strengthen Midsona's position in nutritious snacks and plant-based foods. Following the acquisition, the Earth Control brand became one of the Group's largest brands.
- **Midsona receives prestigious CDP rating of A-.** Midsona gained the recognition of the CDP with the A– grade, which means that Midsona is one of the 714 (5.4 percent) best reporting companies globally when it comes to climate change strategy and leadership. Read more on page 39.
- **Midsona's sustainability work takes several steps forward.** In line with Midsona's ambitions to influence people's eating habits towards healthier and more sustainable alternatives, Midsona pursues a sustainability agenda with ambitious targets. The Sustainability Report, accounts for the ongoing sustainability work in depth, based on the Group's six sustainability commitments and selected methods used to achieve the set sustainability targets. Work continues to accelerate the reduction of Midsona's climate impact with the goal of reaching net-zero emissions by 2045.
- **Increased demand for plant-based products.** In several of Midsona's markets, there is an increased awareness and willingness among consumers to choose plant-based food products for health reasons. At the same time, ethical and climate-related reasons play an increasingly important role in the choice of food products. Read more about trends and driving forces on page 12.
- **Demand for organic sandwich spreads.** To meet high demand for organic sandwich spreads, a decision was taken during the year to invest in the Lauterhofen production facility to improve the efficiency and quality of production. The investment safeguards Midsona's continued status as one of Germany's leading manufacturers of different organic sandwich spreads.
- **Challenging market conditions affected the year's earnings.** A number of factors influenced Midsona's development during the year. Higher costs for input goods, energy and transport had a considerable negative impact on the margin and the challenging market burdened profit for the year. To compensate, price increases have been introduced for most goods, which were generally well received. Midsona continuously undertakes profitability-improving measures and works to improve the delivery chain to create a more stable price picture. There is nonetheless a strong underlying driving force in the market with increased demand for plant-based and sustainable foods that align very well with Midsona's strategy and long-term plans for the business.

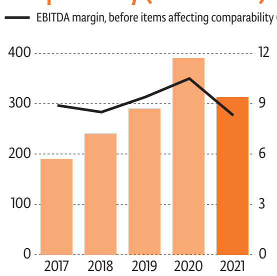
Events after the end of the financial year

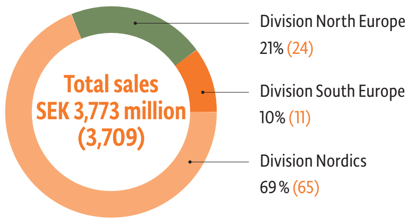
- **Midsona is recognized by the CDP for its climate work in the value chain.** Each year, the CDP nominates the companies contributing most Supplier Engagement in their value chains. Midsona belongs to the top tier and has been named a Supplier Engagement Leader (SEL), that is, among the top 8 percent of all companies that responded to the climate survey. Read more on page 39.
- **Midsona enters into an agreement with Spain's largest grocery chain.** An agreement has been signed with Spain's largest grocery retail chain Mercadona on the delivery of plant-based meat-alternatives. The agreement is estimated to generate annual sales of approximately SEK 30–40 million.
- **Security situation in Ukraine.** Midsona has no direct customer or supplier exposure in Ukraine, Russia or Belarus. The events in Ukraine are, however, expected to have indirectly negative consequences for the Group through higher prices for finished goods, raw materials, inputs and energy, which will lead to announced price increases for customers. We are also preparing for shortages of certain raw materials and inputs, as well as continued transport problems. We are monitoring developments in Ukraine very closely and are taking prompt action when necessary.

Operating profit, before items affecting comparability (SEK million)

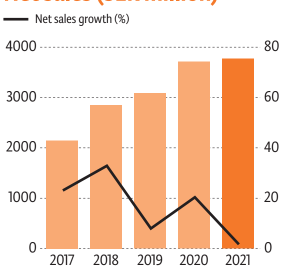


EBITDA, before items affecting comparability (SEK million)

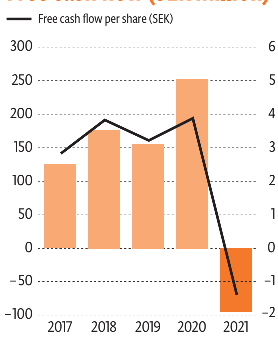




Net sales (SEK million)



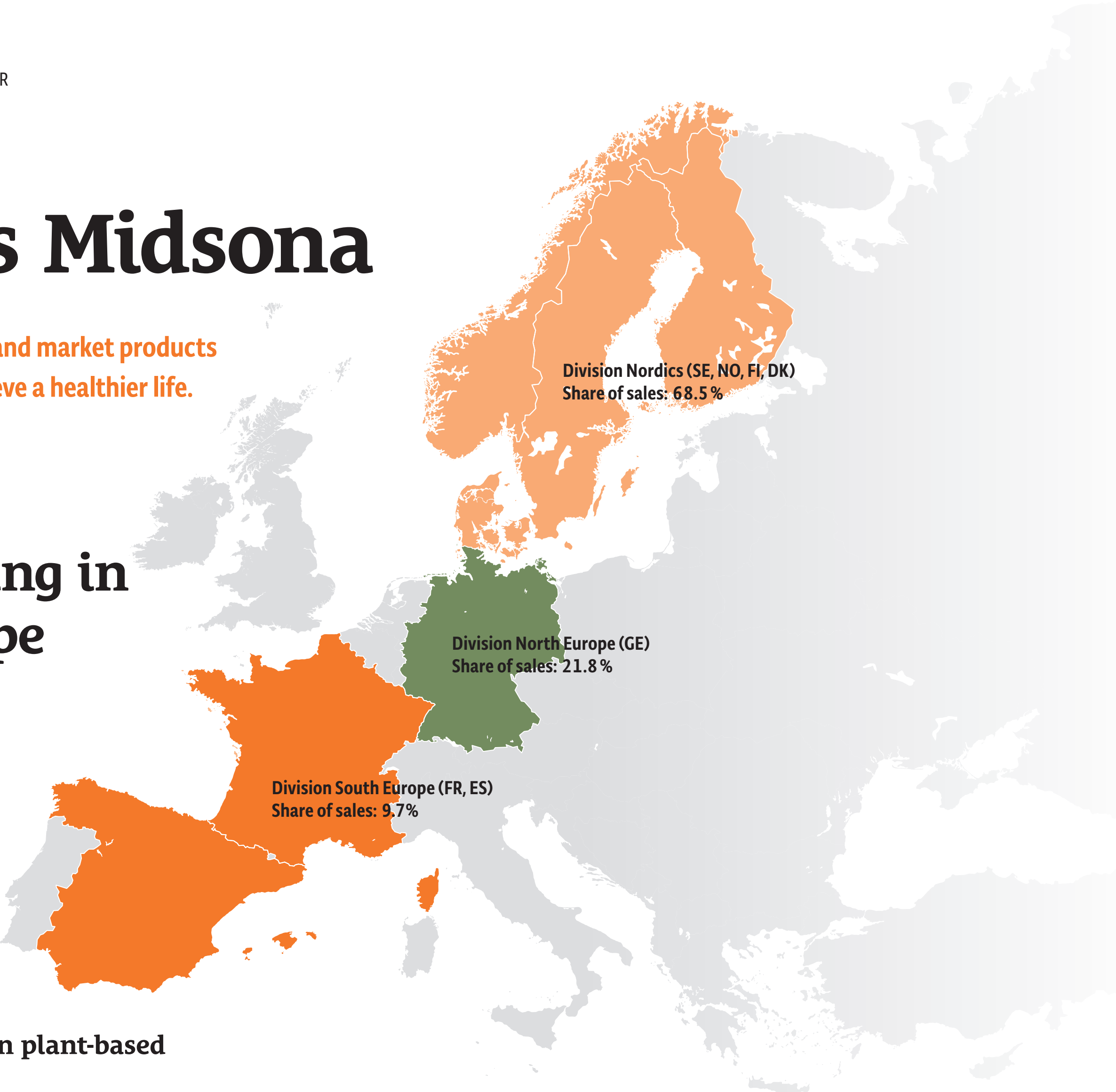
Free cash flow (SEK million)



This is Midsona

We develop, produce and market products that help people achieve a healthier life.

Leading in Europe



Strong emphasis on plant-based and organic foods

Through an active brand and acquisition strategy, Midsona has taken a leading position in health and well-being in the Nordic region. Applying the same recipe for success, the objective is to become a European leader. In recent years, the first steps have been taken by acquiring Davert, providing a strong platform in Germany, Europe's largest market for organic foods; and Alimentation Santé in France and Spain, providing a strong platform in plant-based meat alternatives in southern Europe. The subsequent acquisition of System Frugt of Denmark strengthens Midsona's position in plant-based foods and nutritious snacks.

The position in the Nordics division has also been strengthened with additional acquisitions, both geographically and within product categories. The acquisition of the Swedish Gainomax trademark has laid the foundation for an improved offer in Sports nutrition, and the supplementary acquisition of Vitality in Finland during 2021 complements Midsona with a broad product portfolio in consumerhealth and organic foods. During the year, major investments were also made to increase the Group's own production of plant-based meat-alternatives in Spain, and in Lauterhofen for organic sandwich spreads.

Healthy food for people and our planet

Midsona focuses on producing, marketing and selling products that are:

- Plant-based
- Natural and organic
- Healthy

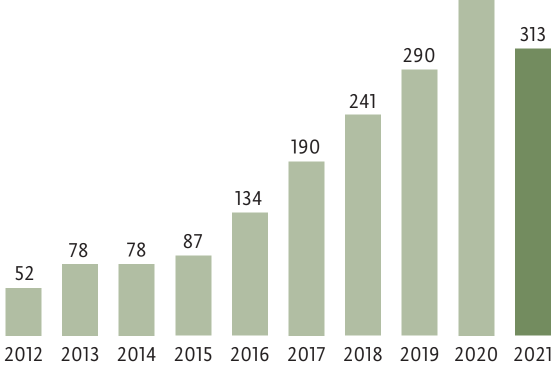
Sustainability

Midsona's strategy and business concept are based on a passion for healthy, natural and sustainable foods, making sustainability an integral part of the operations. To be at the forefront, we invest considerable resources in sustainability and have been working extensively for several years, both internally (to motivate employees to good health) and externally. In 2021, Midsona gained recognition from the global CDP environmental initiative, with an A rating, meaning that Midsona is among the best reporting companies globally with regard to climate change strategy and leadership. Work continues to accelerate the reduction of Midsona's climate impact with the goal of reaching net-zero emissions by 2045.

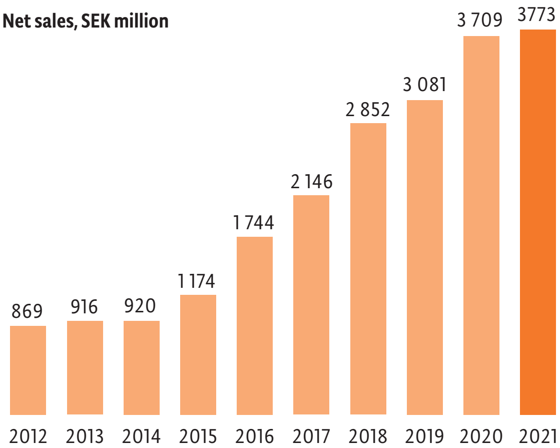
Challenging market conditions affect earnings

An unusual year that was pervaded by increased prices for raw materials, transport and energy, as well as by logistical challenges that, overall, burdened profit for the year. Midsona undertook a series of measures to maintain momentum in the organisation and to safeguard deliveries. Midsona has offset price increases on many products and is implementing a number of profitability-improving measures.

EBITDA, before items affecting comparability, SEK million

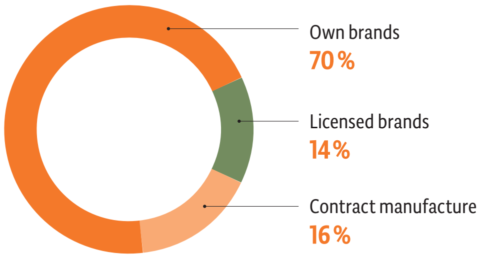


Net sales, SEK million



Focus on own brands

Midsona focuses on developing and marketing powerful brands. The business builds on a portfolio of own brands supplemented with licensed brands and contract manufacturing. Our own brands are our backbone.

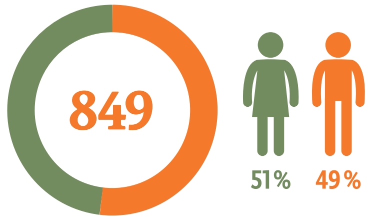


Employees

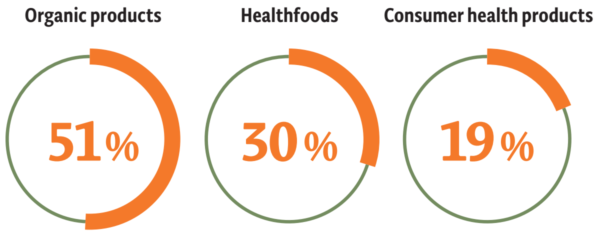
At the end of the year, the Midsona Group had 849 employees. At the same time, the number of employees in the divisions amounted to 831. A healthy and sustainable work environment is core at Midsona and there are several ways to promote the health of employees, such as:

- Ensuring our employees have a good balance between work and leisure.
- Making Midsona a balanced organisation, where we actively work on gender equality and diversity issues.
- Working with various initiatives, such as lectures, internal training and activities for training at or outside the workplace.
- Prioritised and transparent work with the working environment.
- Ensure that our employees have the right competencies needed to achieve Midsona's goals.

Number of employees



Our product categories



Our strong brands

Consequences of the pandemic pervaded 2021

For Midsona, 2021 was marked by the consequences of the pandemic. Demand was sometimes weak as countries opened up and many customers and consumers used their stocks during 2021. The transport chain did not function for much of the second half of the year, while costs for both energy and packaging materials increased sharply. Many harvests failed and, for long periods, it was difficult to obtain raw materials. Our greatest challenges were in Denmark and Germany, while other markets developed positively, such as Norway, which experienced its best year to date. We remain optimistic about the future, however, as we know what the challenges are and what we must do to counter them.

Aggressive initiative in plant-based meat-alternatives

During 2021, we continued to pursue our long-term strategies and achieved several important results. A major change in the grocery market is that many consumers are choosing plant-based protein sources instead of meat. To meet the growing demand, we substantially increased capacity at our Castellcir production unit in northern Spain. The facility is now our hub for plant-based meat-alternatives and has the capacity to develop new product formats and products, generating attractive opportunities for several of our brands. Towards the end of 2021, a breakthrough agreement was signed with Spain's largest grocery chain, Mercadona, for plant-based meat-alternatives. The collaboration got off to a good start and looks very promising.

Our successful strategy towards the grocery trade continued during the year. In Germany, the roll-out is ongoing at the major grocery chain Rewe and we are now well represented. In France, Happy Bio is now available from most larger customers, and the focus is now on broadening the range. I would also like to mention one of our most prominent brands, Friggs, which has been showing amazing development for several years thanks to great innovations and appropriate marketing measures. Considerable potential remains in launching Friggs in new markets.

We are continuing to consolidate the market

Midsona has enjoyed amazing development for several years with increasing sales rising profit. We have grown, both by developing existing brands and through acquisitions. We have consolidated the Nordic market and taken our first steps out into Europe. The acquisitions have generated several positive synergies that have contributed to increased profit. We have established new product platforms and connected new products to these, either through complementary acquisitions or our own product development. An important element has been the relocation of products from niche, specialist retailers to the broader grocery trade. Our strategy of growing through acquisitions remains, primarily through supplementary acquisitions outside the Nordic region. In 2021 Easter, we made the smaller acquisition of Vitality in Finland, a good complement that strengthens our position in Finland.

High rating for our sustainability efforts from the CDP environmental initiative

For several years now, Midsona has been pursuing structured and goal-oriented sustainability work based on our healthy and sustainable products. Our strategy and business idea build on a passion for healthy, natural and sustainable food, and sustainability is a natural part of our business. During 2021, we attracted the attention of the global, non-profit environmental initiative CDP for our climate strategy and our leadership. By achieving an A- grade, Midsona ranks among the best listed companies in the world. We are very proud to have gained this recognition from CDP, as it demonstrates that we maintain a globally high level in our climate work. Efforts to hasten the reduction of our climate impact are being continued so that we will reach our objective of net-zero emissions by 2045.

We look forward a stronger 2022

We are monitoring the cost trend for raw materials, transports and energy carefully and are adjusting our prices continuously. In the second quarter of 2022, we will have implemented the price increases we announced in the autumn of 2021 and we have also implemented a number of changes to be able to strengthen the supply chain. During 2021, we moved the operations and developed several processes and commercial plans that we will have great benefit of.

Finally, I want to direct my warmest thanks to all Midsona employees who worked so incredibly hard under difficult circumstances in 2021. Most of the challenges we were faced with in 2021 were consequences of the pandemic, which will naturally ebb out during 2022. We know what the challenges are and what we must do to counter them. Fundamentally, there is a very strong consumer trend for our products, which makes me optimistic about the future, and that we will see gradual improvement in 2022.

The events in Ukraine that commenced in the first quarter of 2022 have further affected the supply of raw materials and are expected to contribute to generally increased cost levels, as well as changed market behaviours. We are preparing ourselves for possible shortages of certain raw- and input, as well as for continued transport problems. We are monitoring developments in Ukraine very closely and are taking prompt action when necessary.

Malmö, April 2022

Peter Åsberg
President and CEO

Our mission and vision

Mission

We help people achieve a healthier life.

We help people achieve a healthier life by producing and marketing food that is healthy, both for people and the environment. Most of our products are plant-based or vegetarian, and many are natural and organic.

Vision

We will become a European leader in health and well-being.

Midsona will lead by continuously developing our own brands and taking in new ones so that we can meet current and new trends even more effectively. This is how Midsona has become the leader in the Nordic region and the goal is now to apply the same strategy to become the leader in Europe.

Midsona has observed that the trend having occurred in the Nordic region, with a fragmented market rapidly being consolidated, can now be seen in the rest of Europe. Particularly in the two major markets of Germany and France. Fundamental to becoming a leader in Europe is acting as a driving force in the consolidation of these markets – and Midsona has taken key steps, attracting interest, acquiring platform operations in Germany, France and Spain and by also making supplementary acquisitions in those markets.

Why you should invest in Midsona

Growing markets driven by global trends

Midsona's markets are attractive and growing more than the overall grocery trade. Growth is driven by several major, global trends, such as an ageing population, generally increased interest in personal health and plant-based food, as well as increased consumer demands for transparency and sustainability.

A clear mission permeates the Group's work

Midsona has a clear mission to help people achieve a healthier life with consideration for the environment. This pervades everything Midsona does – from the use of sustainable raw materials, to production and all the way home to the consumer.

Active in the consolidation of the European market

Today, Midsona is the leader in the Nordic region, a position achieved through an active acquisition strategy. The markets in the rest of Europe are assessed to be facing the same rapid growth as in the Nordic region, and Midsona is actively involved in consolidating the fragmented European market.

Leading positions with strong brands

Midsona holds a leading position in most of its sales channels, making the Company a preferred supplier and generating economies of scale. The strategy is based on developing strong brands in priority categories. Midsona holds several strong brands in the Nordic region, and these hold strong positions in their respective categories. Acquisitions in Germany, France and Spain have laid the foundation for growth in the rest of Europe, including for growth based on strong brands.

Solid sustainability work

Midsona's offering agrees well with the prevailing sustainability trend in the Company's markets. The strategy and business concept build on a passion for healthy, natural and sustainable food, making sustainability a well-integrated part of our operations. Midsona's vision is to influence people's eating habits in the direction of healthy and sustainable alternatives. In line with the Company's ambitions and the demands of customers, consumers and investors, Midsona has established clear sustainability targets with regard to sustainable brands, a healthy work environment, responsible purchasing, safe products, efficient use of resources and efficient transports.

Financial targets

The Group's financial targets are a way for Midsona's management to manage the Group, but also a tool for the financial market to clearly monitor the Group's development. The targets show how the Group develops in the long term, regardless of the economy and what phase the Group is in. In individual years, the fulfilment of certain targets can deviate.

Net sales growth: on average more than 15 percent annually

The growth target is to be achieved by focusing on our vision and set strategies. Growth will be achieved organically, through acquisitions and through new partnerships or alliances. For the long term, the target entails Midsona expecting to grow significantly faster than the underlying market (2-4 percent annually).

Target fulfilment in 2021:

Net sales amounted to SEK 3,773 million (3,709), an increase of 1.7 percent. The organic change in net sales was −6.0 percent while structural changes contributed by +9.5 percent and exchange rate changes by −1.8 percent.

EBITDA margin: more than 12 percent

The level has been set to generate the scope and conditions for developing the operations in the long term and for providing a stable return. As a focused brand company, Midsona achieves economies of scale in all functions, from purchasing to sales, which will strengthen the operating margin. In addition, an improved product mix and synergies from acquisitions are expected to affect the margin positively.

Target fulfilment in 2021:

EBITDA amounted to SEK 313 million (390) before items affecting comparability, corresponding to a margin of 8.3 percent (10.5). The decrease was attributable to lower business volumes, a weak gross margin trend and major market investments.

Net debt/EBITDA: a multiple of 3-4

The target links borrowing to earnings capacity and shall define a reasonable level of risk. The target is to be achieved through active investments and a clear focus on operating cash flow.

Target fulfilment in 2021:

The relationship between net debt and EBITDA on a rolling 12-month basis was 4.4 times (3.9), due, among other things, to weak cash flow and lower earnings. Periodically, the key ratio can be significantly higher than the target at the time after an acquisition as the results from the acquisition have not yet achieved full impact in the key ratio calculation.

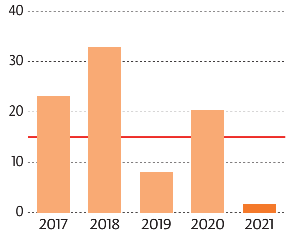
Dividend: at least 30 percent of profit after tax

The target is a well-considered proportion that provides shareholders with a reasonable return while ensuring that the Company has the funds necessary to develop its operations aggressively.

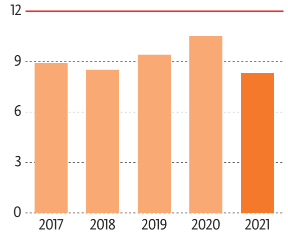
Target fulfilment in 2021:

The Board of Directors proposes that no dividend be paid for the 2021 financial year. For the 2020 financial year, a dividend of SEK 1.25 per share was paid, corresponding to a pay-out ratio of 46,4 percent. The objective is to continue to use future cash flows for share dividends, but also provide financial flexibility for acquisitions. The long-term financial goal of paying at least 30 percent of the profit after tax in dividends to the shareholders has been achieved for the past eight years.

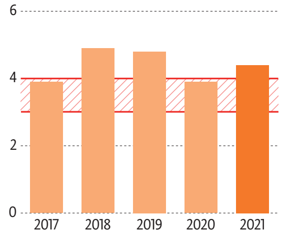
Net sales growth (%)



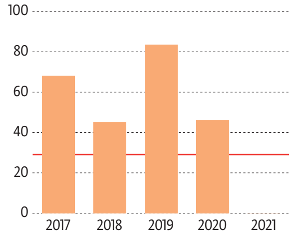
EBITDA margin (%)
before items affecting comparability



Net debt/EBITDA (multiple)



Pay-out ratio (%)



Objective

Sustainability targets

In 2020, Midsona developed new sustainability targets. The targets help Midsona reduce the foremost identified sustainability risks and to increase its focus on the foremost opportunities. In 2021, sustainability work was expanded with four new objectives concerning purchasing, resource use and safe products. For the status of Midsona's target fulfilment, see pages 48–49 of the Sustainability Report.

Sustainable brands

- By 2025, Midsona's plastic consumer packaging shall be 100 percent recyclable.
- By 2030, 100 percent of the products in Midsona's range shall be plant-based or vegetarian.

Healthy work environment

- Healthy workplaces will promote healthy employees without work-related injuries.
- Midsona shall have an even gender distribution in management positions throughout the organisation.

Responsible purchasing

- By 2025, 100 percent of Midsona's strategic suppliers will be classified in accordance with guidelines for sustainable procurement.
- *New target as of 2021:* By 2025, all of Midsona's own brand products are to be 100-percent free from palm oil.

Safe products

- By 2025, 100 percent of Midsona's suppliers are to be risk classified and risk-based audits are to be conducted annually.
- *New target as of 2021:* Target of 100-percent certification of Midsona's own production units, based on internationally recognized standards for product safety. The target was met in 2021. Additional certifications are made relevant in connection with acquisitions.

Efficient resource use

- By 2025, 90 percent of Midsona's waste shall be recycled. Midsona's food waste shall be reduced and by 2025, 100 percent of our food waste will be reused.
- *New target as of 2021:* By 2028, Midsona's own operations are to be supplied with 100 percent renewable energy.
- *New target as of 2021:* By 2030, Midsona shall have reduced its fresh water use by 10 percent per tonne produced. The Spanish operations aim to reduce their use by 20 percent per tonne.
- In 2034, in line with mapping based on the Science Based Targets initiative, Midsona shall have reduced its emissions in accordance with Scopes 1, 2 and 3 by 38 percent. The target from 2020 of 100 percent mapping of greenhouse gas emissions in accordance with the GHG (Green House Gas protocol) and to have our targets approved by SBTi (Science Based Targets Initiative) has been met.
- Midsona shall achieve net-zero in emissions by 2045.

Efficient transports

- By 2025, 100 percent of our goods transports for the Nordic division contracted by Midsona will be fossil free. By 2030, all goods transport within Europe contracted by Midsona shall be fossil-free.

Trends and driving forces

Midsona's products belong to strong, growing categories driven by a number of underlying, long-term global trends.

Midsona's sales are driven by three strong global trends

Health and well-being

A healthier everyday life is a high priority among many consumers. Healthy foods are part of consumers' approaches to increasing their well-being and improving their health. This is an underlying trend and is contributing to the continued increase in demand for healthy foods and supplements.

More plant-based eating habits

A paradigm shift is taking place in the food market, as consumers switch from meat to plant-based protein sources. People are adopting new and sustainable eating habits, helping the market for plant-based products to continue growing. In step with an increasing proportion of flexitarians and vegetarians, the range of new, innovative and, in particular, tasty plant-based products is growing.

Concern for the environment

Climate issues and environmental awareness are being afforded higher and higher priority by consumers who understand that their joint efforts with conscious consumption choices can make a big difference. By actively choosing food products with as little environmental impact as possible, from farm to fork, good conditions are fostered for a successful sustainable transition in society.

Conscious consumption for health and the climate

More and more consumers are demanding food and drink from the plant kingdom – a trend driven by a greater awareness of the connection between food and individual health and to benefit the climate. Today, large parts of the Swedish population consume too little in the way of vegetables, fruit, fibre and whole grains. There is clear scientific evidence that fibre has a positive effect on public health diseases, such as blood pressure, cardiovascular disease, type-2 diabetes and certain forms of cancer. With an increased consumption of foods based on high-fibre raw materials, such as grains, legumes and vegetables, plant-based foods can contribute to improved public health.

In line with increased consumer health awareness, a strong interest in dietary supplements remains, particularly in the Nordic countries, where vitamins are the most popular type. In Finland, 75 percent of people say they consume vitamins continuously, while 63 percent of people in Sweden and 45 percent in Denmark take vitamins. Probiotics are most popular in Finland, where 25 percent of people consume these regularly.

The food sector accounts for a significant part of greenhouse gas emissions and many research reports have indicated food as an important piece in the puzzle for achieving the global climate goals. The UN Climate Panel IPCC's report "Specialreport on Climate and Change" presented in August 2019, underscored the need for change in the food industry to achieve the UN's climate goals. This entails changing both production methods to become fossil-independent, and changing the foods we produce and eat. Politicians and decision-makers are now taking these issues more seriously, as evidenced by the EU's Farm to Fork strategy for a fairer, healthier and more environmentally friendly food system.

Strong growth in plant-based foods

Choosing a plant-based diet is a growing trend and an increasing proportion of the population in the Nordic countries, as well as the rest of Europe, say that they are flexitarians, vegetarians or vegans. The driving forces behind this could be, for example, be animal rights, health and the environmental perspective.

According to the industry report from Växtbaserat Sverige (Plant-based Sweden), assessments from several analysis institutions indicate that the global market for plant-based foods will grow by 11 to 15 percent annually, which can be compared with growth of about 2 percent for the food industry in general.

- According to BIS Research, the total plant-based market will have sales of nearly USD 500 billion by 2024.
- Markets and Markets Analysis assesses that market trends in different continents show a strong increase in plant-based, particularly in Europe and North America.
- Barclays estimates that the global market for meat-alternative products will grow by close to 1,000 percent and reach USD 140 billion annually within a decade.

According to Växtbaseret Sverige's industry report in 2021, increased consumer demand will generate stronger driving forces for companies to meet this trend, meaning, in turn, that more and more players are establishing themselves in the market while existing players are broadening their product ranges. The increase in supply and greater variation in the plant-based range has a strengthening effect and will likely increase demand further as more taste preferences can be met and accessibility improves. Development of plant-based foods is growing rapidly and many companies in the area are being noticed by investors who see the future potential.

Organic slowing but interest in sustainability growing

After a strong year for organic food in 2020, sales of organic foods slowed in many Midsona markets in 2021. At the same time, interest in sustainability and choosing nutritious, plant-based foods has continued to grow.

In Sweden, there was a decline in organic food, despite the fact that sales of food in general increased in the grocery trade as a result of more people cooking and eating at home and visiting restaurants, bars and cafés less during the pandemic. Statistics from Svenskt ekoindex (Swedish eco-index) show sales of organic food in Swedish grocery stores to have decreased by 5.4 percent over the year, that is, a drop in sales by just over SEK 1.1 billion. At the same time, it is worth mentioning that sales of organic foods increased by approximately SEK 1 billion in 2020. Accordingly, the sharp decline in 2021 was thus largely a rebound from the increase in retail sales in 2020 when the pandemic helped to shift a large part of food consumption from restaurants and commercial kitchens to homes.

One reason for this trend is that the grocery trade has significantly reduced its marketing of organic in the past four years. Since 2016, the grocery trade has reduced its campaigns for organic by as much as 33 percent, according to information from the company Matpriskollen. As a counterbalance, EkoWeb's report shows that the proportion of organic food in e-commerce is two to three times higher than in stores, due to the fact that organic alternatives have better exposure in digital contexts – compared to physical stores where shelf placement and exposure are crucial for sales.

Despite the market for organic food and drink having levelled off in recent years and now declining, Sweden remains among the countries around the world with the highest proportion of organic consumption per capita. For example, 38 percent of consumption in public kitchens is organic – no country in the world has a higher proportion of organic food in preschools, schools, hospitals and nursing homes.

In all of Midsona's markets, changes in consumer behaviour have been accelerated by the pandemic, with increased digitalisation, growing e-commerce for food and better-read climate-interested consumers who demand transparency and quality from the producers. Despite a challenging 2021, Midsona has been active in its markets with a number of new product launches and hard work to strengthen its positions within each brand. On the following pages, you can read more about developments in Midsona's markets over the year.

Sources:
Växtbaserat Sverige's industry report 2021
The Market for Organic Food, report on the organic industry, Ekoweb 2021 Organic Sweden https://www.organicsweden.se/blog/minskad-frsljning-av-ekologiskt-i-sverige-under-2020

SWEDEN

New consumption patterns affect the food industry

The Swedish grocery market is growing and has been positively affected by the pandemic, which caused more consumers to eat and cook at home. Alongside the restrictions in society, this changed buying behaviour gave e-commerce for food an upwards boost, corresponding to an increase of 44 percent over the year in Sweden. While the food industry is growing on the whole, there has been a clear decline in organic food, despite the fact that interest in sustainability and a more plant-based diet remains of interest for many. Conditions for organic are nonetheless considered favourable for Midsona in the long run, particularly in e-commerce. This makes it easier for consumers to search for and find the desired product properties, compared with the circumstances in a physical store.

The return to a more active everyday life has contributed to a pent-up need for nutritious but, at the same time, time-efficient meal solutions, benefiting several of Midsona's brands, such as Kung Markatta. The sports brands Gainomax and Swebar have recovered in pace with an increased active lifestyle. Following the easing of restrictions, the pharmacy market grew in 2021. Consumers' desire to prevent disease has led to increased sales of dietary supplements from the Mivitotal brand in 2021.

Many Swedish consumers are increasingly demanding products based on vegetarian and vegan alternatives. An example is Urtekram, which, with this year's updated product range, offers vegan beauty products certified by Ecocert Cosmos, which has been very well received by the market. Another investment meeting demand is Earth Control – a leader in dried fruit and nuts.

DENMARK

A healthier diet with less meat in Denmark

Having stayed home and prioritized home-made food in 2020, in 2021 Danes returned to a more normal everyday life with more restaurant visits. That return contributed to a general decline in food sales, which also hampered the growth of organic products. However, there are several indications that the organic market will develop, with several restaurants in Denmark plan to introduce eco-labels. This makes it easier for visitors to choose restaurants that prioritize organic ingredients and products.

In general, sustainability has been placed higher on the agenda in Denmark. A survey by Coop Analyse shows that those who buy organic are also more likely to make other sustainability-based choices, such as reducing their meat consumption. This trend is also in line with the Danish Food Safety Authority's updated dietary advice, which urges Danes to eat more plant-based foods for the sake of their health. The new dietary guidelines and an increased focus on sustainability aligns very well with Midsona's Urtekam, Friggs and Earth Control, helping them inspire more people to eat healthier and plant-based. Other Midsona initiatives within the framework of sustainability include Urtekam Nordic Beauty, which continues to enjoy strong market demand with its beauty products certified by Ecocert Cosmos.

NORWAY

Helios and Friggs stand out in Norway

More and more Norwegians are making healthy choices in their everyday lives, increasing, for example, their consumption of vegetables and reducing the amount of sugar and alcohol. The health trend is closely linked to Norwegian consumers growing more aware of sustainability issues, such as seeking to reduce their meat consumption. As a natural consequence, vegetarian and plant-based alternatives have increased in popularity and additional producers are choosing to make products meeting that demand.

The shift to healthier and more sustainable choices is reflected in Midsona's development in the Norwegian market over the year, where, for example, the organic brand Helios achieved very good results. In line with the trends, Midsona's Biopharma had an innovative year, developing new sustainable packaging and launching dietary supplements.

Beyond their generally more climate-conscious consumption, Norwegians are eating healthier snacks than previously, with Friggs having developed well over the past year. Midsona continues to develop Friggs' range and is planning additional product launches.

FINLAND

Finns choose organic and products for an active life

Due to a general increase in food prices in Finland, the growth rate among organic products has slowed compared with previous years. The proportion of people who consume organic products is nonetheless stable. Just over 91 percent of the Finnish population bought organic products in 2021. Slightly more than 30 percent buy organic weekly and more than half buy regularly. To strengthen its position in the market, Midsona has expanded its portfolio of vegan beauty products certified by Ecocert Cosmos, including the popular, recently-launched Narcissa by Urtekram. In 2021, Midsona continued the roll-out of Earth Control, which offers consumers organic nuts, kernels and dried fruits.

During the pandemic, many stores chose to cut back on campaigns to reduce congestion in stores, which led to more people planning their purchases better, which also reduced the volume of impulse purchases. During the pandemic, tremendous interest in exercise increased demand for Midsona's Gainomax, Compeed, Naturdiet and Friggs brands.

GERMANY

Davert inspiring more people to eat vegetarian

The German market for organic products is the largest in Europe. In recent years, the market has gradually grown, and today organic accounts for about 6 percent of all food sales. More and more people in Germany see themselves as vegetarians or flexitarians and the demand for plant-based products is increasing. In response, the German grocery trade has gradually expanded its range of plant-based products.

The desire to find organic products and meat substitutes are consumer behaviours in line with Midsona's Davert brand. The brand offers a wide range of organic cereal products and plant-based products, making it easier for German consumers to eat healthy meals without meat. Davert's strategy is to continue broadening the range with innovative products to engage and inspire consumers to eat vegetarian more. The strategy has already yielded results, with Davert's newly-launched product with red lentil rice winning the Best New Product Award for 2021.

The grocery trade in Germany was affected by the pandemic in various ways. Larger supermarkets benefited most over the year and increased their sales compared with competing speciality stores and smaller stores. At the same time, many speciality stores chose to increase their range of food products to attract more customers, which also benefits Midsona, which has loyal customers in that segment.

SPAIN AND FRANCE

Growth for plant-based in recovering markets

Spain and France are two markets starting to return to a new normal following the corona pandemic. Sales of organic products amounted to about SEK 25 billionin Spain in 2021. France is the second-largest organic market in Europe, with annual sales of organic products exceeding SEK 130 billion.

Due to inflation and the transition to an everyday life with fewer restrictions, a general decline in sales of food products impacted organic products in France in 2021. Although sales decreased in 2021, consumption is at a higher level than in 2019. For this reason, potential remains for organic products to capture new shares in the French market, and many grocery chains are investing heavily in marketing organic in stores.

Consumers in Spain and France generally have a considerable interest in health and sustainability, with the proportion of plant-based food having grown steadily in recent years. Midsona's 2021 Vegetalia initiative fits into this well, with products like tofu that make it easy to eat healthily and sustainably. Another brand that stands out is Happy Bio, which has been successful in the French market with its muesli and other organic products.


URTEKRAM
Paprika Sød
Paprika Søt
Paprika Söt
Paprika Makea
Ekologiskt & väldigt gott!
demeter
DAVERT
Halbe Rote Linsen
PROJEKT „KOTWA“
Von indischen Kleinbauern in der Region Uttar Pradesh am Fuße des Himalaya angebaut.
℮ 300 g
FAIRTRADE
Vegetalia
250g
PICADA VEGETAL SEITÁN
AGRICULTURA ECOLÓGICA
100% Vegetal
FRIGGS
CHIAFRÖ & HAVSSALT

Our strategy

Through our strategy, we identify our end-customers' renewed or changed needs. We continuously develop, acquire and nurture successful brands with strong market positions and chooses the best channel strategy for each product.

MIDSONA'S STRATEGY IS BASED ON FOUR COMPONENTS:

1. Leading brands in prioritised categories

We develop, produce and market strong brands in health and well-being in our principal markets in the Nordics, as well as in the rest of Europe. Our brands should hold position number one or two in their categories and should be in the right channels, where we have the best knowledge and where there are opportunities for strong growth.

2. Selective acquisitions and market consolidation

Acquisitions are an integral part of Midsona's business. Midsona played a major part in consolidating the market in the Nordic region. Although we will continue to do that, our sights are now set primarily on the rest of Europe.

3. Cost-effective value chain

We work continuously to adapt and streamline the organisation and to assess the product range in terms of profitability. Existing suppliers are evaluated on an ongoing basis to ensure the best terms and quality.

4. Healthy and sustainable culture

While Midsona offers products that help people lead a healthier life, we must, at the same time, stimulate and motivate our employees to lead healthier lives given their specific opportunities. Our employees being motivated is the basis for success and we will continue the work of making Midsona an even better and more attractive workplace.


Happy Bio
FRIGGS
CHIAFRÖ & HAVSSALT
Beetroot Burger
EKOLOGISK
RÖDBETS JUICE

1. Leading brands in prioritised categories

Midsona focuses on its own strong brands and also offers a number of selected licensed brands in the product categories organic products, healthfoods and consumer health products.

The current primary geographical markets are Sweden, Denmark, Norway, Finland, Germany, France and Spain. The vision is to take the Nordic concept to a growing and fragmented market in the rest of Europe. In recent years, platform acquisitions have been made in Germany, France and Spain. In addition, further additional acquisitions have been made in Division North Europe (Germany) and in Division Nordics (Denmark and Finland). Midsona strives for our brands to hold position number one or two in their categories and to be in the right channels, meaning where we have the best knowledge and where there are opportunities for strong growth. In recent years, Midsona has launched numerous new products and innovations. In addition, the packaging is renewed continuously, improving the visibility of the products and making them agree more with the requirements of both consumers and retailers, particularly from the perspective of sustainability.

Category leaders generate added value

During the year, Midsona commenced a strategic shift in the sales organisation for Sweden and the Nordics, from a traditional focus on individual brands and products to instead pursuing a dialogue on the development of entire product categories together with the customer. As a category leader, Midsona becomes far more interesting as a collaborative partner. Building up a category organisation is a matter of improving Midsona's capacity to generate additional customer value and to focus on how it can, with appropriate brands and products, increase the value of an entire category and thus generate added value for the customer. It is in the customer's interest to build efficient channel shares and profitable categories. Together with Midsona's insights into consumer behaviours and category exposure, the customer can achieve greater growth in different categories.

Stronger Nordic position in several categories

Last year, the corona pandemic led to some changes in consumer behaviour that affected sales of Midsona's product categories to varying degrees. Some categories, such as healthfoods and basic goods were favoured, while others were temporarily disadvantaged. Early in the year, sports and weight-loss/gain products such as protein bars and shakes were temporarily negatively affected. Demand then increased again in line with a return to normalisation in society. Over the year, Midsona has worked to update the category by integrating the acquired brand Gainomax, significantly improving its opportunities to take a strong position in the sports category in the Nordic region.

During the year, Midsona began rolling out a number of other products in the Nordic region. The roll-out of System Frugt's Earth Control brand continued, introducing the Danish brand's dried fruit and nuts to the other Nordic markets. Danish Urtekram launched a new vegan facial care series. In addition, a wider launch of Friggs' best-selling products was initiated in the Nordic region with the objective of strengthening of the maize and rice cakes category as had previously been achieved in Sweden.

IN 2021, AMONG OTHER THINGS, MIDSONA:

- Acquired the Finnish company Vitality, strengthening the consumer health products category in the Nordic region, particularly in Finland. The work to integrate the company into the Group is in progress.
- Started building up a Nordic category organisation focused on increasing customer value.
- Integrated the Danish company System Frugt with a focus on launching the Earth Control brand outside to other Nordic markets outside Denmark.
- Implemented a wider launch of Friggs' best-selling products in the Nordic region to strengthen the category of maize and rice cakes in each market.
- Launched Narcissa by Urtekram, a new product category in vegan facial care.
- Made an investment in the production facility in Castellcir, Spain, to strengthen the operations in plant-based meat-alternatives.
- Midsona's sales organisation within Food Service is investing to become the biggest in Sweden and perceives favourable opportunities to take a strong position.
  Food Service offers sustainable meal solutions with delivery of ingredients to restaurants, cafés, hotels and schools.

Our product categories

Strong brands that meet the consumers' needs

Midsona's wide range of strong brands with leading products in health and well-being satisfy the needs of many consumers. By continuously developing the brands so that we can meet existing and new trends in an even better manner we have reached a leading position. We develop our brands by reviewing the range and being innovative with exciting new flavours, relevant ingredients and new categories. We also develop our brands in how and where we communicate about them. In 2021, most of our marketing continued to be steered towards digital channels and social media, where we reach new and existing customer groups. Rapid digital development demands that we are constantly present, are easy to find, can answer our consumers' questions and have an open dialogue.

Midsona's strategic goal is to work with brands that are number one or two in their markets. This creates opportunities for increased exposure in shops, making it even easier for consumers to choose our products. In 2021, our own brands accounted for a total of 70 percent (69) of the Group's sales. Many of our brands have strong and leading positions in selected segments in the respective product category.

Increasing the proportion of plant-based products in our range is a conscious, strategic choice, as this is the segment within health and well-being that is expected grow fastest in Europe over the next few years.

Denmark and Sweden have the highest consumption per capita of organic food in the world. In the rest of Europe, growth is still high. Conventional large food companies have begun to be interested in organic and are launching both organic variants under strong conventional brands and entirely new organic brands.

Through the brands Kung Markatta, Urtekram, Davert and Helios, Midsona holds leading positions in the organic market in all Nordic markets and Germany. In addition, we work with several other brands of our own with good profitability, as well as a number of licensed brands. The acquisitions of recent years have given Midsona access to brands such as Urtekram, Kung Markatta, Helios, Davert, Happy Bio, etc., brands with several dimensions. Most importantly, the brands are organic, strong, clearly niched and personal, and are therefore well suited to Midsona's brand strategy.

Our strong brands

Midsona's operations build on strong own brands that are continuously developed in new channels to reach existing and new consumers. Midsona's well-established brands play a key role in the Group's growth and together stand for a significant part of Midsona's total sales.

Earth Control

Premium brand in plant-based foods. Carefully selected, natural products from around the world, including nuts, kernels, dried fruits and berries. Leading supplier to the grocery trade in the healthfoods category.

Davert

Davert is an organic food brand with one of Germany's broadest assortments of selected organic products. The Company owns the entire value chain, from purchases of organic raw materials to production and distribution. Davert offers a wide range of rice, cereal flakes, dried fruits, nuts and more.

Kung Markatta

Kung Markatta is a Swedish brand in organic foods. With a broad range of food products for all kinds of cooking and baking, such as oils, grains, pasta, bouillon and various kinds of flour, Kung Markatta offers food that both tastes good and has a good impact. Sold in Supermarkets.

Urtekram

Urtekram is a brand in organic food and vegan beauty products. This broad range of products is sold primarily through grocery traders. Urtekram offers a wide range of dried fruits, nuts, oils, spices, fruit cream, muesli, rice and pasta. Urtekram offers several series of hair and body-care products with contemporary fragrances, as well as recently launched vegan facial care products. The range is exported to around 30 countries and is continuously developed.

Vegetalia

Spanish organic brand in production of vegetable protein including fresh plant-based products. Midsona is investing in its own production to develop new plant-based products, where Vegetalia will play an important role in the future.

Friggs

Friggs is a broad health brand that focuses on the latest trends and is part of the health-foods product category. The product range is mainly available through supermarkets. Friggs holds a leading position in the market for corn and rice cakes and is continuously launching new flavours. Friggs' range of teas focuses on good taste with ingredients that have strong health ties. The dietary supplements hold a leading position in the Swedish market.

Happy Bio

Organic and plant-based foods, such as grains, flakes, seeds, vegetables, pasta and rice. All products are certified palm oil-free. Happy Bio's products are sold primarily in the grocery trade in France and Belgium and with growth ambitions in Spain.

Celnat

Pioneer in organic and plant-based products in France since the 1970s. Well-established actor in production of roasted grain and cereals in its own production unit. Sold mainly in special stores for organic products and in supermarkets.

Helios

A well-known brand in organic food with Norway's most extensive range of select organic and bio-dynamic products, such as breads, beverages, cold cuts, dinner accessories, pasta sauce, pesto, oils, sugar, syrup, nuts, seeds, flour and tea. Helios was launched all the way back in 1969 as Norway's first organic brand in food. Today, Helios' products are in grocers throughout Norway.

Midsona is taking the next step in plant-based meat-alternatives in Castellcir

The production facility in Castellcir, Spain became part of Midsona through the acquisition of Alimentation Santé in 2019, which included the Vegetalia subsidiary and brand. Vegetalia is a leading Spanish actor in the production of vegetable protein, including fresh plant-based products, with unique characteristics. Since 2019, Midsona has been producing first- and second-generation plant-based meat-alternatives in Castellcir, including tofu, tempeh, seitan and veggieburgers.

The plant-based meat-alternative segment is growing by about 15 percent annually in Sweden, according to research company Nielsen and, in Midsona's experience, growth will be at least as high in the Group's other European markets.

An investment in the food of the future

Against this background, Midsona made the decision at the end of 2020 to strengthen its offering in plant-based meat-alternatives by developing the production facility in Castellcir. With an improved investment of SEK 45 million, an expansion was initiated focusing on new production technology to be able to offer a wider range of plant-based meat-alternatives with improved taste and structure.

Plant-based is a growth area, partly for reasons of sustainability with a growing awareness among consumers, and partly for personal health reasons, which are causing an increasing number of people to choose plant-based alternatives. All raw materials used in production in Castellcir are completely organic.

Xavier Cruz Flix is Operations Director for Midsona in Castellcir, and is responsible for production, logistics, purchasing and maintenance. Xavier has been one of the driving forces behind BioFrio – the development project at the new facility:

"In just nine months, we have rebuilt our warehouse, which is located right next to our first production facility, to become a state-of-the-art production facility that allows us to produce more brand new products for Midsona, both in the Nordic region and in the rest of Europe", says Xavier Cruz Flix.

The production area has been doubled. The warehouse operations have been outsourced and, with the help of the new production area, capacity has increased significantly, while the range has been broadened with new and more advanced products. In the production line, for example, it is now possible to produce and package both fresh and frozen food. A number of features have been installed at the production facility that open up new possibilities. One machine, for example, uses low-pressure technology to produce vegetarian products with a meat-like texture, another is a kneader that uses a vacuum system allowing it to process all kinds of dough, and another is an advanced fryer that can create different degrees of crispy surfaces on whatever passes along the production line. New packaging lines have also been developed to pack in bags, cartons or trays as needed.

"We work continuously with product development to be able to launch new products. All of the 250 products that we manufacture are available for the entire Group to use. Through close cooperation within the Group, we are aware of the needs of the various companies in the Group and can ensure that we develop the types of plant-based products demanded by the market," says Xavier.

Increased capacity in production

The first phase of the investment in Castellcir, with the new building in place, increased production capacity of second-generation plant-based products (falafel, for example) by four times what it had been. It also brought the opportunity to produce and deliver frozen foods, which we couldn't do before. In the second phase, the old production building was improved, tripling the production capacity for seitan and doubling the production of tofu.

Several other types of second-generation products have also been developed, which, based on different basic ingredients can be produced in many different forms, such as veggie burgers, pâtés, nuggets and veggie balls. In 2022, development of the third generation of products will continue, and we will also broaden the base of raw materials, which is currently dominated by soy beans.

About the production facility in Castellcir

Castellcir produces more than 250 unique products for the Midsona Group, spanning several brands – Vegetalia, Toki, HappyBio, Kung Markatta, Urtekram, Celnat and Helios. In 2022, several new products will be launched that the entire Group will be able to benefit from in all of Midsona's geographic markets. Castellcir in Spain will be the Midsona Group's hub and development centre for plant-based meat alternatives, providing all divisions with new, innovative and, not least, delicious vegetarian products.


Home Roasted
SEA SAL
FRIGGS
Crushed Tomatoes
URTEKRAM

2. Selective acquisitions and market consolidation

Acquisitions are an integral and fundamental part of Midsona's business. We have in recent years played a major role in consolidating the market in the Nordic region, primarily through the acquisitions of the brands Urtekram and Kung Markatta and System Frugt in Denmark. In 2020, we have, through the acquisition of System Frugt in Denmark. We have shown a good capacity for identifying strategically suitable acquisitions and for integrating and developing operations offering short and long-term synergies alike. Today, Midsona holds a strong position in the Nordic region.

The plan looking ahead is to establish a strategically important base, geographically or in a particular category, through a platform acquisition and thereafter increase the presence in the area or category through add-on acquisitions. Acquisitions in accordance with the strategy were made in Germany in 2018 and 2019 and in France/Spain in 2019.

IN 2021, AMONG OTHER THINGS, MIDSONA:

- Acquired Vitality, a leading Finnish player in consumer health, whose broad product portfolio in consumer health and organic food strengthens Midsona's position in Finland.
- Integrated the Danish company System Frugt, which was acquired in 2020. System Frugt strengthens Midsona's position in the categories of healthy snacks and plant-based foods.
- Worked to further develop the acquired Gainomax brand, strengthening the sports nutrition category in Sweden and creating conditions for growth in the Nordic region.
- The acquisition market is looking brighter and Midsona has, in line with the return to normality in Europe, continued the work of mapping, contacting and visiting possible acquisition targets in the rest of Europe outside the Nordic region, to further strengthen the Group's position in Europe.

Our acquisitions 2012-2021

The amounts refer to sales at the time of acquisition.

Nordsveen
Norway
Healthfoods/Consumer health products
NOK 74 million

Dalblads Nutrition
Sweden
Healthfoods
SEK 51 million

Supernature
Norway
Healthfoods
NOK 49 million

Elivo*
Finland
Consumer health products
EUR 1.3 MILLION

Soma Nordic
Norway
Organic products
NOK 51 million

Urtekram International
Denmark
Organic products/ Healthfoods
DKK 368 million

Internatural
Sweden
Organic products
SEK 637 MILLION

Biopharma*
Norway
Consumer health products
NOK 30 MILLION

* Trademark acquisition

Bringwell (publ)
Sweden
Consumer health products
SEK 335 million

Davert
Germany
Organic products
EUR 64 million

Eisblümerl
Germany
Organic products
EUR 9 million

Ekko Gourmet
Sweden
Organic products
SEK 10 million

Alimentation Santé
France/Spain
Organic products
EUR 33 million

System Frugt
Denmark
Organic products
DKK 399 million

Gainomax*
Sweden
Healthfoods
SEK 80 million

Vitality
Finland
Organic products/ Consumer health products
EUR 12 million

Strong position for growth in Europe – organically and through acquisitions

Midsona is a growth company. During the 2010s, we grew strongly through a bled of organic growth in existing brands and an offensive strategy to acquire companies and strong brands in the Nordic region, which has, in recent years, been extended to encompass the rest of Europe.

Since the consolidation in the Nordic region began in 2012, sales have risen from SEK 0.9 billion to approximately SEK 3.8 billion. A combination of organic growth and growth through acquisitions remains a priority, driven primarily by organic and plant-based products, categories that are growing rapidly and that are profitable.

As early as in 2012, we noted a number of favourable trends in the Nordic market for products for health and well-being – trends that still apply:

- A fragmented market with many small and medium-sized family-owned businesses.
- Few strong companies and few strong brands.
- The majority of the products were sold in special stores, such as healthfood stores and pharmacies. There was an emerging trend for certain products to also start being sold in grocery trade.
- Public interest in health and well-being increased sharply.

Nordic consolidation

The industry was ready for a Nordic consolidation, at the same time that interest in the whole market and our products grew. Over a period of a few years, we broadened our presence in the Nordic region, mainly by building and generating growth in our own brands, but also by making a number of acquisitions. We acquired several small and medium-sized family-owned companies, and integrated them and their brands into Midsona's portfolio. Step by step, we became an ever larger and stronger company. In 2017, we had achieved our goal of being the leader in the Nordic region. The Nordic market was then largely consolidated and we decided to focus on further development of our existing strong Nordic brands – and began looking at creating growth in the rest of Europe.

Value-generating acquisitions completed and on the agenda

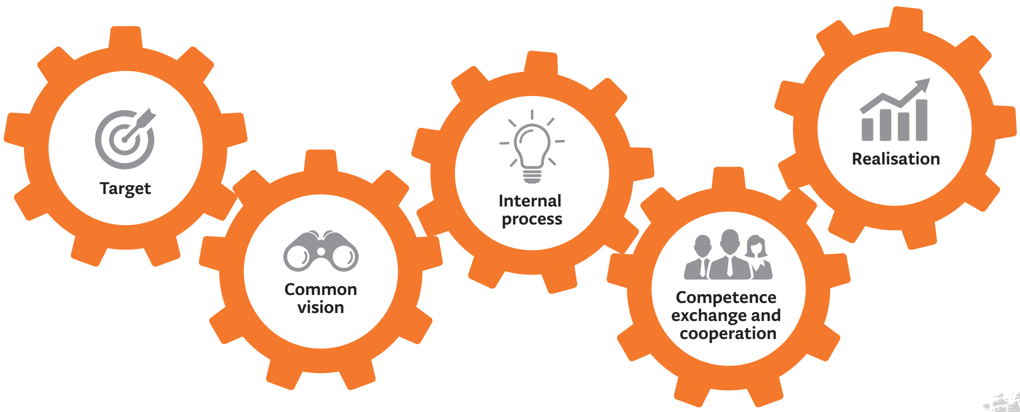
Before Midsona entered the European market, a comprehensive analysis was carried out, with a list of some 1,000 small and medium-sized family-owned European companies of interest being produced. Based on this list, we have already conducted one major acquisition in Germany (Davert), and one in France/Spain (Alimentation Santé), as well as several smaller acquisitions in recent years. Much of the work is done before the acquisition is carried out. We devote a great deal of time to discussing the future with the management and owners of the company we want to acquire. When we then announce the deal, we have a shared plan in our sights.

Despite some turbulence in the rest of the world, Midsona has continued to deliver on its journey of acquisition. In 2020, the Danish company System Frugt, with its Earth Control brand, was acquired, to capture additional positions in healthy snacks and plant-based foods. In 2020, Midsona made a significant brand acquisition with Gainomax, considerably strengthening the sports nutrition category. During the year, Midsona acquired the Finnish company Vitality. With a product range that complements Midsona's own very well, we perceive sales and cost synergies. Vitality also enjoys a favourable presence among pharmacies, making Midsona strong now in all significant sales channels in the Finnish market. On the whole, Vitality is exactly the type of acquisition that has added most value for Midsona historically.

Over the year, we implemented a directed new share issue to institutional investors for approximately SEK 500 million to finance continued value-generating acquisitions. We see that the acquisition market is thawing around Europe and we intend to play an active role when the right opportunity arises. Several interesting processes have been initiated that Midsona hopes to be able to return to in the near future. Midsona's successful expansion will continue in the short term perspective, primarily through add-on acquisitions. Platform acquisitions are also possible from a longer-term perspective if the right opportunity arises.

Clear acquisition and integration model

Midsona has a clear acquisition and integration model with a well-functioning internal process, after having carried out about 20 acquisitions in recent years. A large part is about making it possible for the new employees to feel welcome in Midsona and to work in accordance with our culture and our processes as soon as possible. It is important to quickly find forms of collaboration, exchanges of expertise and create synergies, not least on the marketing and sales side to get the acquired company's products and brands out to new customers and new markets. We also carefully map cost synergies where there are structured processes to realise them.



Opportunities for further consolidation in Europe

Midsona has acquired some of the companies analysed. The full list and the list of the prioritised companies is updated and evaluated on an ongoing basis. Midsona maintains continuous contacts with the companies, visiting them and conducting a dialogue to be able to participate if an opportunity to make an acquisition arises.

CRITERIA FOR POTENTIAL COMPANIES:

- Well-established brands with good market positions in one or more countries.
- Broad product portfolio or focused on a specific subcategory/product group.
- Opportunities to generate synergies.


RÖDBETA
RÖDBETS JUICE

3. Cost-efficient value chain

Midsona works continuously to streamline the organisation and to integrate the acquired companies fully into the value chain. An increasingly coordinated purchasing strategy has taken shape at the European level and extensive investments have been made to increase production capacity at our own facilities.

A European value chain structure has taken shape, based on Midsona's already well-proven Nordic structure. This entails, in particular, that Midsona is working in a more coordinated way with its production and distribution networks across national borders and that a more flexible warehousing structure is in place, applying our Group-wide purchasing processes. As a part of improving the efficiency of the operations, Midsona is working to increase the sales volumes that come from our own production. All existing suppliers and our own production structure are continually evaluated to ensure that a high level of cost-effectiveness and quality are upheld. The combination of our own production and external suppliers creates a cost-effective and flexible supply chain that can more easily be adapted to trends and a volatile market in supply and demand.

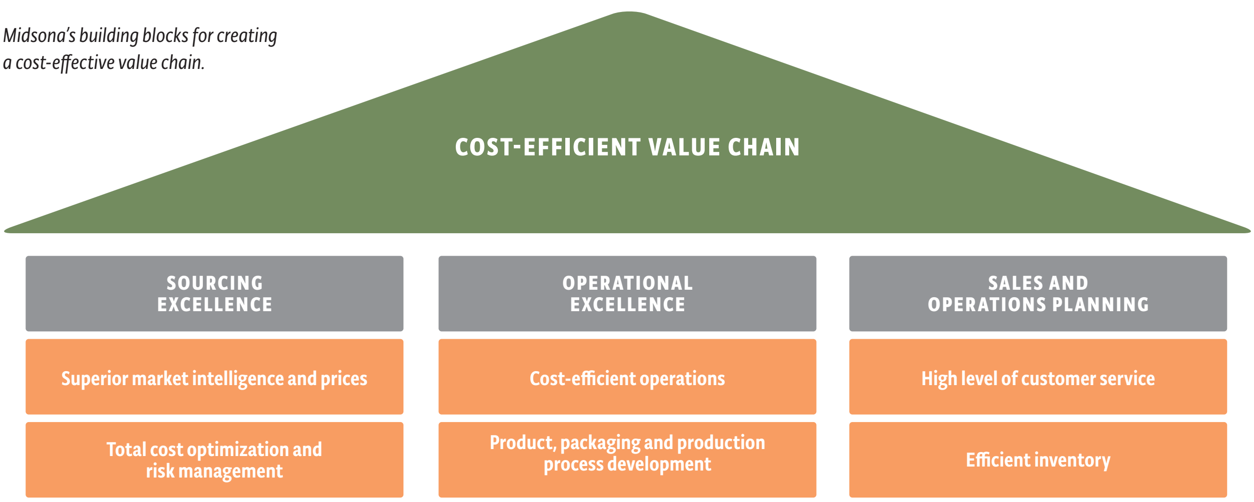
IN 2021, AMONG OTHER THINGS, MIDSONA:

- Continued consolidation and streamlining of the European warehouse structure.
- Mapped production capacity and production strategy for the Group's own facilities, meaning that Midsona can now purchase and produce more products of its own than before.
- Continued work with joint purchasing processes and coordinated procurement, resulting in significant savings.
- Completed an extensive transformation of Midsona's Spanish production facility in Castellcir, resulting in a marked increase in capacity and capability.
- approved investments in the production facility for sandwich spreads in Lauterhofen.

The building blocks of the value chain

Midsona's value chain predominantly comprises three building blocks resting on a number of essential elements, that generate value for Midsona as a company. In 2021, the model was further developed and the objective is to implement the updated model within the organisation by 2022. The first building block, **Sourcing Excellence,** is about purchasing the right raw materials and products at the best possible price. The other building block, **Operational Excellence,** is about Midsona's operational umbrella to drive improvement work in the production and warehouse structure. This means cost efficiency and flexibility by staffing and managing Midsona's production facilities as cost-effectively and flexibly as possible. The third building block is **Sales and Operations Planning** which is about ensuring that Midsona can deliver what customers demand, while Midsona conducts a cost-effective inventory rotation of the products.

Midsona's building blocks for creating a cost-effective value chain.



Greater coordination in the European value chain

During the year, several steps were taken at the Group level to improve the structure of the European value chain and to harmonise the various operations. Strategic investments have been made to build greater synergies in the Group's own operations and to broaden and improve the offering. Not least through a larger share of own and more coordinated production than previously.

A challenging year

The first half of 2021 was, in many ways, marked by the effects of the corona pandemic, which led to extremely volatile supply and demand. The development from open societies to shut-downs in many countries had a huge impact on Midsona's entire value chain. During the first half of the year, the focus was primarily on keeping staff healthy and ensuring as safe and secure a workplace as possible for all employees. Every link in the value chain was put to the test during the pandemic and it was important that the production facilities and the Group's processes worked well so that food could be delivered to customers and ultimately to consumers.

The impact of the corona pandemic on the transport network was substantial, and there were also major shifts in consumption patterns throughout Europe, with a sharp increase in e-commerce. The market recovery in the second half of the year meant new opportunities for Midsona, while the recovery also brought a pent-up need that needed to be satisfied. This led to bottlenecks on the transport side and cost increases, also with the consequence that many suppliers chose to raise their prices to offset higher commodity prices. At the same time, 2021 was a year of poor harvests, which was partly attributable to labour shortages during the pandemic, partly to periodic shut-downs of society in many countries. In addition, the impact of climate change became highly visible during the year, and poorer harvests generally lead to price increases for the raw materials used by Midsona.

Many improvements implemented over the year

Despite many challenges during the year, Midsona has maintained a high pace in its operations. During the year, the acquired company System Frugt was fully integrated into the Group. The company is now part of the Nordic supply chain organisation and has applied the same processes and systems since May 2021. In addition to the commercial benefits brought by System Frugt, including a well-known brand and good products, the company also adds value with its own roasting facility. This means that Midsona can now roast nuts in-house, rather than purchasing externally. This has allowed several cost and time levels to be eliminated.

During the year, Midsona continued its strategy of streamlining its warehousing operations by increasingly outsourcing its inventory management to external parties. In 2021, Midsona outsourced a warehouse in Drammen, Norway. The warehouse in Castellcir in Spain has been rebuilt as a production facility, while the warehouse operation was outsourced. A warehouse in France was also outsourced. During the year, Midsona chose to close down a production facility in Jerez de la Frontera, with parts of the business having been moved to Midsona's new production facility in Castellcir.

Investments to meet demand

The investment in Castellcir in 2021 was made to meet demand in plant-based meat-alternatives and to be able to offer a wider range of products in that area with improved taste and structure. With the investment, it has been possible to double the production space while the product range has been broadened with new and more advanced products. Read more about Castellcir on pages 24–25.

Midsona's factory in Lauterhofen, southern Germany, which manufactures nut and chocolate sandwich spreads, reached its capacity ceiling during the year, following an extended period of high demand. For this reason, the decision was made to initiate capacity- and efficiency-enhancing investments. In Lauterhofen, Midsona has produced and launched products – not only for the German market but also for both the Spanish and French markets. In line with the overall strategy, Lauterhofen has been able to launch sandwich spreads under several different brands in the Midsona portfolio.

During the year, Midsona continued its efforts to implement its Sales and Operations process within the Group in Europe. The plan was initially launched in the Nordic countries with the purpose of improving the Group's goods flows and of ensuring that all commercial and operational units collaborate optimally. The next step in the process has now been taken with the implementation of the same plan commencing out in Europe, focusing initially on Germany and France. The year's volatile demand entailed some measures of caution being taken, with inventories and margins temporarily increasing.

Quality-certified production

Midsona prioritises the highest possible quality and works continuously to improve its food production facilities. One way to ensure this is through certifications. In January 2021, Midsona's French facility was approved in accordance with the GFSI standard within the IFS certification, which

is one of the three leading quality management systems in Europe. This means that all of Midsona's food production facilities are now approved in accordance with GFSI approved standards, and most of them at the highest level of certification.

During the year, the production unit for Body Care Products in Mariager, Denmark, was certified in accordance with ISO 22716. In addition to its own established quality targets, Midsona works pro-actively with its suppliers and places demands on their own quality work and transparency.

Coordinated purchases across national borders

The Group uses basic ingredients shared by many different products and brands. For a purchasing company like Midsona, there are therefore substantial benefits in co-ordinating and utilising resources to generate synergies. Just as for other parts of value chain, the market turbulence in 2021 was very visible for purchasers working to secure agreements for raw materials. Despite the challenges, a large number of successful joint Group procurements were completed during the year within several of Midsona's major product categories.

Coordinated cross-border purchases continue to yield positive effects for Midsona with clearly lower costs and economies of scale as a result. Today, purchasing is a better partner for the commercial units which, with their combined experience of markets and products, benefit our local brands.

The journey continues

Midsona continues on its path of further improving the value chain in the Nordic region and Europe, which grew even stronger in 2021 during the challenges with which the value chain was faced. Midsona is acquisition-driven, and each new acquisition brings new capabilities and production capacity that can benefit the entire Group. For example, the Group now has its own nut roasting facility in Tilst, production of our own spice mixes for various brands has commenced in Mariager and we have our own production of tofu and tempeh in Spain. The acquisition of Vitality also creates new opportunities for the Group to start producing more products of its own in the future. The strategy ahead is to continue on the same successful path – to become even better at utilizing our own production capacity and taking advantage of the opportunities that each facility generates.

Our divisions

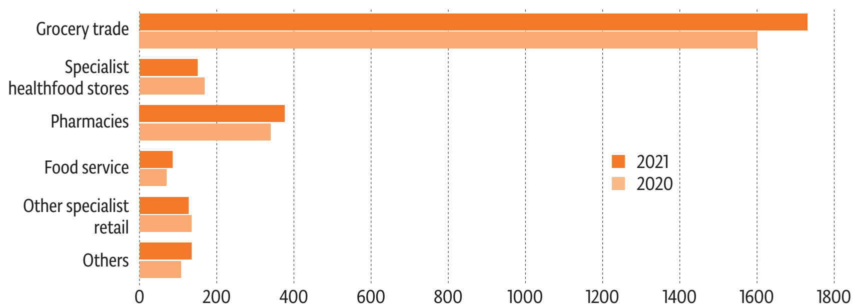
The operations are organised into three divisions: Nordics, North Europe and South Europe, which bear the operational responsibility for product development, production, marketing, sales and distribution to customers. Proximity to customers provides optimum conditions for being able to combine economies of scale with flexible and efficient business decisions.

Division Nordics

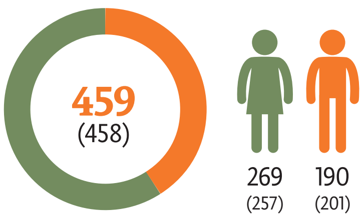
- Integration of System Frugt A/S in Denmark, a leader in natural products in the Nordic region, including nuts, kernels, fruit and berries under the premium brand Earth Control.
- Integration of the acquired Gainomax brand, strengthening Midsona within sports nutrition in Sweden and paving the way for Nordic expansion.
- Acquisitions of Finnish company Vitality and Oy, a leading player in consumer health. With its broad product portfolio in consumer health and organic foods, Vitality will strengthen Midsona's position in Finland.
- Launch of Narcissa by Urtekram, vegan facial care through select retailers.
- The production unit for Urtekram Beauty in Mariager, Denmark, was certified in according with ISO 22716.
- Challenging market conditions with higher prices for raw materials, transport, energy and logistical challenges impacted profit for the year. Midsona implemented a series of measures to maintain momentum.

Key figures	2021	2020
Net sales	2,611	2,428
Net sales growth	7.5%	7.0%
EBITDA, before items affecting comparability	263	288
Depreciation and amortisation	–53	–43
Operating profit, before items affecting comparability	210	245
Items affecting comparability included in operating profit	3	11
Operating profit	207	234
Operating margin	7.9%	9.6%

Sales channels



Gender distribution

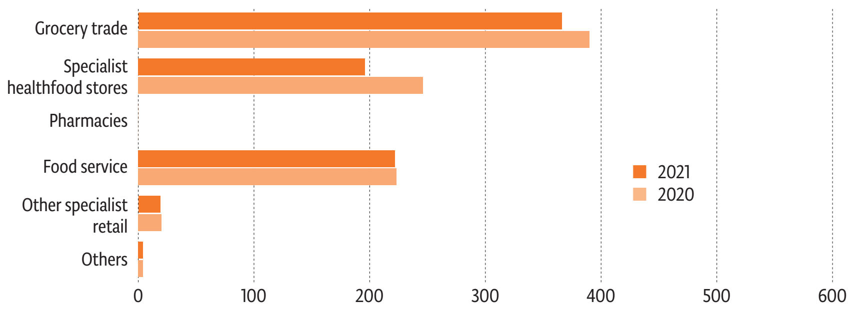


Division North Europe

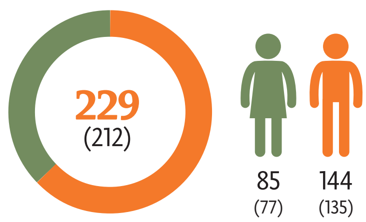
- Increased demand for plant-based and organic products has from time to time led to high capacity utilisation in the production units.
- Investment in increased production capacity at Midsona's Lauterhofen facility to meet increased demand for organic sandwich spreads. A decision was taken, for example, to invest in a grinder for producing nut butter.
- Shortages of raw materials due to poor harvests had a certain negative impact on sales.

Key figures	2021	2020
Net sales	831	899
Net sales growth	–7.6%	20.7%
EBITDA, before items affecting comparability	50	74
Depreciation and amortisation	–43	–45
Operating profit, before items affecting comparability	7	29
Items affecting comparability included in operating profit	–10	–14
Operating profit	17	43
Operating margin	2.0%	4.8%

Sales channels



Gender distribution



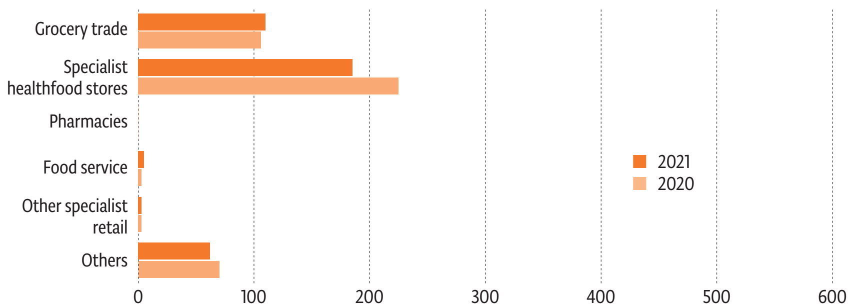
Division South Europe

- An investment of SEK 31 million was made at in Midsona's production unit in Castellcir in Spain – the hub for production of the Group's plant-based meat alternatives.
- Occasionally high capacity utilisation in production facilities to meet increased demand for plant-based products.
- Midsona's production facility in France secured IFS certification during the year. Accordingly, all of the Group's facilities have been certified.
- During the year, an agreement was signed with Spain's largest grocery chain, Mercadona, regarding deliveries of plant-based meat-alternatives. Production will be conducted in Castellcir.

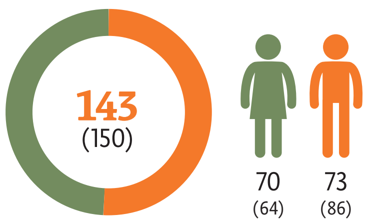
Key figures	2021	2020
Net sales	369	409
Net sales growth[1]	–9.8%	359.6%
EBITDA, before items affecting comparability	26	51
Depreciation/amortisation and impairment	–23	–18
Operating profit, before items affecting comparability	7	33
Items affecting comparability included in operating profit	5	–
Operating profit	2	33
Operating margin	0.5%	8.1%

[1] Net sales growth in 2020 was affected by the comparison period referring only to October– December 2019.

Sales channels



Gender distribution




URTEKRAM
ALWAYS ORGANIC
Falafel
Spicy
URTEKRAM
ALWAYS ORGANIC
Veggie
Pizza Balls
URTEKRAM
ALWAYS ORGANIC
Beetroot
Burger

4. A sustainable and healthy culture

Midsona's core mission is to offer products that help people live healthier lives, which applies both to our employees, as well as our stakeholders. Midsona's customers and consumers impose strict demands on sustainable products. There is a strong connection between their interest in plant-based organic products and sustainability.

Midsona's sustainability work is connected to the UN's global goals for sustainable development. The goals cover a large number of issues and we have analysed and mapped the way in which Midsona best contributes to Agenda 2030. We have then chosen to prioritise the most important ones based on Midsona's operations and where we can make the greatest difference. The Group's sustainability data are reported in their entirety on pages 44–101.

IN 2021, AMONG OTHER THINGS, MIDSONA:

- Gained the recognition of the global CDP environmental initiative, with an A- rating, meaning that Midsona is among the best reporting companies globally with regard to climate change strategy and leadership.
- Worked with a clear ESG focus throughout the Group.
- Analysed and further improved the Group's KPIs.
- Joined Science Based Target to take responsibility in the work of reducing emissions.
- Intensified work to analyse sustainability risks (see risk sections on pages 116–125).
- Worked with sustainability management in newly acquired units.
- Conducted internal lectures, training and activities to strengthen the employee culture and the skills needed to achieve Midsona's goals.

Midsona gains recognition for its sustainability work

During the year, Midsona gained recognition for its sustainability work from various actors, partly for its ambitious initiative at the Group level and partly for the work within Midsona's individual brands.

Midsona was awarded a prestigious rating by the CDP

Midsona has attracted the attention of the global non-profit environmental initiative CDP (Carbon Disclosure Project). The A– grade means that Midsona is one of the 714 (5.4 percent) best reporting companies globally when it comes to climate change strategy and leadership. The CDP's annual process is considered the gold standard for corporate environmental transparency because it measures actions and performance in mitigating climate-related risks and reducing greenhouse gas emissions.

The CDP is an international non-profit organisation that helps companies visualise their environmental impact. CDP points are awarded to increase companies' transparency and to guide, stimulate and assess environmental measures.

In 2021, more than 13,000 companies, representing more than 64 percent of global market capitalization, responded to the CDP's annual climate survey. The CDP survey is entirely in line with the recommendations of the TCFD (Task Force on Climate related Financial Disclosure).

Midsona is recognized by the CDP for its climate work in the value chain

CDP SUPPLIER ENGAGEMENT LEADER 2021

Each year, the CDP nominates the companies contributing most Supplier Engagement for positive climate change in their value chains. Midsona belongs to the top tier list, referred to as Supplier Engagement Leaders (SEL), that is, 8 percent of all companies that responded to the climate survey. The CDP's annual ranking is designed to assess and stimulate measures for the companies' supply chains engagement on climate issues, based on the CDP's survey on climate change. This covers governance, targets, emissions from the value chain (Scope 3) and strategies for supplier engagement and other factors in the Company's climate work.

Nasdaq ESG Transparency Partner

In 2021, Midsona was certified as a "Nasdaq ESG Transparency Partner", after submitting comprehensive sustainability data to Nasdaq. The sustainability data help Nasdaq build its ESG database, which is available to investors and other stakeholders seeking to make sustainable investments. The certification can be used freely to signal Midsona's ESG commitment and high degree of transparency towards both current and future investors.

ISS ESG rating

Midsona holds a Prime rating that was awarded in 2020 in a review of ESG results conducted by ISS. The Prime rating is awarded to companies with an ESG result above the sector-specific threshold, meaning that the Company meets ambitious absolute performance requirements.

Sustainable grocery company

In 2021, Midsona came in fourth among sustainable Swedish companies in the groceries category. The annual survey is performed by Swedish business newspaper Dagens Industri and Swedish sustainability magazine Aktuell Hållbarhet. In the overall category for Sweden's most sustainable company, Midsona achieved 14th place.

Kung Markatta highly ranked among consumers

Kung Markatta was ranked eighth out of 148 brands in the survey regarding Sweden's greenest brand. In the food producer category the brand achieved third place. The award is presented annually by the strategy consultancy Differ. Swedish consumers' assessments are behind the award.

Sustainable Brand Index

The Sustainable Brand Index is Europe's largest independent brand study focusing on sustainability. With the help of more than 60,000 consumers and 1,000 decision-makers in eight countries, the study measures and analyses more than 1,400 brands in 34 industries on sustainability.

In Sweden, Kung Markatta achieved 14th place. Urtekram achieved 20th place in Sweden and 11th in Denmark.

A strong and sustainable collegiate environment

Health and well-being have always been a high priority for Midsona. This is reflected in our mission of caring for the external community – we want to help people achieve a healthier life. In the same way, we want to support and encourage all of our employees to live as healthy a life as possible with a balance between work and leisure. Employees who thrive and develop are the recipe for success that enables us to perform and achieve our ambitious objectives together.

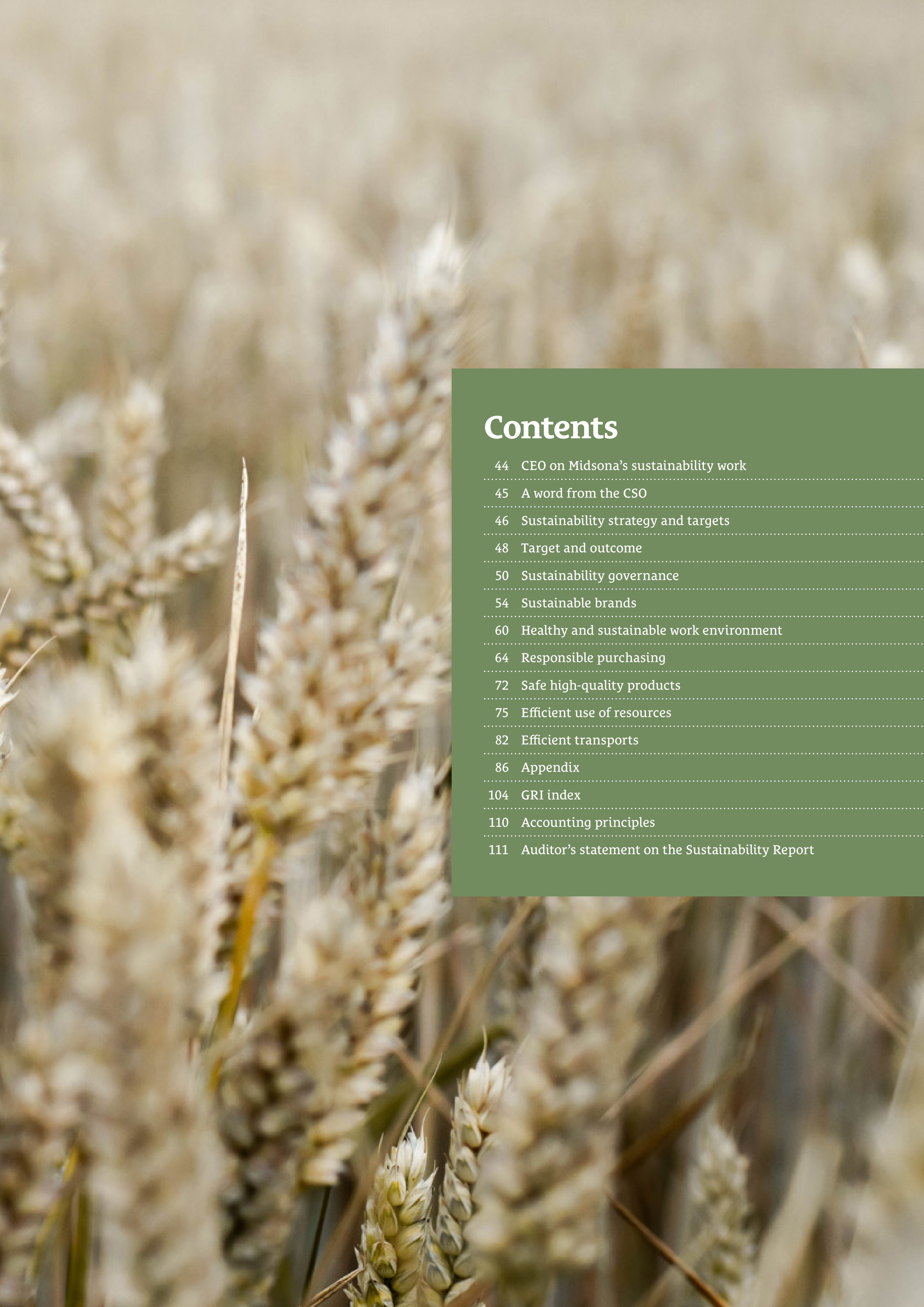
The corona pandemic pressure-tested all parts of our organisation and showed how important it is to have a prosperous and strong organisation in which each individual feels that they can handle change and grow with challenges. Midsona is a young company with many new employees seeking to grow in their professional roles. This underscores the importance of a strong employee culture that holds the organisation together and ensures we all, despite a turbulent world, continue working towards our ambitious objectives.

Highly aware that teleworking can affect an individual's health, both physically and mentally, we used another digital tool for maintaining good cohesion during the year and also to monitor the health situation in the organisation. Over the year, we carried out a number of activities online to motivate our employees at a distance, such as testing new diets with two new vegetarian recipes each week. Healthy eating is a given at Midsona, we want to live as we learn and to be aware from a sustainability perspective. By living as we learn, all employees gain a greater knowledge of the products and, in this way, we all become better ambassadors for everything that Midsona stands for.

A sustainable employee culture also causes multiple rings on the water. Not least in the form of our positive impact as an employer. We perceive substantial interest among people who want to work at Midsona and that is very satisfying.

Every year, we conduct a major survey among our Nordic employees, ascertaining their mental and physical health, as well as their well-being, at both the departmental and company level. Happily enough, we again achieved very good results, which bodes well for our continued initiative focusing on sustainability and growth.

Sustainability Report



Contents

CDP and SBTi

– two recognitions to the quality of our sustainability work

We included sustainability in our strategy as far back as in 2010. We have gradually worked more intensively and in a more structured manner with this area and today we are at the absolute forefront with regard to sustainability and sustainable food, now with a particular focus on plant-based products. Over the year, we received two recognitions to the quality of our work when the Science Based Targets initiative (SBTi) approved our targets for reduced emissions, and the environmental initiative CDP ranked us as one of the best listed companies in the world reporting to them.

We have set ambitious targets and have achieved a great deal in recent years, although we remain humble and are aware that much remains to be done. We have built an internal organisation and structure to handle sustainability issues efficiently. We have, among other things, applied a special reporting system for several years, which is fundamental for effective internal efforts.

Major investments in plant-based products

A paradigm shift is taking place in the food market, entailing consumers switching from meat to plant-based protein sources. Demand is increasing steadily as more and more people are seeing the benefits of a plant-based diet, not least because plant-based products are one of the most effective ways of reducing the climate impact of food.

We have made major investments in our manufacturing unit in Spain, and the plant is now the hub of our plant-based meat-alternatives. We have increased our capacity and can now work with new product formats and exciting products under our brands, generating new market opportunities. Towards the end of the year, we received a breakthrough order for plant-based meat-alternatives from Spain's largest grocery chain Mercadona.

Midsona ranks among the best listed companies reporting to the CDP

During the year, Midsona also gained recognition for its climate strategy and our leadership of the global, non-profit environmental initiative CDP. By achieving an A- grade, Midsona ranks among the best listed companies in the world. The CDP's annual process is considered the gold standard for corporate environmental transparency because it measures actions and performance in mitigating climate-related risks and reducing greenhouse gas emissions.

We are very proud to have gained this recognition from CDP, as it demonstrates that we maintain a globally high level in our climate work. Work continues to accelerate the reduction of Midsona's climate impact with the goal of reaching net-zero emissions by 2045.

SBTi approves Midsona's target for reduced emissions

In 2021, our emissions reduction targets were approved by the international cooperative body Science Based Targets initiative (SBTi). This means that Midsona's targets agree with the levels required to achieve the objectives of the Paris agreement.

We signed our commitment to the SBTi back in the autumn of 2020, committing to establishing ambitious and scientifically-based emissions targets for 2021 in accordance with the SBTi's criteria. Midsona's emissions mapping and emissions targets are in line with the long-term objective of achieving zero emissions in the second half of the century and represents a significant milestone for Midsona. We are now continuing the process of assessing the measures necessary to accelerate Midsona's reduction of its climate impact.

Dedicated employees uphold our sustainability work

Midsona will remain a sustainability leader in its industry and, thanks to the dedication of our employees, we have had a positive development towards our sustainability targets. We continue to manage Midsona sustainably by developing our long-term sustainability processes and offering additional healthy and sustainable products, focusing on plant-based alternatives.

Peter Åsberg
President and CEO

The food industry plays an important role in climate change

According to the UN, climate change is the greatest threat that modern human has faced. To handle this, we must all help reduce emissions and transition to a net-zero economy by 2050, preferably faster than that if possible.

As a European group in the food industry, we have a responsibility to do everything we can to contribute to a low carbon economy and to reduce emissions. Our long-term objective is to achieve net-zero emissions by 2045 and our strategy to achieve this is by focusing on the global frameworks: the GHG-protocol, SBTi, TCFD and CDP.

Midsona's objective is to be at the forefront when it comes to contributing to a more sustainable food industry, and this is an ongoing process that can always be improved. Today, our own production operations are growing in several countries that maintain a high standard of food and product safety, while we also have a complex delivery chain with suppliers all over the world to handle. We see that there is a need for measures to build a more sustainable food system. Risk managers and decision-makers in food safety, who are tasked with safeguarding and strengthening public health, operate in an increasingly complex world.

Public health is a subject about which we are passionate and that permeates our way of working, in the development of new products and for our sustainability work in general. We seek to inspire and influence people in the right direction, to live a healthier lifestyle. We do this by offering and developing many new plant-based or vegetarian food products with good nutritional value and with as small a climate footprint as possible. We should use our significant physical retail presence to play a greater role in connecting initiatives at the local level.

The climate challenges are closely linked to the threat to biodiversity, which we will focus on even more in the future, as underlined by the Secretariat of the UN Convention on Biological Diversity (CBD), which in 2021 released the first official draft of a new indicative global framework to secure biodiversity by 2030. Most of our targets for 2022 take the environment, nature and biodiversity into account in various ways, both directly and indirectly.

To achieve real change, we need to work on a broad front with many efforts at the same time – we do this through our six development areas, which you can read about in detail in our Sustainability Report. During the year, we took a big step forward in our sustainability work.

Siv Kjersti Rodal
Director Sustainability Group, CSO

Sustainability strategy and targets

The foundation for Midsona's operations is a passion for healthy food combined with a clear desire to promote sustainable consumption. We are driving a change agenda with the clear objective of influencing people's eating habits towards healthy and sustainable alternatives.

Through our sustainability strategy, we seek to ensure that Midsona holds a leading position with regard to sustainability work in our industry. We achieve this by maintaining control of our sustainability risks and opportunities, conducting scenario analyses and corresponding risk management. To support this, we have a shared organisation and efficient process established with good knowledge of our stakeholders' needs and demands.

Our sustainability strategy is indicative of our high level of ambition and the direction we want to go to contribute to a sustainable society. The strategy builds on our mission to help people live a healthier life by producing and marketing food that is healthy, both for people and the environment. To get there, Midsona must work with what we are best at, namely:

- Understanding our stakeholders and being in phase with their needs.
- Having the best knowledge about health and sustainability, as well as of the central role that the consumption of food plays in our daily well-being.
- Cooperating with our suppliers through the value chain and requiring them to act sustainably.

The most important parts of Midsona's sustainability work are identified in six development areas – Sustainable brands, Healthy work environment, Responsible sourcing, Safe products, Efficient use of resources and Efficient transports. We have mapped these in line with the UN's Global goals for sustainable development (the UN's SDGs), which are shown in the model and for which further reading is available in our framework for SDGs, which is described on pages 104–109.

Sustainable brands

Target 2025
100%
recyclable plastic packaging on own brands

Target 2030
100%
plant-based or vegetarian assortment

Healthy work environment

Target
Healthy workplaces that promote healthy employees without work-related injuries

50/50
gender distribution in management positions

Responsible sourcing

Target 2025
100%
Classified strategic supplier in accordance with guidelines for sustainable procurement

Target 2025
100%
own brands free from palm oil

Safe products

Target 2025
100%
risk-classified suppliers and annual risk-based audits

Target
100%
certification of own production units, in accordance with international standards

Efficient resource use

Target 2025
90%
waste recycling[2]
100%
reused food waste[2]

Target 2028
100%
renewable energy[2]

Target 2030
10%
reduced water use[2,3]

Target 2034
38%
reduced emissions in accordance with Scopes 1, 2 and 3[1]

Target 2045
Net-Zero

Efficient transports

Target 2030
100%
fossil-free goods transport contracted by Midsona[4]

[1] Science Based Targets, 2019 as base year.
[2] Own operations.
[3] Per tonne produced. The Spanish operations aim to reduce by 20 percent per tonne.
[4] For the Nordic division, 100% domestic prior to 2025.

The development areas have been chosen based on what is most relevant to us as a company in our industry and to our stakeholders. They are reviewed regularly to ensure that we work with the issues in a value-generating manner and have therefore been determined and analysed based on the Group's sustainability strategy, development goals, action plan and performance indicators as well as sustainability risks and opportunities. Together, they represent where we see that we can most effectively influence social, environmental and economic development, as well as generating value for our stakeholders, as described on the following pages.

Target for 2025 and in the longer term

Midsona's sustainability targets are a result of our work to identify and analyse our material areas, with the highest risks in mind, and all have been valued in the short, medium and long term (>10 years). An important basis for this work was our stakeholders' expectations and perspectives, which helped update our strategy with new realistic, measurable and time-limited fixed targets. The targets have made it easier for us to measure our progress and it facilitates the management of our greatest and most material sustainability risks and opportunities.

In 2021, we initiated measures in the areas of palm oil, water and product safety certification. We have also worked to achieve a complete survey of energy use within the Group and, as a result of this, we have chosen to add a special target linked to energy, with the ambition of reducing our energy consumption and having 100 percent renewable energy before 2028.

Midsona's Climate Change Strategy

According to the UN and the latest climate summit, COP26[1], the latest science shows that more needs to be done to avoid the worst effects of climate change while ensuring a thriving, sustainable economy. According to the UN, climate change is the greatest challenge we face in modern times[2] and extensive global cooperation from all sides is needed to address this.[3]

Midsona has adopted a Climate Change Strategy, which has been anchored with both the Board and Group Management, with the purpose of taking the necessary steps against climate change. In line with ours commitment to the international co-operative body, SBTi (Science Based Targets initiative)[4], we have set ambitious and scientifically-based emission targets that have also been approved by SBTi. SBTi's approval thereby confirms that Midsona's targets agree with the levels required to achieve the targets in the Paris agreement.

Midsona's targets represent our first steps towards achieving net-zero emissions. As part of our work to base

[1] COP26, 2021 United Nations Climate Change Conference, 31 October – 12 November, 2021, Glasgow.
[2] **Human in the climate crisis**, UN, 2 August 2021, https://www.un.org/press/en/2021/sc14445.doc.htm **https://www.un.org/en/exhibits/exhibits-site-search?query=climate**
[3] Call for action, UN Climate Change Partnerships 2021-2022, April 9, 2021, Capacity Development initiatives, News). Science shows we need to cut emissions in half by 2030 and transition to a fully net-zero economy by 2050 (Ref: CDP, Aug 2021, Global Director Corporations and Supply Chains, CDP)
[4] SBTi is a collaboration between CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Its emission reduction target is based on what the latest climate science considers necessary to prevent the worst effects of climate change. Read more about scientific goals at http://sciencebasedtargets.org/.

our climate measures on the latest climate science, we report our greenhouse gas emissions based on the Greenhouse Gas Protocol (GHG). We have accordingly set up reduction targets for our emissions – direct, indirect and from our value chain – in accordance with Scopes 1, 2 and 3 by 38 percent by 2034 with 2019 as the base year.

Our ambition is to drive Midsona's climate work in line with the Paris Agreement, the EU's goals, and the Swedish Government's goals and long-term climate strategy of achieving net zero emissions by 2045. Work is now under way to assess the measures necessary to accelerate the reduction of Midsona's climate impact and being able to set up a long-term "Low-carbon Transition Plan" for the Company. Read more about our climate goals in the section on efficient resource use on page 75.

As a natural extension of our work with climate accounts and SBTi, an annual report will be compiled from 2021 onwards to the CDP to assess our sustainability and climate-related reporting and risk management. In addition to this, we have also chosen to implement the TCFD framework, among other things to examine the flexibility of Midsona's business model and strategy, where we consider different climate-related scenarios over several time horizons. Read more about Midsona's work with scenario analyses in the risk section on pages 124–125.

In Midsona's CDP report from 2021, there is a special focus on climate risks and opportunities that Midsona has identified. The table below shows a summary of the most significant ones, see also the appendix for more detailed information. Additional sustainability risks are presented in the risk section in this report on pages 116–125.

A detailed description of Midsona's climate-related risks is also described in our CDP report in Chapter 2 on pages 18–25.

Target and outcome

Plant-based and vegetarian assortment

We influence people's lifestyles: *Be a pioneer in low-carbon, plant-based and healthy products.*

Target 2030	Outcome 2021
100%	91%

Recyclable plastic packaging

We contribute to circularity: *With our packaging strategy, we increase the proportion of packaging that can be turned into recycled materials.*

Target 2025	Outcome 2021
100%	25%*

* Proportion of total packaging material, of which recyclable accounts for 38 percent.

No occupational injuries

We affect our employees' health and safety: *Promote good health and preventing injuries among our employees.*

Target	Outcome 2021
0%	3.9%

Gender distribution among management positions

We see the importance of equal gender distribution: *As a responsible company, we work in line with the UN's sustainability goals for increased gender equality, with equal rights and salaries among our managerial positions.*

Target	Outcome 2021*
50/50	42/58%**

* Women/Men.
** Includes all Group level managers for Midsona AB, including those who are members of Group Management and all members of the division level management group.

Classified suppliers in accordance with sustainable guidelines

We take responsibility for our supply chain: *We are expected to maintain control and transparency over our suppliers and supply chain.*

Target 2025	Outcome 2021
100%	32%*

Trademarks free from palm oil

We contribute to biodiversity: *We are expected to encourage a more sustainable supply chain and raw materials.*

Target 2025	Outcome 2021
100%	>99%**

* 75 percent in Division Nordics where KODIAK has been applied. Used by the whole group from 2022.
** Percentage of purchased tonnes.

Risk-classified suppliers in accordance with safe products

Product safety in the supply chain: *Product safety must be ensured throughout our complex supply chain.*

Target 2025	Outcome 2021
100%	32%*

Certification of own production unit**

We protect public health and safety: *We contribute to the availability of healthy, safe and sustainable food and products in an increasingly complex world.*

Target	Outcome 2021
100%	100%

* 75 percent in Division Nordics where KODIAK has been applied. Used by the whole group from 2022. Suppliers yet to be managed in KODIAK are assessed in accordance with current legislation and the respective certification requirements.
** Exceptions for minor production units, where we secure a quality system in accordance with international requirements for safe production.

The purpose of our targets

Although we have set ambitious, long-term targets for Midsona's sustainability work, to be able to conduct the work in an efficient manner, we have also set short-term intermediate targets that we adjust annually.

The technical development around sustainable packaging and recyclability means, for example, that our targets for waste management and recyclable plastic must be updated regularly in line with recent progress. Another area that is developing rapidly is the science of what constitutes sustainable fuel, as well as hauliers' attitudes towards fossil-free fuel. In addition to this, the EU's ongoing work with its "Green Deal" and its action plan for a sustainable economy and taxonomy are shaping the future definition of what is considered sustainable.

Mapping in accordance with taxonomy

As the EU's taxonomy develops, its significance and criteria for the food industry will be clarified. This will, in turn, have a major impact on how Midsona, as a listed company, must conduct strategic sustainability work. In 2021, Midsona mapped its operations against the requirements of the taxonomy, with none of our operations' activities falling within the reporting requirements for the year. However, this is likely to change in the future and we are therefore monitoring developments closely and will in 2022 review how it may affect daily operations in the future.

For more information about Midsona's mapping work and preparations for compliance with the taxonomy, see the appendix on pages 102–103.

Reduced emissions in accordance with Science Based Targets for Scopes 1, 2 and 3 and Net-Zero

We help to counteract the climate change: *Reduce our emissions in accordance with SBTi and achieve a rapid transition to a net-zero economy.*

Target 2034*	Outcome 2021
–38 %	3 %**

Target 2045	Outcome 2021
Net-Zero	127,941 tCO_2e

Reduce consumption and introduce renewable energy

We work with efficient and renewable energy: *In line with our climate change strategy, we are securing increased energy efficiency and a low-carbon energy supply*

Target renewable 2028	Outcome 2021	Outcome reduced
100 %	38 %	8 %

* Compared with 2019 as base year.
** For more information, see Page 75.

Recycled waste and reuse of food waste

Our contribution to a circular economy: *Return materials to the product cycle when they have reached the end of their life cycle.*

Target waste 2025	Outcome 2021
90 %	78 %

Target food waste 2025	Outcome 2021
100 %	99.7 %

Reduced water use

We take responsibility for our wateruse: *Minimise our water consumption, particularly in drier countries in southern Europe.*

Target 2030*	Outcome 2021
–10 %	–2 %

Target Spain 2023*	Outcome 2021
–20 %	5 %

* Per tonne.

Fossil-free transport*

We adapt our transports: *Our climate strategy sets the direction for fossil-free transport in line with our largest customers' expectations and targets.*

Target Europe 2030	Outcome 2021
100 %	27 %**

Target Nordic region 2025***	Outcome 2021
100 %	42 %**

* Contracted directly by Midsona.
** Appears as reduced emission intensity compared with 2020. We have chosen to measure the transport target with reduced emission intensity as of today, as this directly reflects the extent of fossil-free fuel in the form of data on reduced climate emissions.
*** Self-contracted domestic.

Sustainability governance

This is how we control our economic, social and environmental impact.

Midsona's view of sustainability

Midsona's mission is to help people live a healthier life, which we do by offering sustainable, plant-based and organic products. In this way, we also contribute to a sustainable life.

It is important for Midsona to be valued not only on the basis of our financial results, but also on the basis of our work with the environment, working conditions and business ethics. Central to this is that we prioritize our employees' health and safety, as well as their right to a creative and stimulating work environment pervaded by equality and diversity.

At Midsona, sustainability and profitability coincide. This means that our sustainability work and the targets we set must be an integral and transparent part of our operations, with sustainability risks being managed in the same way as other risks in the Company.

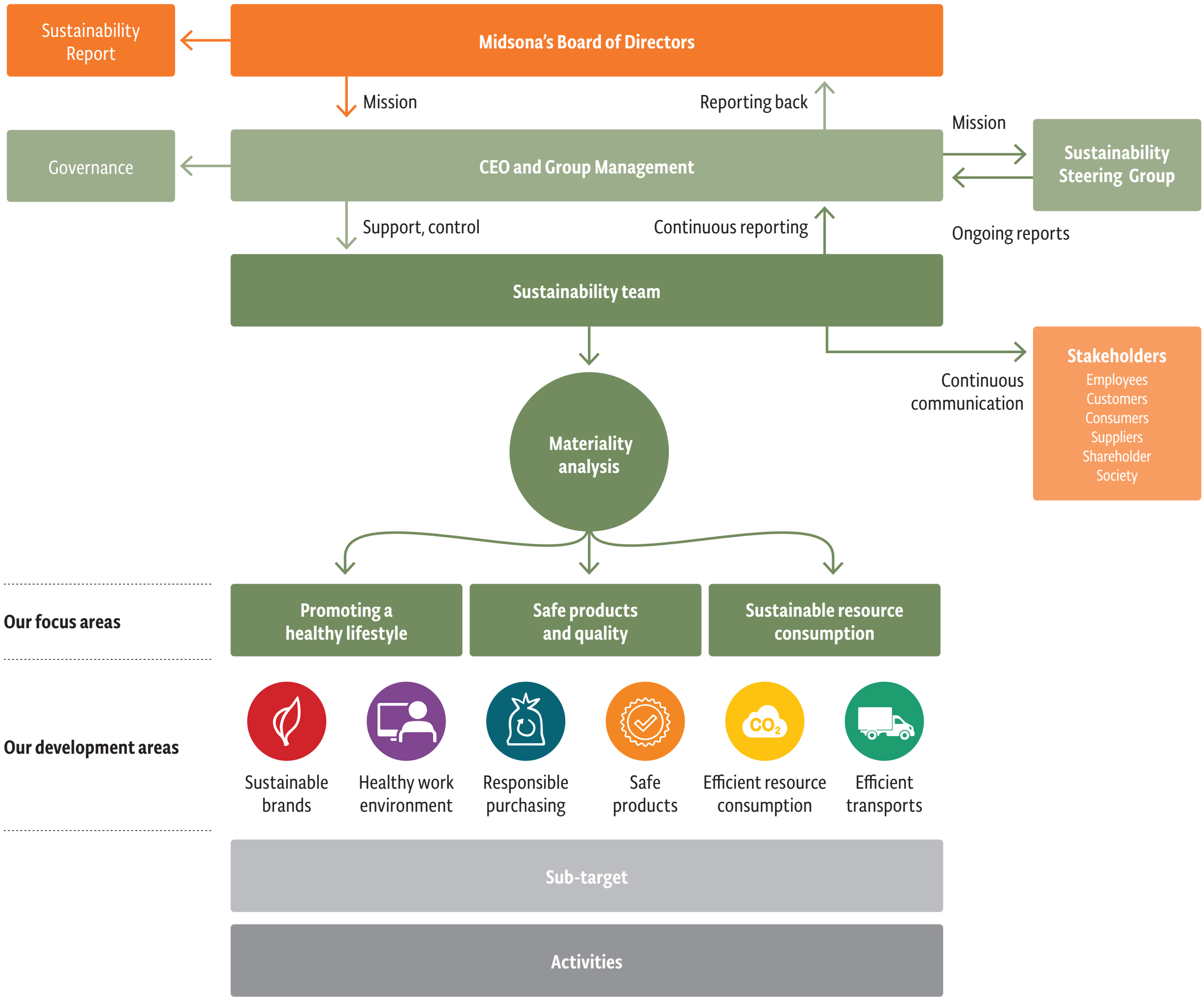
How our sustainability work is managed

In general, Midsona's sustainability management addresses our handling of social and environmental issues, risks and opportunities, as well as how we act to minimize our negative impact. Based on this, we set meaningful targets, with efforts being supported by comprehensive leadership, attention to changes in society and consideration for the expectations of our stakeholders. Closely linked to this is our commitment to local communities, the health of our employees and our ambition to be a company that is managed responsibly.

Midsona's Board is responsible for the Group applying a realistic agenda for sustainable development. The CEO bears the overall responsibility for sustainability-related issues and is a member of the Company's Sustainability Steering Group and regularly reports the group's decisions to the Board of Directors.

The Sustainability Steering Group, which is led by the Company's CSO, holds quarterly sustainability forums where the sustainability strategy is established and the sustainability work is discussed in terms of strategy, targets, projects, activities and progress. In addition to the CEO and CSO, the group consists of Director Operations, Director Legal, Executive Assistant and the Company's Division Director Nordics. The CSO is tasked with setting out the Group's sustainability strategy with strategic measures and long-term targets, ensuring that we base our efforts

Midsona's sustainability governance model



on the best global frameworks and secure annual sustainability data by preparing and issuing a Sustainability Report. The CSO shall also ensure good sustainability management so that the Group's decisions are implemented in a cross-functional Sustainability Group comprising representatives of the Group's three divisions.

Specific line organisations in the Group's divisions are responsible for implementing targets, sub-targets, projects, activities and reporting in connection with the sustainability work, and for integrating these into the day-to-day activities. The work is reported on quarterly directly to the relevant Division Director, who together with the division's Sustainability Manager is responsible for their division's results.

To support the work, Midsona's management builds on a clear division of responsibilities in which all roles and their respective duties are detailed. In addition, clear KPIs and incentives are applied in the handling and implementation of target-related matters established in the day-to-day operations.

To find out more about Midsona's sustainability management and how the Board of Directors and management are included, read our CDP report by following this link: *https://www.midsona.com/hallbarhet/midsonas-hallbarhetsmal/hallbarhetsrappportercdp-rapporter/*

Sustainability reporting platforms

Midsona's framework for sustainability reporting is presented on page 104 and 111.

Midsona uses different reporting platforms in its operational activities to both develop and measure activities in relation to set targets, to conduct annual assessments and to compare improvements over time in accordance with global development. This enables us to systematically monitor results and progress and safeguards focus on the most important areas, which is a prerequisite to being able to maintain a superior qualitative and quantitative level in our reporting.

Our sustainability metrics are systematically reported to illustrate the annual trend. The metrics are closely related to the GRI (Global Reporting Initiative) and we report in accordance with the GHG (Green House Gas Protocol), Scopes 1, 2 and 3, to further improve our climate and sustainability reporting, which is also achieved through an annual CDP report. Over time, we are also working to be able to report fully in accordance with GRI framework.

In addition to this, environmental and climate perspective are also included in the self-assessment that our suppliers perform in the Kodiak portal (our supplier assessment system) and in the assessment survey for external validation that we perform when auditing suppliers.

Conditions for operating Midsona healthily and sustainably

Midsona's the most important steering document is the Group's Code of Conduct. Among other matters, the Code explains that the individual employee, the Board of Directors and other actors connected to the Midsona name must act responsibly, with integrity, loyalty and respect for other people. It is always included in the on-boarding of new employees and is regularly communicated to existing employees through our intranet.

To maintain a functioning internal governance environment, the Board adopted a number of steering documents that serve as guides for the operations. The documents are updated regularly and new ones are added in step with new ambitions, targets, and requirements from authorities and other stakeholders. Midsona's Sustainability Policy forms the foundation of the Group's sustainability work. In 2021, an important document was added to the Policy to help improve governance with regard to sustainable raw material production, biodiversity, GMOs, palm oil, fish oil, use of paper and animal welfare. These are stated in the Sustainability Policy and its accompanying documents, which are available via the following link: *https://www.midsona.com/en/*

Today, we have a well-functioning control system to ensure that Midsona applies a formalised model of internal control that is in line with our culture and ethical values. The structure has been made easier to understand, mainly by reducing the number of policies and by appointing individuals as responsible for ensure that procedures for training and follow-up are in place for each document.

Health and human rights

Since 2011, Midsona has been affiliated to the UN Global Compact, thereby supporting the UN's Universal Declaration of Human Rights, the UN Convention against Corruption, the ILO's core conventions and the Rio Declaration.

It is of the highest priority for Midsona to respect human rights and labour law, as well as to protect health, safety and the environment and we expect our suppliers and other partners to have the same priorities.

Our work on human rights and our responsibilities towards mankind and society are regulated in the Code of Conduct, Supplier Code of Conduct, Supplier Self Assessment, our Personnel Policy and underlying procedures for the organisational and social work environment, employee interviews, expertise and development, as well as health.

With Midsona's efforts to improve human health and promote human rights, we support the following global goals for sustainable development:

Ethics, integrity and combating corruption

We seek to operate Midsona in a healthy and sustainable way. That is why we are careful to always act in accordance with our values and to always counteract all forms of corruption and irregularities.

Midsona's Whistle-blower service is for employees who have concerns regarding conduct that is contrary to the Group's values and governing documents. Our Whistle-blower Policy urges our employees to take up the matter with their immediate superior or through HR in the first instance. For cases where this is not possible, the whistle-blower service handles cases anonymously.

Midsona's efforts to maintain an ethical approach and to combat corruption is regulated in the Code of Conduct, the Corporate Governance Policy, the Communication and IR Policy and in our Whistle-blower Policy.

With Midsona's efforts to combat corruption and other irregularities, we support one of the global goals for sustainable development:

How we work for the environment and the climate

Midsona is working to mitigate its negative environmental impact and to switch over to an environmentally sustainable society. We have well-documented and established procedures for product development, production and transport alike.

Our climate impact is our greatest risk and is therefore an area on which we place particular emphasis. To integrate and optimize our sustainability and climate-related reporting, risk management and activities, we implement the TCFD framework (Task Force on Climate-related Financial Disclosures) and compile an annual CDP report. In 2022, we will continue to strengthen our work on climate-

related risks and opportunities in accordance with these frameworks.

To find out more about how Midsona manages and conducts its climate work, read our CDP report via the following link: *https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/*

In addition to the use of the TCFD and CDP frameworks for climate-related measures, our environmental work is regulated by the policy documents: Code of Conduct, Supplier Code of Conduct, Supplier Self Assessment, Sustainability Policy, Travel Policy, Procedures for Sustainable Governance, Sustainability in Midsona's Daily Operations, Instructions for the Selection of Sustainable Raw Materials, Chemical Controls and our brands' innovation templates.

Midsona's work for the environment and climate supports the following global goals for sustainable development:

Stakeholder dialogue and priorities

Midsona has developed a communications plan to ensure that we have a functioning stakeholder dialogue and that we continuously follow up with and inform our stakeholders. The plan is included as part of Midsona's Communications Policy.

Midsona communicates with its stakeholders in many different ways over the year. The dialogues help us understand the stakeholders' needs and expectations and also provide input for continuous improvements. They also provide us with important data on how we can manage our impact and the areas we should focus our measures and reporting efforts on to derive most benefit.

In Appendix on page 86, we report on how we generate value for our most important stakeholders.

Based on the stakeholder dialogues, we have defined our most material sustainability issues using a matrix based on the following two aspects:

- The importance of our economic, social and environmental impact
- Issues that our stakeholders consider most important for Midsona

In the matrix, all sustainability issues are assessed in terms of low, medium and high impact. Additional aspects included in our materiality analysis also address who is responsible for the impact, whether the impact is internal or external and whether we can contribute to positive change.

THE FOREMOST SUSTAINABILITY ISSUES WITH THE GREATEST IMPACT ARE IN LINE WITH OUR MOST SIGNIFICANT RISKS

- Climate
- Energy
- Transport
- Suppliers
- Value chain
- Production of raw materials
- Waste management in our operations, food waste and handling of packaging
- Product- and food-safety
- Water consumption

Sustainable brands

The foundation of Midsona's business rests on strong trends around the growing interest in health and well-being combined with a clear desire for sustainable consumption – a paradigm shift where people increasingly avoid animal products, unnecessary additives and products with poor nutritional content. Midsona's focus on plant-based and organic products benefits from these trends. The strategy is based on strong growth with strong brands in priority categories. We have a great passion for influencing people's eating habits towards healthy and sustainable alternatives.

For sustainable Brands, Midsona supports eight of the global goals for sustainable development

Target 2030
100 %
plant-based or vegetarian assortment

Plant-based and vegetarian foods

Our objective

Demand for plant-based alternative foods has risen steadily in recent years. The segment is expected to continue growing, creating major market advantages for Midsona to develop new products meeting consumers' and customers' needs. Midsona seeks to offer options with a low climate footprint, where the aspect of sustainability is included from crop to finished product. We have therefore set a target that our products should be 100-percent plant-based[1] or vegetarian[2] by 2030. As early as in 2020, the Group reached 99 percent plant-based or vegetarian in its range of prioritized brands. We are among the leaders in plant-based organic products, consumer health products and health foods in the Nordic region, with a vision of becoming one of the leading players in Europe.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping of product range and determination of metrics in relation to the requirements set for plant-based and vegetarian.
- Mapping of market opportunities and the economic significance of the opportunities.
- Map out potential new acquisitions to ensure that they are in line with our objectives.
- Investment in technology and capacity for the Group's own production of plant-based foods.
- Collaboration with suppliers and third-party manufacturers for plant-based alternatives.
- Innovation and product design that also promotes plant-based products.

PROGRESS IN 2021

- In 2021, Midsona increased its focus on the plant-based range. Additional metrics make it possible to distinguish the measurement of plant-based from vegetarian.
- Carried out an updated risk and opportunity assessment of our markets based on the TCFD framework described in the risk section on pages 116–125 and in CDP, C2. Current market preferences are expected to change, where consumers will demand products with a low climate footprint to an even greater extent. The analysis has given us a better overview of the economic significance by further developing and expanding our markets in healthy and climate-efficient plant-based products.
- Midsona completed an extensive modernization of the Group's Spanish manufacturing unit in Castellcir, with significantly increased capacity and capability for its investment in products such as tofu and other plant-based products. The unit will be the Group's hub for the production of plant-based meat-alternatives for several brands within the Group.
- During the year, we completed the integration of System Frugt, which complements and strengthens Midsona's position in plant-based foods such as nuts, kernels and dried fruit with the Earth Control brand.
- Midsona launched several new products that are completely plant-based. For example, "Eskio-3 Vegan Alg" which is made from a plant-based source instead of fish as a source.
- To cover the key categories in animal food with plant-based alternatives, Vegetalia expanded its range of meat-alternatives during the year with meat-free meatballs, sliced vegan cheese, seitan mince and marinated tofu.
- Urtekram Beauty's vegan-certified cosmetics products are an important contribution in expanding Midsona's plant-based range in new areas. In 2021, we updated and developed several new series and improved our production capacity in beauty care. Read more about this in the chapter on Safe products on pages 72–74.

THIS IS WHERE WE ARE TODAY

- In 2021, the proportion of plant-based and vegetarian products in the range was 91 percent. In 2021, the proportion of plant-based products in the range was 83 percent (79). This is an increase of 4 percentage points on the preceding year. See also (Scope 3) greenhouse gas emissions in tonnes of CO_2-equivalents for purchased goods and services in the appendix.

Read more in the appendix on page 87.

GRI 305-3

[1] Plant-based: A product in which nothing derives from an animal (meat or dairy). Examples of these are eggs, dairy products, honey.
[2] Vegetarian: Product may contain eggs and dairy products, but not products from dead animals (poultry, fish, shellfish, meat). Examples of these are fish oil, gelatin, collagen. Note: Without counting the source of additives.
Note: Without counting the source of additives.

Organic and other certifications

Our objective

Midsona strives both to increase its sales of plant-based foods and to have a wide range of products contributing to biodiversity in various ways.

The UN's sustainability goals 14 and 15 address the conservation of biodiversity and it has never been so important to work to preserve the richness of species that is a condition for our existence. The UN Convention on Biological Diversity calls for broad collaborations to ensure biodiversity.[1] Through our products and supply chain, we are expected to have control and sufficient transparency to be able to promote a sustainable supply chain and raw materials that nurture our biodiversity. Midsona strives to produce or purchase quantities as large as possible from EU-certified suppliers with regard to organic farming, production and marketing of organic products (EU) 2018/848, as well as other product certifications with a positive environmental or social impact such as KRAV, Vegan, Fairtrade and Demeter.

In recent years, Midsona has focused on organically certified and plant-based products and we are today the Nordic region's largest supplier of organic food, also with potential in the rest of Europe. Our organic brands help people live healthier lives with an environmental benefit by offering high-quality organic plant-based products to consumers. You can read more about how we work with certified raw materials in the chapter "Responsible purchasing" on page 64.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Map and measure the range based on our product and raw material certifications.
- Map the availability of certified products and raw materials in the market and the financial significance of the purchase of high-classification certified raw materials.
- Increase capacity and own production of organically certified and other certifications.
- Collaborate with third-party manufacturers for increased raw material and product certification.
- Invest in innovations to ensure organic growth and an increased product portfolio with environmental or social certifications.

PROGRESS IN 2021

- In 2021, we increased the share of Biodynamic Federation Demeter-certified products for the Davert brand by 9 percent. The certification ensures an organic and biodynamic cultivation method focusing on cycle-based agriculture. Among other things, the Davert brand won the 2021 Best New Product Award from BIOFACH for its new concept with both organic, Demeter and Fairtrade-certified red lentils.
- During the year, new organic foods were launched in all of Midsona's markets. For example, Urtekram Food launched new products with organic legumes and canned lentils. Innovations include organic borlotti beans, taco beans, mixed chilli beans and beluga lentils.
- To increase our range of plant-based and certified foods, Midsona Food Service Sweden launched broad beans during the year. These are locally grown, Swedish KRAV and EKO-certified beans farmed in Västra Götaland. The broad bean is a hero among legumes and is grown mainly for its high nutrient and protein content and its ability to cope with different weather and soil conditions.
- To meet high demand for organic sandwich spreads, Midsona invested in improved production efficiency and quality in Lauterhofen during the year.
- As a key supplier in the market for vegan and ECOCERT-certified hygiene and beauty products, new innovations are continuously being developed at Urtekram Beauty. In 2021, a new series for facial care was launched for example, Narcissa by Urtekram and Urtekram One Drop Concentrated Shower Gel. All of Urtekram's products are vegan and ECOCERT certified in accordance with the Cosmos Organic Standard.

THIS IS WHERE WE ARE TODAY

- Midsona's sales of organic products currently account for 51 percent (57) of the Group's own brand sales. 5 percent of this consists of our organic beauty brand Urtekram Beauty which is certified in accordance with ECOCERT Cosmos and Vegan Society's Trademark.

Read more in the appendix on page 87.

GRI 304-2

[1] https://www.un.org/en/observances/biological-diversity-day/

Sustainable packaging

Our objective

Packaging plays an important role for us in reducing environmental impact. Demands for circular alternatives are increasing among consumers, customers and decision-makers. Midsona's packaging strategy is an important way of meeting these requirements while contributing to the EU's strategy for a circular economy. Our overall goal is to follow the market's opportunities for recycling without reducing the product's durability. The strategy also meets the requirements to:

- Ensure that greenhouse gas emissions from packaging are reduced as much as possible
- Increase the use of recycled and recyclable materials in our packaging
- Choose FSC-certified paper raw materials or similar to ensure sustainable forestry
- Reduce packaging material consumption
- Apply labelling with instructions for recycling and reduced food waste
- Follow the development of future requirements for sustainability labelling, climate footprint and emissions accounting

Midsona works in accordance with the Packaging and Newspaper Collection (FTI) model for circularity[1] and always adheres to current requirements for recycling in the markets in which we operate, with the ambition of being at the forefront. With our innovations and product range processes, we have the opportunity to create a greater demand for recycled packaging materials, but also promote increased levels of sorting and collection of plastic waste that can, in turn, be reused. The pace of innovation is high and with clear goals, governance and reporting ensures that the handling of packaging-related issues forms a part of the day-to-day operations.

SOME SELECT PROJECTS IN 2021

- In Tilst, Denmark, we have, in collaboration with UPM Raflatac, established a circular process for our labels. All paper from the labels is recovered and recycled in a separate circular system.
- Midsona has helped our Private Label customers[2] in the work with sustainable packaging. In 2021, all of our Private Label packaging manufactured at our production unit in Tilst became 100 percent recyclable. We are well on our way to offering 100-percent recyclable packaging for all of our Private Label products in Germany as well.
- We have continued to increase the use of plant-based plastic from sugar cane waste in our hygiene and beauty products within Urtekram Beauty, and most of the products use this plant-based plastic today. During the year, tablets for Mivitotal food supplement were also launched in cans of plant-based plastic from sugar cane waste.
- By labelling our packaging with how the packaging is to be sorted and discarded, we make it easier for consumers to fold and sort the packaging correctly. In 2021, we have continued to work to be able to measure this better and to then be able to take measures for increased labelling. Packaging for new or updated products is to be labelled with recycling instructions. During the year, we extended the label for the Davert brand, which began in 2020, with a certified recycling label in collaboration with a waste management company (INTERSEROH) and an accredited analytical institution (Fraunhofer Institut).
- We have continued the work of updating the "Best before, often good after" labelling and expect to achieve further good progress in 2022. Read more about this in the section on food waste on page 79.
- We have also conducted a number of projects in both product design and warehousing, in which we have removed or reduced packaging materials so as not to use unnecessarilymaterial. For example, we have removed the aluminium casing on all Helios and Kung Markatta oils and the outer layer with cellophane on all Friggs Tea packaging, and we have reduced the amount of plastic foil packaging material for storage and transport by 9 tonnes of plastic annually in Mariager.

THIS IS WHERE WE ARE TODAY

- In 2021, 42 percent of packaging material purchased for Midsona's own production derived from recycled or FSC-certified input material. This represents a decrease of 21 percent compared with the preceding year.
- In 2021, 8 percent of plastic packaging purchased for Midsona's own production derived from reuse of other materials. This is plastic made from sugar cane waste and therefore a plant-based plastic. This represents a decrease of 63 percent compared with the preceding year.
- In 2021, the proportion of product packaging with recycling instructions on labels was 40 percent. The first year for which we had data of sufficient quality in this regard was 2021.

The decrease in the data points above was attributable to new figures from Division South Europe not having the same focus with regard to FSC or recycled input materials as the Midsona Group in general. This will be implemented in Division South Europe as of 2022. See also (Scope 3) greenhouse gas emissions in tonnes of CO_2 equivalents for purchased goods and services in the appendix, which includes emissions from our packaging.

Read more in the appendix on page 88.

GRI 301-2
GRI 304-2
GRI 305-3

[1] FTI, About recycling circular, 2021: https://www.ftiab.se/download/18.3dd705c0179af8d14863f1/1623913076791/FTI%20Circular%202021.pdf
[2] Midsona's production of other brands as a contract supplier.

Recyclable plastic packaging

Target 2025
100 %
recyclable plastic packaging for our own brands

Our objective

Midsona has committed itself to Plastinitiativet in Sweden[1], a goal that covers the entire group. Midsona places great focus on recyclable plastic materials and the plastics' colouring and printing to facilitate the recycling process. By using recyclable packaging, the green house gas emission in connection with final processing of products sold in scope 3 will be reduced. It is also likely to be a competitive advantage, as taxes on non-recyclable plastic packaging are expected to increase as a result of new laws and regulations.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping and measuring points for packaging in relation to recycling requirements and the financial significance of a dedicated budget (read more in the appendix on page 89).
- Updating technology and increasing capacity for own production with recyclable packaging solutions.
- Collaboration with third-party manufacturers to find recyclable packaging solutions.
- Map potential new acquisitions to ensure that they are in line with our targets for recyclable packaging.
- Invest in innovation and product design to achieve the target of 100 percent recyclable plastic by 2025.

PROGRESS IN 2021

- Carried out an updated risk and opportunity assessment of our markets with existing and future legislation and technical development for our packaging based on the TCFD framework described in our CDP report chapter C2 on pages 8–18. Development is rapid for both technology and the market, and all countries in which Midsona operates have a regulated minimum tax for packaging and in some countries the tax is already a significant part of the packaging price for plastics that cannot be recycled. The analysis has given us a better overview of the economic significance by changing the plastic to recyclable and that the long-term target provides an economic advantage for the future.
- In our own production in Tilst, the share of recyclable plastic in production increased to 80 percent in 2021. By changing a plastic film to a thinner recyclable film, plastic consumption was reduced by 7.1 tonnes. We have also changed the label to a recyclable solution.
- At the start of 2021, all packaging from Earth Control and Delicata was made of recyclable plastic and the label has been changed to the same type of plastic to make it easier for consumers to recycle. The corresponding figure for the Davert brand was 85 percent.
- During the year, work began on changing the packaging for Midsona's largest brand Friggs, in collaboration with the suppliers. For all of our maize, lentil and rice cakes from Friggs, the plastic used today will be recyclable in 2023. We have also ensured that the colour print on the plastic also meets the FTI's requirements so that the entire packaging will be recyclable by 2023. For our best-selling maize cake, with chia seeds & sea salt, and the rest of the Friggs' food range, we are working to be able to replace the plastic with a recyclable monomaterial. If we succeed with our ambition, this will yield 100-percent recyclable plastics for Friggs products in 2023/24, as the remaining Friggs range, comprising food supplements and tea, already uses recyclable packaging.
- A specific project for recyclable plastic for Urtekram's, Kung Markatta's and Helios' production has been initiated.

THIS IS WHERE WE ARE TODAY

- In 2021, the share of recyclable packaging material totals 38 percent, including plastic and all types of materials, while the share of recyclable plastic packaging amounts to 25 percent. In Division Nordics, the share of recyclable plastic packaging is 34 percent (25), an increase of 9 percentage points compared with the preceding year driven by the acquisition of System Frugt. In the appendix, see also (Scope 3) greenhouse gas emissions in tonnes of CO_2 equivalents for final processing of sold products, including emissions from our packaging at the final stage.

Read more in the appendix on page 89.

GRI 301-1 GRI 305-3
GRI 306-1 GRI 306-2
GRI 306-4

[1] https://www.dlf.se/plastinitiativet-2025

The journey of innovation – *from a sustainability perspective*

In developing new products, we always start with Midsona's core values of health and sustainability. The journey of innovation proceeds in a structured manner through a collaboration between several functions within the organisation. Together with the commercial perspective, the connection to our brands and priority categories, described under "Trends and driving forces"on page 12, the sustainability aspect is included with all of our sustainability targets.

From concept, development and implementation to a completed product ready to be launched. We always seek to be aligned with the needs of consumers and customers and to maintain a close dialogue with suppliers and other collaborative partners. Midsona works dedicatedly to develop or update products that help people live a healthy and sustainable life.

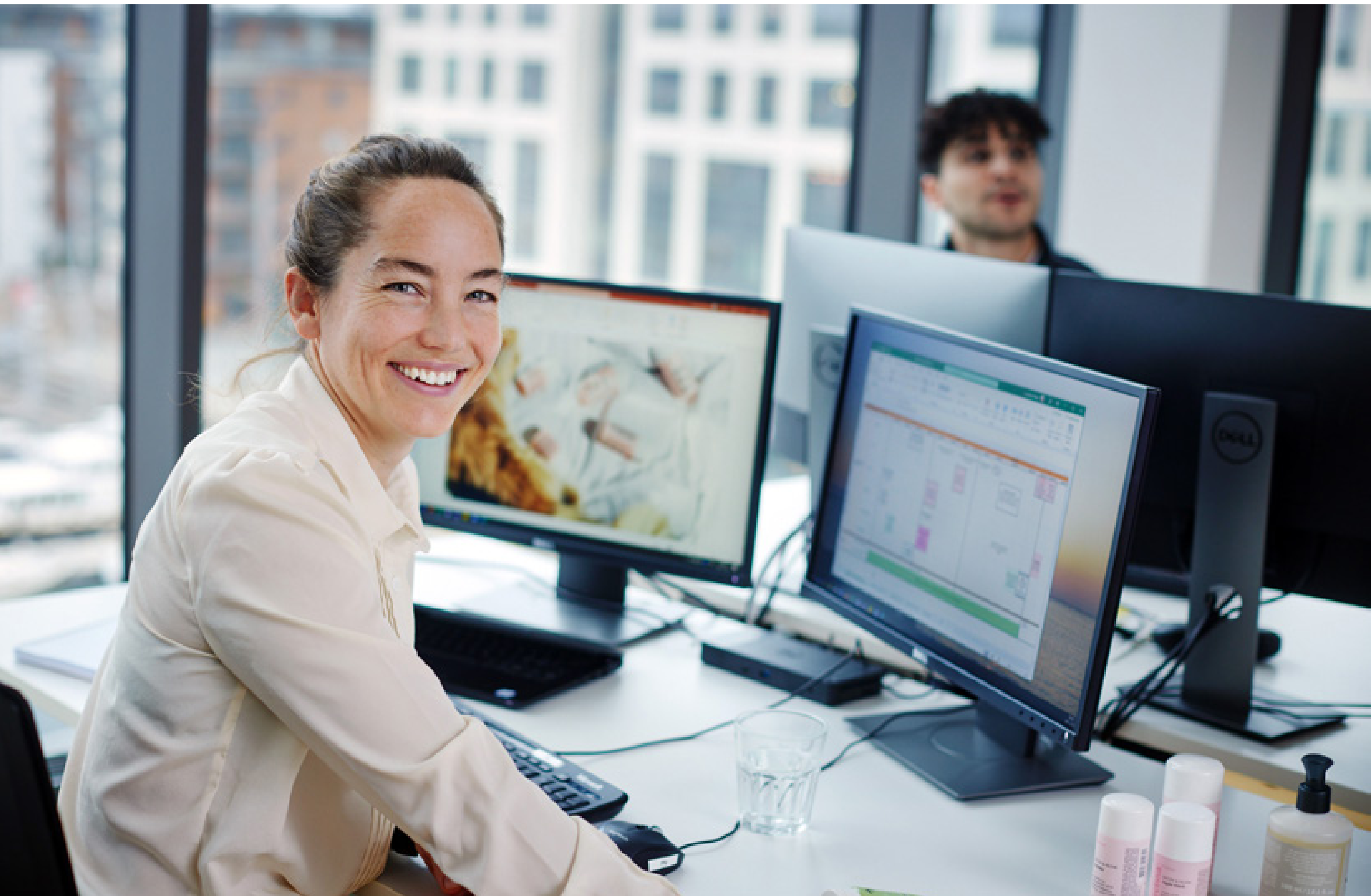
Healthy and sustainable work environment

A healthy and sustainable work environment is crucial for a healthy life. At Midsona, we work every day to create healthy and sustainable workplaces. Midsona should be a healthy company for all employees. We must be a safe and equal workplace and an employer that fosters a balance between working life and private life. That is why we work to prevent injuries and sick leave, offer individually adapted work and support a healthy lifestyle – even outside of work.

Gender equality and diversity should be a natural part of our business, and harassment, discrimination or other abusive treatment should never be accepted. In line with the Midsona's mission to help everyone enjoy a healthier life, the Group values the dynamic diversity created by differences. This creates a work culture with new ideas, different perspectives and working methods.

In line with UN sustainability goal 4, good education for all, Midsona strives to promote a sustainable culture for lifelong learning. We are also committed to several undertakings to ensure a healthy and safe work environment. Health is one of Midsona's strongest sustainability targets. We will develop a socially and ethically responsible management and create channels for regular interaction with employees.

Through its work with a healthy and sustainable work environment efforts, Midsona supports five of the global goals for sustainable development



Healthy work environment
Healthy workplaces that promote healthy employees without work-related injuries

Promote a safe and healthy workplace

Our objective

Midsona must be a safe and healthy workplace without work-related injuries. We must be an employer that promotes a healthy life for our employees, at work and at home. In the light of the corona pandemic, we have further adapted and improved our measures to reduce health and safety risks. To offer good conditions for our employees to work from home, Midsona has invested in improved technical equipment, digitalisation of processes and improved technical support.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

To ensure the safety of our employees and support a healthy workplace, the following initiatives have been established:

- Committees for health, environment and safety exist at all facilities, with regular meetings and follow-up of the work environment. Site-specific reports on preventive measures are continuously updated.
- Employees receive regular and relevant training on health and safety in the workplace.
- Individually tailored protective clothing is available to all employees. In addition to mandatory financing, financial support is offered for special aids that employees may need.
- Ongoing employee surveys to develop and assure the work environment.
- Supports health promotion measures and encourages physical activity. For example, through collaboration with gyms, facilities that facilitate bicycle commuting, the opportunity for walk-and-talk meetings.
- Develop the range of healthy food and drink for our employees.

PROGRESS IN 2021

- in Division North Europe, several new height-adjustable desks were installed for employees with back problems. In collaboration with a health insurance company, online courses for back problems are also offered.
- Continued automation of production to avoid heavy lifting and monotonous tasks.
- Modification, individualisation, and installation of new lighting systems in Division South Europe.
- Employees at our production facilities are offered vaccination against Covid-19 and influenza.
- Installed Covid-19 test stations in Division North Europe.
- In Division Nordics, a web-based tool was implemented for a healthy lifestyle, which enables employees to work together more efficiently at a distance.
- Purchases of digital equipment to facilitate home office work for employees with such needs.

THIS IS WHERE WE ARE TODAY

- in Division North Europe, 80 percent of employees report good health, an increase of 4 percent compared with 2020.
- in Division Nordics, a deterioration in mental health among employees was noted. Probably because of the pandemic.
- In 2021, 33 workplace injuries were reported.
- In 2021, sick leave was 5.7 percent, an increase of 10 percent compared with 2020.
- 678 work-related sick days were reported, an increase of 67 percent compared with 2020.

However, the figures for 2021 include four new production units, three in Division South Europe and one in Division Nordics (System Frugt), which explains the increase as occupational injuries have historically occurred in production units and warehouses and not in offices. In addition, Division South Europe has a relatively high proportion of industrial workers where the risk of occupational injuries is highest. We are seeing the same trend for the number of sick days.

Read more in the appendix on page 90.

GRI 403-2 GRI 403-3
GRI 403-4 GRI 403-5
GRI 403-6 GRI 403-7
GRI 403-9 GRI 403-10

Commitment, education and leadership

Our objective

Committed employees are the key to creating a healthy work environment, and to achieving our targets. We want to develop an open corporate culture with low thresholds for interaction. We see the value in maintaining and continuously developing our employees' different competencies. Through training drives and initiatives, we want to encourage and support employees' personal and professional development. At the same time, no organisation can function without reliable leadership. Midsona strives to build a culture of good leadership, with effective management and governance. Our leaders should be a source of inspiration and enthusiasm in their respective teams.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Conduct regular, comprehensive employee surveys. The system comprises a series of surveys with different intentions, for example to determine employee satisfaction or assess mental well-being.
- Provide employees with a platform on which they can anonymously share ideas, feedback and complaints by, for example installing digital "call boxes" in the workplace.
- Develop employees' expertise with internal lectures, courses and seminars.
- Encourage and support employees to learn new languages by giving them access to online platforms and training.
- Further develop Midsona's sustainability training, which all employees must complete.
- Enable students and academia to collaborate with Midsona to exchange specialist knowledge.
- Courses to build sustainable and inspiring leadership.
- Clear leadership and governance principles regulating responsibilities, tasks and obligations.
- Share success stories about our sustainability work to nurture and promote sustainability in the daily operations.
- Offer a management academy to train and develop new young managers.

PROGRESS IN 2021

- Strengthened our survey program and conducted two employee surveys. These focused on mental well-being and healthy lifestyle regarding the work situation during the pandemic.
- The first "call box" was installed at our production unit in Lauterhofen.
- Information about the updated whistle-blower service was distributed to all employees to encourage its use.
- The Midsona Nordic Commercialisation Academy was held in Sweden, Norway, Denmark and Finland. The training focused on cooperation and interaction with our customers.
- Upgraded and developed Midsona's sustainability course on the basis of scientific research and UNESCO recommendations and in collaboration with Windesheim Honors College, as part of a Bachelor Internship & Capstone programme. Sustainability training for employees will commence in 2022.
- All employees are given opportunities to learn and improve their knowledge of English as part of a global network
- Adopted new sustainability-related KPIs, management systems and working groups to integrate sustainability into the day-to-day operations.

THIS IS WHERE WE ARE TODAY

- Proportion of full-time employees who have received regular performance and career development interviews during 2021: 79 percent.
- All employees are given opportunities to learn and improve their English skills. Employees in the Midsona Group received an average four hours of training in 2021.
- In 2021, an employee survey was conducted regarding sustainability, addressing, among other things, employees' knowledge of sustainability and awareness of Midsona's sustainability work. This survey was part of Midsona's sustainability development program, with as many as 200 employees responding.
- An employee survey was conducted in Division North Europe. 85 percent of all employees in Division North Europe say that their work at Midsona feels meaningful. 87 percent of all employees in Division North Europe feel strongly motivated in their workplace. 83 percent have strong faith in the management of Division North Europe, and 83 percent agree that they know what Midsona expects of them in their roles. In Division Nordics , employee surveys are conducted every two years. The next survey will take place in 2022.

Read more in the appendix on page 91.

GRI 103-1 GRI 103-2
GRI 103-3 GRI 403-4
GRI 403-6 GRI 404-1
GRI 404-2 GRI 404-3

Corporate culture with diversity, inclusion and equality

Target
50/50
gender distribution in management positions

Our objective

Midsona wants to create a strong corporate culture that is permeated by the common core values: *Caring, Reliability (trust), Motivation (drive) and Pride.* This is a long-term process that generates positive effects in terms of creativity, innovation and motivation. Midsona strives to create an equal and inclusive work environment characterized by diversity. We want a balanced age and gender distribution at all levels in the Company with equal conditions and opportunities for all employees. Harassment, discrimination or other abusive treatment will never be accepted. The Group has a relatively even gender distribution and works actively to achieve a 50/50 gender representation in senior positions.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

To ensure a diverse, equal and inclusive workplace, the following is done:

- When recruiting or promoting, potential or current employees are assessed only on the basis of their expertise and development opportunities.
- Offers working conditions that suit all employees. With flexible working days, the opportunity to work from home and the opportunity for part-time work – even in senior positions.
- Takes measures to improve gender representation, drive integration and inclusion.
- Shape a transparent culture and encourage inter-cultural dialogue.
- Promote team building, as well as formal and informal corporate events.
- Give all employees the opportunity to talk in person with the CEO and members of Midsona's management teams during regular site visits.
- Systematised and transparent internal communication via the intranet, which measures interaction and is followed up.

PROGRESS IN 2021

- Increased metrics for diversity and gender equality with a higher quality than previously.
- Home office opportunities and, accordingly, increased flexibility to work from home.
- Created jobs for refugees at production facilities, with housing support and language training.
- Collaboration with the Impulsa Foundation in Spain. A network that creates opportunities for young people in socially vulnerable situations. The project includes, for example, mentorship and funding of higher education.
- Implementation of anonymous recruitment process in Division North Europe.
- Continued process of adapting the working conditions at our facilities. In 2021, the number of vacation day was increased at the production unit in Lauterhofen, Germany.
- Group Management has introduced and implemented our common core values for new acquisitions.
- Increased communication on the divisions' websites, LinkedIn and other social media.
- Established working groups across location, country and division boundaries.

THIS IS WHERE WE ARE TODAY

- Includes all Group level managers for Midsona AB, including those who are members of Group Management and all members of the division level management group: 14/19, that means a 42/58 percent distribution women/men.
- Gender distribution of the Company's Board of Directors: 2/4, that means a 33/77 percent distribution women/men.
- Gender distribution Group Management: 2/4, that means a 33/77 percent distribution women/men.
- Gender distribution in total of Group level managers, including members of Group Management: 4/4, that means a 50/50 percent distribution women/men.
- Gender distribution within the organisation: 51 percent women, 49 percent men.
- No cases of discrimination were reported in 2021.
- No cases of corruption were reported in 2021.
- All employees have access to Midsona's intranet.
- Ongoing newsletters and CEOs' letters to all employees within the Group.

Read more in the appendix on page 91.

GRI 401-1 GRI 401-2 GRI 405-1
GRI 406-1 GRI 103-1 GRI 103-2
GRI 103-3 GRI 205-1 GRI 205-3

Responsible sourcing

To be able to deliver safe and responsibly produced products, we need to buy responsibly produced raw materials. Some of our largest areas of influence in sustainability are linked to responsible sourcing and safe products. Midsona has a strong focus on sustainable suppliers and healthy working conditions in our supply chains.

In collaboration with our suppliers, Midsona works to ensure that everyone in our supply chain lives up to our requirements and conducts as sustainable a business as possible. Through recurring supplier checks, visits and collaborations, Midsona maintains close, long-term relationships built on mutual trust. We have a solid internal system for reviewing our suppliers' efforts. We also work closely with third-party players and various certifications as an additional guarantor of the products and raw materials we purchase.

Midsona always strives to develop its supply chain to ensure that the raw materials purchased are responsibly produced from an environmental, social and economic perspective. Our close links and commitment to agriculture generate additional value for Midsona, its customers and suppliers, as well as for farmers.

Midsona's work with responsible purchasing contributes to 11 of the global goals for sustainable development

Target 2025
100%
our own brands free from palm oil

Sustainable raw materials

Our objective

Sustainable raw materials are crucial in offering sustainable products, while the supply of raw materials always poses a risk from several perspectives. Never in human history has biodiversity been as threatened as it is today[1]. Prudent agriculture, forestry and fishing have significant potential to mitigate the effects.

By concentrating on plant-based, sustainable raw materials and products, Midsona wants to contribute to sustainable agriculture, forestry and fishing. The Group is also working to increase its third-party certified products, as described on page 56. Choosing certified raw materials fosters sustainable management of forests, land and marine resources. This is further secured for Midsona's high-risk raw materials in terms of climate and biodiversity, such as palm oil, fish oil, rice, maize, soy, packaging materials and paper. For this reason, the Group has adopted a position on the following issues:

- **ORGANIC.** Midsona strives for production with the least possible environmental impact. The basis for this approach is a set of strict guidelines and developed principles, compiled and certified in accordance with the EU regulations for organic farming, production and marketing of organic products (EU) 2018/848. Organic farming comprises agricultural methods for producing food using natural substances and processes. It often has a limited environmental impact thanks to the responsible use of energy and natural resources, the conservation of biodiversity, more fertile soils and better water quality. In addition, the rules for organic farming encourage better animal welfare because farmers must, among other things, meet the behavioural needs of their livestock. The EU regulations on organic farming set a clear framework for organic production throughout the EU.[2]
- **GENETICALLY MODIFIED ORGANISMS (GMO'S).** Midsona's products may not contain raw materials from genetically modified crops. We do not accept products listed in the European Commission's register of genetically modified organisms or products that are marked with the text "This product contains genetically modified organisms", 1829/2003 and 1830/2003. The raw materials we use for which there is a high risk of genetically modified (GM) material being mixed in are soy, maize, rapeseed and rice.

- **ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO).** The protection of the rainforest and the indigenous people is essential and measures must be taken against deforestation and the extinction of habitats. Midsona should avoid palm oil or, where that is not possible due to product needs in terms of quality and safety, only RSPO-certified palm oil promoting responsible production may be used. By 2025, all of Midsona's own brand products are to be 100-percent free of palm oil.
- **FRIENDS OF THE SEA (FOS) FOR FISH OIL.** Sustainable fishing methods and sustainability certifications are necessary and urgent in ensuring the sustainable use of the oceans and marine resources. Midsona shall ensure that the fish oil in its products derives solely from sustainable fishing.
- **FOREST STEWARDSHIP COUNCIL (FSC) FOR SUSTAINABLE PAPER USE.** Midsona shall contribute to the environmentally friendly and socially responsible use of forests. The Group may only buy FSC-certified paper products, alternatively PEFC-labelled.
- **PLANT-BASED RAW MATERIALS AND ANIMAL WELFARE.** Animals are to be treated well and protected from unnecessary suffering and disease. Midsona shall market and supply plant-based products as a responsible alternative to animal products and shall never market products that have been tested on animals. Plant-based products an important step for a low-carbon society.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

To assure appropriate handling of raw materials subject to risks, Midsona has developed a new Group-wide set of instructions *"Midsona's guidelines regarding GMOs, palm oil, fish oil, paper use and animal welfare"*. This formal part of Midsona's Sustainability Policy and is a plan to protect biodiversity in fisheries, forestry and agricultural production along the value chain. It includes the following actions:

- Systematic, integrated risk controls for GMOs, palm oil and fish oil as part of the innovation process and quality assurance system.
- Mapping and rating of risk factors by our suppliers through the Supplier Self-Assessment (SSA) in Midsona's supplier portal KODIAK.
- Ensure that our suppliers sign and apply Midsona's Supplier Code of Conduct (SCOC).
- If validation is required, documentation or a sample analysis plan is requested.
- Include requirements for FSC-labelled paper and packaging materials in our Procurement Policy.
- Promote and make available plant-based foods as a responsible alternative for animal products.
- Be involved in relevant networks and organisations.

PROGRESS IN 2021

- The Group's new instructions regarding raw materials, *"Midsona's guidelines regarding GMOs, palm oil, fish oil, paper use and animal welfare"* have been approved and implemented in the organisation.
- Removed all palm oil from our products sold under the Earth Control brand.
- Updated climate-related risk analyses for Midsona's raw materials to reduce the risks of environmental and social impact caused by high-risk raw materials (such as soy and rice).

THIS IS WHERE WE ARE TODAY

- 100 percent (100) of purchased palm oil as a raw material is RSPO-certified, the same as last year. We have reduced the amount of palm oil we purchase by 10 percent compared with 2020, and it accounted for less than 0.1 percent of our total raw materials purchased in 2021. The figures for palm oil are based on sales.
- Of our purchased raw materials, 92 percent (90) carry organic certification, which is an increase of 2 percent compared with the preceding year.
- 100 percent of our purchased raw materials are GMO-free, the same as in the preceding year.
- 100 percent (100) of our purchased fish oil as a raw material in our own production was FoS-certified in 2021, the same as in the preceding year.
- 65 percent (79) of purchased paper packaging materials derive from recycled or FSC-certified input materials, which is a decrease of 18 percentage points compared with the preceding year.

Read more in the appendix on page 92.

GRI 304-2
GRI 305-3 (GHG Scope 3)
GRI 308-2

[1] https://www.un.org/en/observances/biological-diversity-day/
[2] https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en

Target 2025
100 %
Classified strategic supplier in accordance with guidelines for sustainable procurement

Supplier control

Our objective

For Midsona, it is important to maintain a close relationship with our suppliers. In this way, we can ensure that we work with suppliers that are sustainable or that demonstrate strong development potential. We can then secure the availability of sustainable resources and protect our biodiversity.

- By 2025, 100 percent of our strategic suppliers must be classified in accordance with sustainable procurement.
- 100 percent of suppliers must have signed Midsona's Supplier Code of Conduct.

Through local purchasing and proximity to our factories, Midsona also increases its control and transparency with regard to production and the supply chain. In the minds of consumers, local production is often associated with consistent and superior quality and consumer demand for locally grown products is clearly increasing.

To reduce the risks in the supply chain, we are also purchasing a larger proportion of raw materials directly from suppliers in the country of origin. Thereby reduce complexity in the supply chain, while increasing control and transparency. This allows us to build strong partnerships and to drive change in agriculture and how our products are cultivated. Midsona takes both the social and environmental aspects of production into account.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

To achieve our ambition, we apply a meticulous supplier management system encompassing the following:

- a Supplier Code of Conduct that helps us set higher standards and ensure that we work with responsible suppliers.
- A quality and sustainability risk assessment system – KODIAK – that rates and monitors suppliers regarding e.g. fulfilment of criteria regarding sustainability certification, quality and product safety, geographical risk in accordance with BSCI, economic and environmental impact, business ethics, anti-corruption and health and safety.
- A network of strategic suppliers in which we work together in the long-term to support the transition to sustainable production.
- Increase control and transparency in the supply chain when, for example, purchasing strategic raw materials directly from suppliers in the country of origin.
- By supporting local suppliers[1], Midsona can indirectly attract further investment in the local economy, as well as ensuring increased control and transparency and reducing transport needs.

PROGRESS IN 2021

- Further development of the requirements in accordance with global frameworks for sustainable procurement and supplier assessment in KODIAK.
- Continued work to ensure that all suppliers sign and apply Midsona's Supplier Code of Conduct.
- Began the process of becoming a member of Sedex (Division North Europe), which works for and improves social and economic impacts in our supply chains.
- Continue System Frugt's work with its membership in the Business Social Compliance Initiative (BSCI), a European organisation that actively works to improve working conditions in the countries where production takes place.
- Updated TCFD-based climate-related risk analysis for our deliveries to counteract the risks of delivery failure and increased prices.
- France is cooperating long-term with 100 independent French organic farmers on the purchase of cereals and legumes to increase local procurement and protect biodiversity.
- During the year, we laid the foundation for a new collaboration with a supplier to establish a more local supply chain for quinoa. Seeds have been selected and initial trials are planned for 2022.
- Increased proportion of German cereals for classics including wheat, rye, spelt and oats.
- Increased proportion of buckwheat from the EU.
- Assisted with 30 percent pre-financing for the development and protection of a supply chain for chia seeds.

THIS IS WHERE WE ARE TODAY

- 32 percent, meaning that 317 out of 992 suppliers were assessed in KODIAK, a decrease by 15 percentage points compared with the preceding year (269 out of 578) when suppliers to Division Nordics and Division North Europe were assessed. The reduction is due to Division South Europe, which has not yet implemented KODIAK, having some 400 suppliers, almost as many as Division Nordics. For Division Nordics where KODIAK was implemented first and as the only division that has adopted the system, however, the percentage increased from 74 to 75 percent in 2021.
- 51 (78) percent, meaning 501 out of 992 (452 of 578) suppliers have signed and apply the Code of Conduct. 79 percent, 501 out of 632 in Division Nordics and Division North Europe, which were reported as GROUP in 2020, increased by one percentage point on the preceding year (78 percent, 452 of 578).
- Ten supplier audits (compared with nine in 2020) were performed by the Midsona Group in 2021, limited by the corona pandemic in both 2020 and 2021.
- 48 percent (53) local purchases from the EU, of which:
  - 48 percent (53) of purchased raw materials were of EU origin.
  - 91 percent (92) of finished products were purchased within the EU, meaning that finished products are purchased from suppliers within the EU.
- 58 percent (55) of raw materials were purchased directly from the countries of origin.
- The factory in St. Germain-Laprade in France sources 100 percent of its organic raw materials – cereals and legumes – from within the same country.
- In Division South Europe, 100 percent of the soy purchased originates in France (covered by EU rules on GMOs).

All of Midsona's suppliers must be risk classified in accordance with social and environmental issues, as well as with regard to quality and the requirements for safe products. Read more on pages 72–74.

Read more in the appendix on pages 92–93.

GRI 204-1 GRI 308-1
GRI 308-2 GRI 414-1
GRI 414-2

[1] Midsona's geographical definition of "local suppliers" is: Proportion of purchased raw materials within the EU and total purchases of finished products within the EU.

Commitment in the supply chain

Our objective

Midsona strives to be a long-term strategic partner for its suppliers and a reliable player in, for example, supporting sustainable societal development in the agricultural communities in which we are active. Our ambition is to combine more of our purchasing activities for strategic raw materials with the promotion of biodiversity, environmentally friendly agriculture and social commitment in mind. It is, at the same time, more economically sustainable and therefore generates a shared added value.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Collaborate with strategic suppliers with long-term relationships for better agriculture and community involvement based on principles of equality and justice.
- Regularly visit strategic suppliers and purchasing projects and maintain a close dialogue with farmers to promote sustainable agriculture.
- Help measure the effect of our supply chain on farmers, society and the environment.
- Build networks and involve stakeholders throughout the supply chain.
- Create a high degree of transparency and communicate about our efforts to create value for customers and consumers.
- Close collaboration with customers with the same objective.

PROGRESS IN 2021

- Established the "Midsona Fund" to organise, administer and manage aid and donations to community projects with complete transparency.
- Reorganisation of the sustainability group. A specialist in social issues was appointed.
- Increased supply of raw materials from our own community projects.
- Strengthened cooperation with the Ibis Rice Project in Cambodia to protect biodiversity. The project focuses on growing rice in a way that also maintains and promotes local wildlife.
- Establishment of collaboration in forestry for the cultivation of cereals in France, focusing on the protection of biodiversity (80 bird species, 600 species of vegetables and plants and 100 types of insects), rural landscapes and agricultural structures, seeds and crops, water supply and adaptation of the area to reduce climate impact.

THIS IS WHERE WE ARE TODAY

- Continued involvement in ongoing projects and further expansion of new projects.

Continued involvement in ongoing projects and further expansion of new projects:

KOTWA COMMUNITY PROJECT

- A partnership with one of Midsona's strategic suppliers of rice, Nature BIO FOODS, in the Kotwa area of Uttar Pradesh, India. The products grown are basmati and long-grain rice (with lentils, amaranth and flax as rotation crops).
- 396 affiliated farmers engaged in small-scale farming of organic, Fairtrade-certified rice.
- Introduce environmentally friendly cultivation methods with a special focus on efficient use of water, while ensuring better living conditions for small-scale farmers.
- In 2021, Midsona signed a long-term project agreement with the supplier and NGO that is valid for ten years.
- Better reporting structures were established.
- The first visit to Kotwa for Midsona's project manager, as well as strategic purchasing manager.
- Raw material volumes from the Kotwa project increased by 7.7 percent in 2021.

IBIS RICE PROJECT

- 1,500 affiliated farmers to protect biodiversity in agriculture in vulnerable areas. A national nature reserve of 500,000 hectares is managed where 50 endangered animal species are protected.

CELNAT FOND

- Fonds De Donation Celnat supports 3 projects to promote biodiversity and sustainable eating. Midsona provides financial support for the projects, guidance and regular follow-up with the project managers about the progress achieved.
- **About biodiversity:**
  Agroforestry project in the Ferme des prés organic farm in Vareilles (Burgundy)
  Project: planting of 4.5 km of hedges.
  Benefits: carbon sequestration, bird protection, enriched soil research to evaluate impact.
- *2. Farm of the Sarliève project*
  Protection of agricultural land in urban areas with a transition to organic farming.
- **About sustainable eating:**
  3. Landestini's project "Sustainable food master".
  Starting point: need to raise awareness of biodiversity and sustainable consumption.
  Project: workshops in schools (from primary school to high school) to educate students on how their food choices affect biodiversity and guide them to make more sustainable food choices.
  Extent: 15 schools in 2020, 25 in 2021, from primary school to high school

Read more about our community projects on our website.

Read about how we donate food to various organisations to avoid food waste in the section Efficient use of resources on page 75.

GRI 304-2 GRI 308-2
GRI 413-1 GRI 413-2
GRI 414-2

Food Service and community involvement

Our objective

As an intermediate target for health and plant-based, we want to inspire and make it easier for more people to eat plant-based and healthy food. Through our investment in Food Service, we have several rewarding collaborations that foster good conditions for this. Midsona Food Service delivers sustainable meal solutions, ingredients and plant-based recipe inspiration to the public sector, schools and organisations. Together, we can contribute to sustainable change for the environment, health and social impact. For example, Midsona has helped schools and students take a further step forward towards a more sustainable food culture. By working for sustainable school kitchens, we want to provide support all the way, from understanding the meaning and cultivation of plant-based food, climate calculation of recipes and menus, to providing recipe inspiration and holding workshops on plant-based foods.

PROGRESS IN 2021

- Launched the "Keep it sustainable" food service, a theme week for high schools and high school students in Sweden. Through films, students learned to adopt a more sustainable approach to food.
- in Germany, a new customer collaboration was initiated that enabled the donation of healthy and nutritious hot meals to 4,600 children in need, while in Berlin we have a collaboration in which are delivering certified rice for some 10 million school lunch portions.
- in Finland, Earth Control carried out a campaign in collaboration with the World Wide Fund for Nature (WWF). A total of EUR 10,000 was donated to protect Finnish forests and promote biodiversity.
- in France, Midsona's "Champions for Sustainable Food Initiative" supports an educational program to create urban vegetable gardens in French schools. This is part of a larger private equity fund linked to the Celnat brand operating in France. Read more about the fund on our website (https://www.midsona.com/en/sustainability/).
- Midsona supports several awards that promote a sustainable food culture. We are partners in White Guide Junior and the competition School Dish of the Year in Sweden, Eco-chef of the Year in Denmark and Climate Chef of the Year in Finland.

THIS IS WHERE WE ARE TODAY

- In 2021, we funded a total of 17,500 meals through food donation in Germany and 25 schools, which means that 10,000 students received certified rice as a school industry in Berlin.
- in France, we support the operation of urban vegetable gardens in 50 schools.

Read about how we donate food to various organisations to avoid food waste in the section Efficient use of resources on page 79.

GRI 413-1


midsona

Safe products and quality

The quality requirements in all of Midsona's processes are strict to minimise the risk of defects, product recalls or product liability claims. All suppliers must meet our requirements for product safety and any complaints are registered early in our quality assurance system, allowing proactive measures to be taken

Midsona's quality and product safety work is governed by the quality and safety management system, which is based on current legislation, requirements from authorities and customers, as well as industry guidelines. Internal policies, as well as a clear structure and division of responsibilities ensure that Midsona delivers safe and legal products. Employees with regulatory and quality expertise continuously assess suppliers, raw materials, finished products and labelling. During the year, all newly launched products were evaluated by Midsona. Our quality management systems include clear plans of action for products that do not meet our quality requirements, as well as clear procedures for traceability and recalls. Midsona's quality and food safety management system is based on risk analyses in accordance with HACCP (Hazard Analysis of Critical Control Point). Follow-up involves regular internal audits, or self-inspections, as well as third party audits.

In 2021, we had no incidents of non-compliance with product and marketing information resulting in fines or penalties, 15 incidents regarding product safety, labelling and marketing information that led to various corrections, and we carried out a total of 12 recalls and 16 withdrawals in the Group.

Midsona's work for safe, high-quality products contributes to two of the UN's global goals

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Read more in the appendix on page 93.

GRI 416-1
GRI 416-2
GRI 417-1
GRI 417-2
GRI 417-3

Target 2025
100 %
risk-classified suppliers and annual risk-based audits

Risk assessment of suppliers

Our objective

Midsona prioritises responsible sourcing at all levels. An important part of this is the risk assessment of suppliers, which is performed based on a number of identified critical criteria that must be met. The objective is for 100 percent of Midsona's suppliers to be risk classified in accordance with the requirements for safe products and quality by 2025. Risk-based audits are to be conducted annually.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- By mapping in our quality and sustainability risk assessment system, KODIAK, Midsona's suppliers are classified as low, medium or high risk with regard to the extent to which they meet criteria for quality and product safety, geographical risk in accordance with BSCI, economic and environmental impact, business ethics, anti-corruption and health and safety. In addition to risk assessment, we perform additional physical, digital or written risk-based audits of suppliers who have identified risks. This creates a constructive dialogue and the opportunity to improve important processes. Together with the supplier, we can close gaps and remove deviations so that they meet Midsona's quality requirements.

THIS IS WHERE WE ARE TODAY

- The proportion of risk-classified suppliers in accordance with the requirements on quality and safe products assessed in KODIAK was 75 percent in 2021, in Division Nordics where KODIAK was applied. This was almost the same as in 2020, despite the fact that Division Nordics integrated System Frugt in 2021, where KODIAK was not previously applied.
- For the Midsona Group, the proportion decreased to 32 percent due to Division North Europe and Division South Europe having implemented the system in 2021 and being ready to classify risk in KODIAK as of 2022. However, this impairs the total share as Division South has some 400 suppliers, almost as many as Division Nordics.
- The figures are based on the number of suppliers assessed based on the Midsona Group's set requirements and standards in KODIAK and do not include suppliers that are risk-classified based on other standards. Suppliers yet to be managed in KODIAK are, however, assessed in accordance with current international standards and the respective certification requirements.
- In 2021, we performed ten risk-based audits and worked on the necessary corrective measures with suppliers.

Midsona's work with these targets is described in greater detail in the chapter on Responsible purchasing on pages 64–71.

GRI 308-1
GRI 308-2
GRI 414-1
GRI 414-2

Certifications of Midsona's quality management system

Target from 2021
100%
certification of Midsona's own production units in accordance with international standards

Our objective

100 percent of Midsona's own production units are to be certified in accordance with international standards:

- Food: GFSI recognized (Global Food Safety Initiative)
- Cosmetics: ISO 22716 certification.

Exceptions may only be made for minor production units, in response to which we secure a quality system in accordance with international requirements for safe production. The goal also applies to new acquisitions with realistic time frames.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- ► Midsona will secure the target through annual third-party certifications and a risk-based survey of strategic acquisitions.

PROGRESS IN 2021

- ► In January 2021, Midsona's French facility was approved in accordance with the GFSI standard within the IFS certification, which is one of the three leading quality management systems in Europe. This means that all of Midsona's food production facilities are now approved in accordance with GFSI approved standards, and most of them at the highest level of certification.
- ► In 2021, our production facility for cosmetic products in Mariager in Denmark was certified in accordance with ISO 22716:2007. This is a harmonized standard that aims to provide guidance on good manufacturing practices for cosmetic products. The certification establishes guidelines for production, control, storage and transport. In addition, the standard contains practical and organisation-related advice on various factors affecting product quality.

THIS IS WHERE WE ARE TODAY

- ► In 2021, the proportion of Midsona's own production units of a relevant size that has been certified was 100 percent. This represents an increase of 20 percent compared with the preceding year.

GRI 416-1
GRI 416-2

Efficient resource use

Resource efficiency is a necessity, both for Midsona's operations and the environment. Our climate change strategy applies a clear roadmap for reducing greenhouse gas emissions and contributing to a low-carbon economy. We seek to minimise the impact of our operations, value chain and products on the climate and environment. Applying ongoing measures of adaptation, we promote more efficient use of energy, water and waste in our own business operations, while also imposing demands on our suppliers. Applicable environmental legislation, policies, global frameworks and partnerships for a sustainable future must form the basis for improving and advancing our efforts.

With Midsona's work for efficient use of transports, we support five of the global goals for sustainable development

Science Based Targets

Target 2021
100 %
mapped emissions and Science Based Target

Our objective

Science Based Targets are emission reduction targets needed to prevent the worst effects of climate change in accordance with the latest climate science. According to the SBTi and the latest science, more needs to be done – and faster – to avoid the worst effects of climate and ensuring a thriving, sustainable economy. Midsona's objective was to achieve a 100-percent mapping of our emissions in accordance with Scopes 1, 2 and 3, and for our emission reduction targets to be validated and approved by the Science Based Target Initiative (SBTi) before 2021.

PROGRESS IN 2021

- Midsona's ambitious climate targets for reducing greenhouse gas emissions have been approved by the international cooperation body Science Based Targets initiative (SBTi). This is a major step forward and means that the Group's targets agree with the levels required to achieve the targets in the Paris agreement. The emission targets from Midsona's operations (Scopes 1 and 2) are in line with what is required to limit global warming to well below two degrees. The emission targets from the value chain include all relevant categories in Scope 3, a total of seven. They meet the SBTi criteria for ambitious value chain targets and are in line with current best practices.

STATUS

- In 2021, Midsona met this target by 100 percent.

Read more on our website https://www.midsona.com/hallbarhet/

GRI 305-1 GRI 305-2
GRI 305-3 GRI 305-4
GRI 305-5

Greenhouse gas emissions

Target 2034
38 %
reduced emissions in accordance with Scopes 1, 2 and 3

Target 2045
Net-Zero

Our objective

Midsona has decided to advance the work further to reduce greenhouse gas emissions and aims to reach net zero emissions as early as 2045. Midsona is working in parallel towards several targets contributing to reduced emissions. The SBTi-approved emissions targets are in line with the Scope 3 categories "Purchased goods and services ","Fuel and energy "," Waste generated in the operations", "Final processing of products sold", "Business travel", and "Downstream and upstream transport".

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Develop a long-term science-based Low Carbon Transition plan (LCTP).
- Strategy development and planning to reduce greenhouse gas emissions both in our own operations and in the value chain.
- Assessment of measures necessary to accelerate emission reductions.
- Mapping of how Midsona can offset unavoidable emissions.
- Annual reporting and transparency regarding the measures implemented.
- Continue to strengthen the work with climate-related risks and opportunities.
- Innovation and investments to reduce the Group's climate footprint.

PROGRESS IN 2021

- Investments for increased reuse of collected carbon dioxide in production at Ascheberg, Germany. A carbon dioxide circulation process used to clean raw materials. The circulation process was put into operation in 2020 and increased significantly in 2021.
- Pending an LCT plan, Midsona has offset some of the emissions. These include the Ascheberg facility, in Germany, with regard to Scopes 1 and 2, as well as the Kung Markatta and Helios brands.

Additional reading on the Group's work to reduce emissions can be accessed here:

- 100 percent renewable energy in all operations owned by Midsona by 2028, in accordance with Scopes 1 + 2.
- 100 percent of Midsona's own consumer plastic packaging must be recyclable by 2025, in accordance with Scope 3.
- 100 percent plant-based or vegetarian range by 2030, in accordance with Scope 3.
- 90 percent of Midsona's waste at its own facilities shall be recycled, in accordance with Scope 3.
- 100 percent reused food waste, in accordance with scope 3.
- 100 percent fossil-free freight transport by 2030, in accordance with Scope 3.
- 100 percent classified strategic suppliers in accordance with guidelines for sustainable procurement in accordance with Scope 3.

THIS IS WHERE WE ARE TODAY

- In 2021, Midsona's total greenhouse gas emissions for Scopes 1 and 2 were a total of 3,372 tonnes of CO_2e – a decrease of 29 percent compared with the preceding year. This is driven by a reduction in stationary combustion and consumption of chemical process gases in Division North Europe. Through improved follow-up with technical tools, as well as increased awareness among employees, gas use in the production of puffed flakes decreased by 49 percent. The emission intensity in Scopes 1 and 2 in relation to produced weight has decreased by 33 percent from 2020 and 33 percent from base year.
- Midsona's total Scope 3 greenhouse gas emissions were 124,552 tCO_2e in 2021, an increase of 8 percent compared with the preceding year. The emission intensity for Scope 3 was 1,756 (1,705) tCO_2e per tonne produced in 2021, an increase of 3 percent from 2020 and a decrease of 8 percent from the base year of 2019. The largest increase in Scope 3 comes from purchased goods and services due to the acquisition of System Frugt, which predominantly produces dried fruit and nuts, which generally has higher CO2e emissions than other products in Midsona's range.
- Work on a scientific Low Carbon Transition plan will commence in 2022.

Read more in the appendix on pages 94–95.

Read our complete CDP greenhouse gas report at https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/

GRI 305-1 GRI 305-2
GRI 305-3 GRI 305-4
GRI 305-5

About waste

Waste from production, storage, packaging and food waste accounts for a significant part of Midsona's climate impact. Midsona has been working for a long time to increase recycling, both of our packaging and through sorting of waste at our facilities. Recycling capacity plays a central role in mitigating Midsona's overall climate footprint and also furthers a low-carbon product portfolio. This represents a competitive advantage and is an important measure in remaining relevant in a low-carbon economy and society.

Midsona's material areas:

- **A circular business model:** The more that is recovered or recycled the less resources need to be extracted. Midsona strives to maintain the value of products, materials and resources for as long as possible by reintroducing them into the product cycle once they have reached the end of their service life. Accordingly, much of the waste incurred can be prevented.
- **Recyclability in the value chain:** Midsona's packaging strategy is in line with the European Commission's strategy for a circular economy. Read more on pages 57–58.

Recycled waste at the Group's own facilities

Target 2025
90%
Recycling of waste generated in our own operations

Our objective

Midsona has long worked to reduce waste and achieves a high degree of sorting, recycling and reuse of waste in both production and storage. Our ambition for our offices to be completely green is also helping reduce and reuse waste at all of our offices.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping and determining metrics for waste generated in our own operations, waste management and sorting and recycling requirements.
- Mapping of economic significance.
- Updating of equipment in our own production units, warehouses and offices to be able to increase the sorting rate.
- Collaboration for sustainable waste management with specialists, authorities and other actors.
- Reuse and recycle as much waste as possible.
- Strategy for an effective value chain within Europe.

PROGRESS IN 2021

- An efficient value chain has been developed in Europe based on the Nordic structure. To achieve a more flexible warehouse structure, external parties have been brought in. The work also includes Group-wide purchasing processes for increased sales volumes. All of these measures help reduce the total amount of waste.
- Midsona Finland achieved WWF Green Office certification and implemented several measures to reduce its climate footprint, including the introduction of a new recycling system.
- in Germany, waste sorting of spray cans, electronic waste and hazardous waste was improved. Big Bags have also been reused in production.

THIS IS WHERE WE ARE TODAY

- In 2021, Midsona's recycling rate decreased to 78 percent from 79 percent compared with 2020.
- In 2021, Midsona's total waste increased to 2,142 tonnes from 1,492 tonnes compared with 2020, driven by the acquisition of System Frugt and the South Europe division, as well as an increased amount of sorted plastic waste in Division North Europe.
- In 2021, Midsona's waste intensity increased to 30 kg/tonne from 22 kg/tonne compared with 2020. This represents an increase of 37 percent per tonne produced.

Read more in the appendix on page 95.

GRI 305-3 GRI 306-1
GRI 306-2 GRI 306-3
GRI 306-4

Target 2025
100 %
re-used food waste

Reduce food waste

Our objective

According to the UN, the number of people suffering from hunger has slowly increased since 2014, while tonne after tonne of edible food is lost every day. Globally, some 14 percent of the food produced is lost between harvest and retail, and an estimated 17 percent of total global food production is wasted.[1] Midsona is ambitious in its aspiration to reduce unnecessary food waste and increase the reuse of food that is inevitably wasted. This brings Midsona in line with both Agenda 2030 and the Swedish government's milestones for food waste.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping and determination of metrics for our handling of food waste.
- Extend durability through smart packaging, quality assurance processes and labelling.
- Updating of sorting options to be able to reduce food waste and spillage at our own production units, warehouses and offices.
- Recycle as much food waste as possible, including as biogas, manure, animal feed and compost.
- Sales of goods with short expiry dates at reduced prices and donations.
- Collaboration with various actors for meaningful handling of food waste.
- Innovation and product design to find synergies among ingredients and goods, in production and ultimately with the consumer. Our innovation process also take product design and labelling into account.

PROGRESS IN 2021

- As part of Midsona's quality assurance process, we continuously double-check specific raw materials with a short or expired due date. In 2021, some 250 batches of products were inspected, of which about 120 had raw materials whose shelf life could be extended rather than being discarded.
- At the production facility in Ascheberg, Germany, goods with short best-before dates are sold at greatly reduced prices.
- Agreement with a new biogas plant in Denmark for food that cannot be used at times due to quality issues. In the first three months, about 10 tonnes of food were sent to the biogas plant.
- New partnership with the Malteser humanitarian aid organisation in Germany.
- New collaboration for donations of food to Matmissionen in Sweden, a social food store where financially vulnerable people can buy food at low prices.
- Within Midsona Food Service, Davert Organic Ingredients was launched, comprising 100 percent food waste. The product, which is sold to bakeries, is made from the food waste incurred during the process of baking Davert's Buckwheat Crunchy and is a successful result of a technology and baking process that have been developed.
- Progress with the "Best before, often good after" label. In Division Nordics, the label is printed on all new organic products and all that are given a new design. For Urtekram and Kung Markatta, designs are updated continuously. In the longer term, this will be available on most Midsona products, where possible in accordance with current guidelines.

THIS IS WHERE WE ARE TODAY

- In 2021, the degree to which Midsona reuses food waste increased to 99.8 percent, which means that we are close to fulfilling our target of 100 percent.
- In 2021, Midsona donated a total of 37 tonnes of food to charity, up from 16 tonnes in 2020 and entailing a 57-percent increase compared with 2020.
- In 2021, 42 percent of Midsona's products were labelled "Best before, often good after".

Packaging design extends shelf life and reduces food waste. Read more on page 57.

Read more in the appendix on page 96.

GRI 301-3 GRI 305-3
GRI 306-1 GRI 306-2
GRI 306-4

[1] https://www.un.org/en/observances/end-food-waste-day

Target 2030
10 %
reduced water use per tonne produced. 20 percent in Spanish operations

Water consumption

Our objective

Water is a resource that has become increasingly critical and important to protect. It is our responsibility to keep water consumption in production to a minimum in the countries where we operate, especially in drier and warmer countries in southern Europe. To date, Midsona's facilities have had a relatively low water consumption. The Group operates mainly in countries with good access to fresh water. However, Midsona's modernised production facility in Spain has a higher water intensity, and in general the risk of drought is higher in southern Europe. Midsona's operations use fresh water, both in products and in production processes. Although Spain will contribute the most to reducing our water consumption, all units will contribute.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping and determining metrics for our total use of water (read more in the appendix on page 97) and reuse of waste water.
- Updating technology in our own production units in Spain to reduce water use and to set a dedicated budget for target fulfilment in Spain.
- Reuse of water and collaboration with specialists and authorities to operate a safe production when using recycled water.
- Use of our own water sources, such as our own wells and collection of rainwater.
- Categorically reduce water use in both production and end products.

PROGRESS IN 2021

- In 2021, an organic Urtekram beauty collection was launched with a focus on reduced water consumption in production through highly concentrated products. This also reduces the size of the packaging and accordingly also the transports.
- Midsona's factory in Castellcir, Spain, is our most water-intensive production unit where several different measures have been taken to reduce our total use of water. 55 percent of the water consumed comes from our own wells. Process and surface water are collected in a large tank for irrigation and cleaning of the plant. In 2021, work began on a new system for reusing water in autoclaves for cleaning and production processes.
- Division North Europe implemented a certified environmental management system, as part of the We-Care certification. The digital system records, measures and monitors water and energy consumption and enables greater resource savings. Read more about the We-Care certification at: *https://www.midsona.com/en/*

THIS IS WHERE WE ARE TODAY

- In 2021, Midsona's water use was 60,907 m^3 (59,039 m^3 2020), an increase of 3 percent compared with the preceding year. The water intensity per tonne produced decreased to 0.86 m^3 in 2021 from 0.88 m^3 in 2020, a decrease of 2 percent.
- 74 percent of the Group's water consumption in 2021 took place in the production unit in Castellcir, Spain. In 2021, water use in Spain increased to 44,812 m^3 from 40,316 m^3 in 2020 and the water intensity in the production unit increased by 5 percent from 2020 to 2021.

Read more in the appendix on page 97.

GRI 303-1 GRI 303-2
GRI 303-3 GRI 303-4
GRI 303-5

Energy

Target 2028
100%
renewable energy

Scope 1
100%
fossil-free stationary combustion[1]
fossil-free mobile combustion[2]

Scope 2
100%
renewable district heating (steam and cooling)
of the electricity purchased must be renewable

Our objective

Midsona has worked with energy efficiency for a long time. Our ambition is for all proprietary operations to have 100 percent renewable energy and for consumption to be kept to a minimum. In addition, we have a target of reducing our total energy consumption by reusing energy, where possible, for warehousing and production. Besides purchasing renewable wind and hydro-power, solar energy is also generated by Midsona's own solar panel installations.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

Midsona's strategy for energy use comprises the following steps:

- Mapping and determination of metrics for energy consumption in accordance with the guidelines of the GHG protocol.
- Dedicated budget for energy efficiency and investments in renewable energy.
- Follow technological development for fossil-free alternatives and change in step with development.
- Strategic investments to increase the proportion of self-produced, renewable energy.
- Transition to fossil-free vehicles and transport, read more on page 83.
- Strategy for an efficient value chain within Europe, with coordinated production and inventory, contributes to reduced energy use in our own operations.

PROGRESS IN 2021

- Carried out a materiality, risk and feasibility assessment, as well as a survey of the Group's total energy use in its own operations.
- Midsona Finland was WWF Green Office certified and implemented several measures to reduce its climate footprint. During the year, an agreement was signed for 100 percent renewable electricity.
- At the production plant in Denmark, a hot air project was introduced that reduces electricity consumption by 10 percent through new power-optimized compressors. Agreements have also been signed that ensure the production can always switch to the latest, most sustainable technology in this area free of charge.
- In our cosmetics production, district heating consumption has been scheduled and optimized, for optimal heat consumption. The result is about 1.5 hours less district heating consumption per day.
- in Germany, gas consumption decreased by as much as 49 percent, in the production of puffed grain and roasted muesli. A major advance achieved through an expanded monitoring system, technical control and strengthened awareness among employees in production.

THIS IS WHERE WE ARE TODAY

- In 2021, Midsona's energy use in Scope 1 decreased from 8,822 MWh to 7,002 MWh, a decrease of 21 percent, with approximately 0 percent deriving from renewable energy.
- In 2021, Midsona's energy use in Scope 2 increased from 9,566 MWh to 9,894 MWh, an increase of 3 percent, where 65 percent derived from renewable energy.
- In 2021, 82 percent of electricity consumption came from renewable sources (6,475/7,904), an increase of 15 percentage points from 67 percent in 2020 (5,510/8,173).
- In 2021, Midsona's climate impact from energy consumption decreased by 1,391 tonnes CO_2e.
- In 2021, our energy intensity decreased by 0.032 MWh per tonne produced for Scope 1, which means a reduction of 24 percent and 0.002 MWh per tonne produced for Scope 2, which means a reduction of 2 percent.
- In 2021, Midsona produced 403 MWh of its own solar energy, a decrease of 8 percent from last year due to a malfunction of solar cells in Denmark.

Read more in the appendix on page 98.

GRI 302-1
GRI 302-4
GRI 305-1
GRI 305-2

[1] Includes heat or energy in buildings and production processes
[2] Includes consumption in our own vehicles and transport (read more about company cars on pages 85 and 123.)

Efficient transports

Transport is a priority sustainability issue for Midsona and one of our largest sources of climate emissions. As we operate in a European market with production in several countries, we have therefore worked actively for a long time to reduce our environmental footprint by, for example:

- Streamlining transport.
- Coordinating purchasing within the Group and prioritising local suppliers.
- Streamlining packaging formats to reduce transport.
- Phase out air transport as far as possible and explore new opportunities for diversified fuels.

Midsona's work for efficient transports contributes to three of the global goals for sustainable development

Fossil-free transports

Target 2025
100 %
fossil-free self-contracted domestic goods transport in the Nordic division

Target 2030
100 %
fossil-free goods transport contracted by Midsona within Europe

Our objective

The distribution of Midsona's products is outside the direct operations of our organisation. Apart from a tiny part in Division South Europe, all of our distribution operations are outsourced to third-party transport providers and are therefore included in our climate impact in the value chain, Scope 3 and belong to our climate target. Read more about what this entails in the appendix on page 121.

As a member company of DLF, Midsona is affiliated with Transport Initiative 2025 in Sweden[1], and has the ambition of being at the forefront with regard to the requirements imposed by the initiative.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Mapping and metrics for all of our transports, as well as mapping of economic significance with a dedicated budget.
- Transition from fossil-fuelled to fossil-free trucks, or offsetting of transport agreements if there is no other alternative.
- Transition from fossil-fuelled trucks to fossil-free solutions or low-emission transports, such as trains or ships.
- Switching to fossil-free transport gradually and in pace with development, as well as transport-reducing measures.
- Optimise our European value chain with increased coordination of transport flows with distribution networks across national borders.
- Include transport efficiency in the assessment of product design in the innovation process.

To achieve this objective, the Group continuously maps new opportunities and sustainability development among transport suppliers. One challenge is that there are currently few good fossil-free transport solutions. At the same time, the pandemic has shown us that inter-modal solutions such as ship and rail are good in that they are stable and reliable, both in terms of CO_2 efficiency and goods supply, even in turbulent periods. Midsona is striving to further increase the share of rail transport. Today, it is also a challenge to obtain good quality data on fuel types. We have therefore chosen to measure the transport target in terms of emissions per day as this directly reflects the extent of fossil-free fuel in the form of data on reduced climate emissions.

PROGRESS IN 2021

- Carried out an updated risk and feasibility assessment of our transports based on the TCFD framework. Developments here are rapid, and all countries in which Midsona operates have an EU-regulated minimum tax for fossil fuels, and in some countries the tax is already a significant part of the fuel price. Increased taxes on fossil fuels will have a direct impact on Midsona's transport costs. The analysis has given us a better overview of the target's economic significance for Midsona.
- Most of the transports from Italy to Denmark were transferred to a rail solution. From 2022, all transport from Italy to Mariager in Denmark will be by rail.
- in Germany, we chose a new transport agreement with offsetting for our online store in 2021 as there are currently no viable opportunities in the area to transition to fossil-free transport. This allows us to deliver our products climate-neutrally for a fee.
- Midsona works continuously with suppliers to improve the degree of filling and to streamline transports. For example, we are conducting a project in Belgium to increase the stack height of rice and corn cakes on pallets from six layers to seven. Following a test run, the outcome was promising and the plan is to implement the new stack height in early 2022. This is estimated to lead to a reduction in the number of Friggs product shipments by 17 percent. Over the year, the filling rate for transports of rice, one of our foremost raw materials, also increased.
- During the year, several steps were taken at the Group level to improve the structure of the European value chain and to harmonise the various operations. Continuous work is being conducted with joint purchasing processes and co-procurement with the objective of achieving significant transport savings.

THIS IS WHERE WE ARE TODAY

- The emission intensity from transport is reduced by 27 percent in 2021 compared with 2020[2]
- The emission intensity from Nordic transport is reduced by 42 percent in 2021 compared with 2020[2]

In Division Nordics, which has the Group's largest transport share, much work is being done to shift transports from trucks to climate-efficient transports, such as trains and ships, as reflected by the reduction in climate emissions intensity in 2021.

Read more in the appendix on page 99.

GRI 305-3

[1] https://www.dlf.se/transportinitiativet-2025/?allow-cookie=1
[2] We have therefore chosen to measure the transport target in terms of emissions per day as this directly reflects the extent of fossil-free fuel in the form of data on reduced climate emissions.

Business travel

Our objective

Midsona is striving to reduce the amount of business travel. This leads to both savings and efficiency gains, but above all it reduces the Group's Scope 3 environmental impact in the value chain and is part of our climate goal. For Midsona's employees, prioritising online meetings is nothing new and the number of online meetings has increased every year. This equipped employees well for the challenges posed by the pandemic for our way of meeting and communicating in 2020 and 2021.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Midsona measures and analyses its travel statistics annually, as well as its emissions and the environmental impacts in connection with business travel.
- The Group's business travel procedures always call for considering a digital meeting instead of traditional travel and the number of digital meetings should increase.

PROGRESS IN 2021

- The pandemic meant a drastic reduction in business travel in both 2020 and 2021, which was largely replaced by digital meetings.

THIS IS WHERE WE ARE TODAY

- The total emissions from business travel in the Midsona Group were 142 tCO_2e in 2021, an increase of 69 percent from 2020, but still a decrease of 60 percent from 2019. In 2021, we also measured business trips made by private car, which increases our mapping of emissions. Emissions from trains, flights and hotel stays have increased by 8 percent from 2020 to 2021. The total distance with train journeys in 2021 was 45,837 km.
- The trend clearly shows how the corona pandemic has reduced the opportunities for travel within the Midsona Group, and we expect an increase in emissions from business travel for 2022, but not to the same levels as before the pandemic.

Read more in the appendix on page 100.

GRI 305-3

Company cars and official vehicles

Our objective

By 2028, Midsona will have replaced all company or benefit cars with fossil-free alternatives.

Part of Midsona's energy targets concerns the conversion of the car fleet to fossil-free alternatives, and is thus part of the energy target and our Scope 1 climate target.

HOW MIDSONA WILL ACHIEVE ITS OBJECTIVES

- Through a survey of our own cars and available infrastructure, such as electrical charging stations, the possibilities have been identified for a fossil-free conversion that also meets the Group's for personal transport. This lays the foundation for a new clear Group policy for fossil-free company cars. As a first step, a new conversion procedure for company cars has been introduced in Sweden and Germany, where the cars are gradually being replaced by hybrid or electric cars. This work has been in progress since mid-2020 and will take effect as car leases expire. At the production facility in Ascheberg, Germany, electric charging stations have also been installed.

PROGRESS IN 2021

- In 2021, Midsona began work on a new Group policy for fossil-free company cars. The policy will then be developed with its own specific conversion procedure for company cars in each country with concrete efforts to achieve the target.
- he Swedish conversion procedure for company cars was updated already in 2021, with the objective of switching all cars to hybrid or electric. We are expected to replace all cars over a three-year period. In Finland and Spain, we also began phasing out fossil-fuelled company cars in 2021, in line with Sweden and Germany. We will continue to pursue this development in 2022.

THIS IS WHERE WE ARE TODAY

- The Midsona Group's total CO_2 emissions for company cars have decreased by 6 percent, corresponding to approximately 30 tonnes of CO_2e, from 2020 to 2021, despite the acquisition of System Frugt. This is because we strive to phase out fossil-fuel cars to electric or hybrid cars as we replace company cars.

Read more about Sustainability data for our vehicle fleet in the appendix on page 101.

GRI 302-1
GRI 305-1

Appendix

Stakeholder dialogue and materiality analysis

Midsona has developed a communications plan to ensure that we have a functioning stakeholder dialogue and that we continuously follow up on and inform our stakeholders. The plan is included as part of Midsona's Communications Policy.

How Midsona creates value for our key stakeholders:

Our stakeholders	How we have created value	How we engage our stakeholders
Employees	A good work environment, health, satisfaction, development opportunities, fair wages, benefits.	Personal meetings, development talks, employee surveys, intranet, union organisations.
Customers	By supporting our customers in their sustainability work towards their customers, such as by developing sustainable packaging that affects several aspects, such as quality, storage and transport possibilities.	Personal meetings, discussions with quality managers at our customers, customer conferences, industry initiatives, trade fairs.
Consumers	Accurate product information and certifications so the consumer can get healthy and safe products. Anyone who chooses our products shall know that they at the same time are contributing to good conditions in areas, such as human/labour law, business ethics and animal husbandry.	Consumer surveys, traditional customer contacts, social media, influencers.
Suppliers	Through the Group's Supplier Code of Conduct that the suppliers must sign and the self-assessment they must do on Midsona's portal for supplier evaluation, Midsona has gained more opportunities to clarify for the suppliers our expectations on their work based on quality, safety and sustainability perspectives. The aim is to ensure the right deliveries and sustainable development for both parties.	Supplier Code of Conduct, supplier portal, audits, personal meetings and continuous dialogue in e.g. purchasing negotiations.
Shareholders including investors	Through credible sustainability work, the image of Midsona is presented as a reliable Company with products that are safer and of good quality, which leads to better business opportunities.	Financial reports, General Meetings of Shareholders, investor meetings, share investor meetings, the website, press releases.
Society	As a company, Midsona takes a responsibility in society for measures that contribute to the fulfilment of national and global targets. For example, by joining various initiatives and non-governmental organisations, comply with government regulations, and use international global frameworks.	*Globally:* Climate goals in accordance with and approved by Science BasedTarget initiative. Annual reports to the UN Global Compact. Annual reports to the CDP (Carbon Disclosure Project) which together with mapping and analysis of climate risks in accordance with the TCFD's recommendations to ensure best practice in climate reporting. *Locally:* Various community involvement and sponsorship. Follow-up and reporting to industry organisations such as DLF, as well as local certifications, such as Germany's We-Care certification (Sustainability Management System) and Finnish WWF Green Office certification.

Midsona communicates with its stakeholders in many different ways over the year. The dialogues help us understand the stakeholders' needs and expectations and also provide input for continuous improvements.
They also provide us with important data on how we can manage our impact and the areas we should focus our measures and reporting efforts on to derive most benefit.

Sustainability data

The work is based on Midsona's Group strategy and analysis to set meaningful goals and probable target fulfilment for all of our targets. This includes analyses of what type of opportunities we have in our sector, primary sustainability driving forces in each area – for example for plant-based development and expansion of our low-carbon products, identify where in our value chain this is relevant and time horizon and probability assessments for goal fulfilment. The pace of innovation is high and with clear goals, governance and reporting ensures that the handling of packaging-related issues forms a part of the day-to-day operations.

Figures for 2019 include Division Nordics and the production unit in Ascheberg in Germany. 2020 includes the whole of the Midsona Group, excluding System Frugt, which was acquired at the end of the same year unless otherwise stated. 2021 includes the entire Midsona Group unless otherwise stated.

Sustainable brands

Plant-based and vegetarian foods

Vegetarian and plant-based product range – own brands, %

	2021
Product range	
of which, vegetarian and plant-based	91%
of which, plant-based	83%
Priority brands – product range	
of which, vegetarian and plant-based	99%
of which, plant-based	95%

See also page 116 for Scope 3 greenhouse gas emissions in tonnes of CO_2 equivalents for purchased goods and services in the appendix, which includes emissions from our packaging.

Target 2030
100%
plant-based or vegetarian assortment

Read more in the Sustainability Report on page 55.

GRI 305-3

Organic and other certifications

Our objective

Midsona strives both to increase its sales of plant-based foods and, at the same time, to have a wide range of products contributing to biodiversity in various ways.

Product certifications, share of product sales, %

	2021	2020
Sales		
of which, organic[1]	49%	57%
KRAV	8%	4%
Fairtrade	4%	5%
ECOCERT Cosmos	5%	4%
Vegan Society's Trademark	6%	4%
Demeter	1%	2%
Friends of the Sea	2%	–
Nutri-Score	1%	–

[1] Certified in accordance with the EU organic farming, production and marketing of organic products (EU) 2018/848. Organic farming is an agricultural method that aims to produce food using natural substances and processes. This means that organic farming tends to have a limited environmental impact as it encourages responsible use of energy and natural resources, conservation of biodiversity, conservation of regional ecological balances, improvement of soil fertility and maintenance of water quality. The rules also encourage a high standard of animal welfare in organic farming and requires farmers to meet the specific behavioural needs of their livestock. The EU regulations on organic farming are designed to provide a clear structure for the production of organic products throughout the EU. This is to satisfy consumers' demand for reliable organic products and at the same time provide a fair marketplace for producers, distributors and marketers. REF: *https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en*

Appendix

Comments on data

Midsona Group:
Midsona's sales of organic products currently account for 51 percent (57) of the Group's own brand sales. This decrease is driven by the acquisition of System Frugt, which has a low proportion of organic goods. 5 percent of this consists of our organic beauty brand Urtekram Beauty which is certified in accordance with ECOCERT Cosmos and Vegan Society's Trademark. As a key supplier in the market for vegan and ECOCERT-certified hygiene and beauty products, Midsona is continuously developing new innovations at Urtekram Beauty.

Division Nordics:
KRAV has the greatest focus in Division Nordics as it is the Swedish label for organic production. KRAV labelling provides a guarantee that a product is organically grown and that no artificial fertiliser or extraneous chemical control is used in its production. High demands are also placed on animal welfare, social responsibility and climate impact.

Division North Europe:
Demeter has the greatest focus in Division North Europe. In 2021, we increased the share of Biodynamic Federation Demeter-certified products for the Davert brand by 9 percent, which is above average. At the same time, we increased the number of Fairtrade labelled articles in Germany by 9 percent. The Demeter certification ensures an organic and biodynamic cultivation method focusing on cycle-based agriculture. Among other things, the Davert brand won the2021 Best New Product Award from BIOFACH for its new concept with both organic, Demeter and Fairtrade-certified red lentils. In Division North Europe, sales of Demeter and Fairtrade certified raw materials increased by 13 percent.

GRI 304-2

Sustainable packaging

Our objective

With our innovations and product range processes, we have the opportunity to create a greater demand for recycled packaging materials, but also promote increased levels of sorting and collection of plastic waste that can, in turn, be reused.

Purchased packaging materials, tonnes

	2021	2020
Plastic	1,351	593
of which recycled from sugar cane waste	113	130
	8%	22%
Paper	2,153	2,614
of which, FSC-labelled or recycled	1,405	2,059
	65%	79%
Glass	780	897
of which, recycled	353	506
	45%	56%
Metal	202	197
of which, recycled	7	0
	3%	0%
Total purchased material	4,486	4,301
of which, FSC-labelled or recycled	1,877	2,695
	42%	63%

Division South Europe included from 2021.

In depth – purchased packaging material per division, tonnes

	Nordics	North	South
Total purchased material	1,522	1,747	1,216
of which, FSC-labelled or recycled	709	1,119	49
	47%	64%	4%

Comments on data

In 2021, 42 percent of the Midsona Group's purchased packaging materials were from recycled or FSC-certified input materials.

Recycled materials from sugar cane waste accounted for 8 percent of purchased plastic packaging. The plastic is plant-based and is mainly used in the Urtekram Beauty range, as well as for Mivitotal vitamin supplements in Division Nordics and Division North Europe. For Division Nordics and Division North Europe, the share of renewable plastics was 16 percent (22) in 2021, which is a decrease of 6 percentage points compared with the preceding year. This is explained by the acquisition of

System Frugt, which does not use recycled plastic in their consumer packaging. Using recycled plastic in food packaging remains a challenge for the food industry due to a lack of materials.

In 2021, the proportion of purchased paper packaging that is FSC-labelled or recycled was 65 percent. For Division Nordics and Division North Europe, the share was 80 percent (79), an increase of one percentage point. The total share of recycled paper material for Midsona Group is lower as Division South Europe has a lower share than Division Nordics and Division North Europe.

The total volume of purchased materials in Division Nordics and Division North Europe decreased by 25 percent from 2020 to 2021. This is driven by Division North Europe, which has reduced its use of cardboard by switching to smaller material-demanding displays (disposable shelves for sale in stores) and Division Nordics, which has removed or reduced packaging materials on several products and reduced the amount of packaging material of plastic foil for storage and transport with nine tonnes of plastic annually in Mariager. Since paper is the packaging material that derives to the greatest extent from recycled materials, the total proportion of recycled materials purchased has therefore decreased by 56 percent (62) for Division Nordics and Division North Europe.

The proportion of product packaging that has labels with recycling instructions is 40 percent. In 2021, initiatives were advanced to both collect data, and to increase the proportion of such labelling.

See also page 116 for Scope 3 greenhouse gas emissions in tonnes of CO_2 equivalents for purchased goods and services, including emissions from our own packaging.

Read more in the Sustainability Report on page 57.

GRI 301-2
GRI 304-2
GRI 305-3

Recyclable plastic packaging

Target 2025
100 %
recyclable plastic packaging for our own brands

Reference from Midsona's Sustainability Report on page 58:

Mapping and metrics for packaging in relation to recycling requirements means:

- Mapping and metrics of all of our plastic packaging in accordance with FTI's requirements in Sweden for Division Nordics and in accordance with relevant national requirements for Division North Europe and Division South Europe. These requirements include:
  - Type of plastic
  - Proportion of printing area of packaging
  - Colour
  - Recycling instruction

Mapping the financial significance means:
- Setting aside a specific budget for increased use of recyclable plastic packaging.
- Reduction of plastic use for our products through investments in technology and capacity, as well as innovation and product design.

Purchased packaging materials, tonnes

	2021
Plastic	2,035
of which, recyclable	519
	25%
Paper	4,847
of which, recyclable	2,509
	52%
Glass	2,326
of which, recyclable	604
	26%
Metal	421
of which, recyclable	63
	15%
Aluminium	1
of which, recyclable	0
	0%
Total packaging materials	9,630
of which, recyclable	3,694
	38%

Appendix

In depth – Recyclable plastic packaging material per division, tonnes

	Nordics	North	South
Plastic	1,296	101	638
of which, recyclable	434	43	41
	34%	43%	6%

Comments on data

DIVISION NORTH: For the Davert brand, which is produced in Germany, we increased the proportion of recyclable plastic to 85 percent in 2021. However, the total share of recyclable plastic in Division Nordics is 43 percent, which is due to a lower share of verified recyclable plastic for Food Service, which accounts for a significant part of plastic consumption.

DIVISION SOUTH EUROPE: 2021 was the first year in which Midsona compiled packaging data for Division South Europe. Division South Europe has not had the same sustainability targets for recyclable plastics or procedures for collecting data in this regard prior to being integrated into Midsona. The proportion of verified recyclable plastic is therefore lower here than for the rest of the Group. Midsona must, above all focus on increasing the proportion in France, where it is very low. This burdens target fulfilment overall.

On page 116, see also Scope 3 greenhouse gas emissions in tonnes of CO_2 equivalents for final processing of sold products, including emissions from our packaging at the final stage.

Read more in the Sustainability Report on page 58.

GRI 301-1 GRI 305-3
GRI 306-1 GRI 306-2
GRI 306-4

Healthy and sustainable work environment

Health and safety at work – and in the home office

Healthy work environment
Healthy workplaces promote healthy employees without work-related injuries

Workplace injuries

	2021	2020	2019
Number of cases of workplace injuries			
Division Nordics	6	0	3
Division North Europe	8	3	10
Division South Europe	19	11	n/a
	33	**14**	**13**
Number of sick days due to workplace injuries			
Division Nordics	0	0	5
Division North Europe	116	211	219
Division South Europe	562	n/a	n/a
	678	**211**	**224**

Absence due to illness, %

	2021	2020	2019	2018	2017
Sweden	3.6	2.4	1.3	4.7	3.8
Norway	4.9	2.9	4.2	3.4	5.0
Finland	3.5	3.0	1.6	2.7	2.1
Denmark	4.2	5.8	4.7	8.4	5.7
Germany	6.9	6.3	5.4	6.2	–
France	4.4	3.3	1.7	–	–
Spain	13.0	9.0	7.5	–	–
	5.7	**5.1**	**3.9**	**5.7**	**4.6**

Comments on data

The figures for 2021 include four new production units with associated warehouses, three in Division South Europe and one in Division Nordics (System Frugt), where occupational injuries occur most frequently. However, it is the production units in Division South Europe that are driving this increase with as many as 19 occupational injuries. This is because the figures from Division South Europe include three production units where the risk of injury is generally greatest, with Spain being the country where more than 30 percent of our industrial workers are employed, which is the group among whom the risk of occupational injuries is the absolute highest. The same trend is also seen in sick leave, both from work-related sick leave to general sick leave, and is attributable to the same reasons. However, our target of zero occupational injuries in the workplace will now also be implemented in Division South Europe, where we will maintain a particular focus in 2022. These figures show that this is an area on which we must focus considerably in the future in this division, with a concrete action plan for mitigating tasks that case injuries, as well as better procedures and regular training.

80 percent of employees in Division Nordics state that they are in good health, an increase of 4 percentage points compared with 2020. In 2021, we had two initiatives in Division Nordics to encourage more movement and exercise among employees.

Read more in the Sustainability Report on page 61.

GRI 403-2 GRI 403-3
GRI 403-4 GRI 403-5
GRI 403-6 GRI 403-7
GRI 403-9 GRI 403-10

Commitment, education and leadership

Our objective

Engaging our employees is key to creating a healthy work environment, and to being able to achieve our targets.
Our goal is to establish a good internal structure to regularly interact with and engage our employees.
At Midsona, we see the value in maintaining and continuously developing our employees' different competencies.

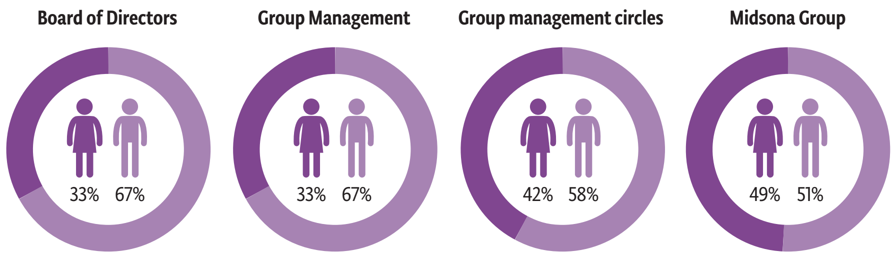
Number of training hours per employee

	2021	2020	2019
White collar employees (office)			
Division Nordics	14	3	3
Division North Europe	3	–	–
Division South Europe	22	–	–
Blue collar employees (production)			
Division Nordics	2	2	3
Division North Europe	3	–	–
Division South Europe	22	–	–

GRI 103-1 GRI 103-2
GRI 103-3 GRI 403-4
GRI 403-6 GRI 404-1
GRI 404-2 GRI 404-3

Diversity, inclusion and equality

Target
50/50
gender distribution in management positions



* The Group level includes all Group level managers for Midsona AB, including those who are members of Group Management. Group level managers include those who are members of Group Management and all members of the division level management group.

Board of Directors	
Women	2
Men	4
Group Management	
Women	2
Men	4
Group management circles	
Women	14
Men	19
Gender distribution, Midsona Group	
Women	433
Men	416

Read more in the Sustainability Report on page 63.

GRI 401-1 GRI 401-2
GRI 405-1 GRI 406-1
GRI 103-1 GRI 103-2
GRI 103-3 GRI 205-1
GRI 205-3

Responsible purchasing

Sustainable raw materials

To assure appropriate handling of raw materials subject to risks, Midsona has developed a new Group-wide set of instructions "Midsona's guidelines regarding GMOs, palm oil, fish oil, paper use and animal welfare". This is included in Midsona's Sustainability Policy and is, together with a high proportion of organic products, a plan to protect biodiversity in fisheries, forestry and agricultural production along the value chain.

Target 2025
100 %
our own brands free from palm oil

Purchase of risk raw materials, tonnes

	2021	2020	2019
Palm oil	45	50	97
of which, RSPO-segregated	45	50	97
Composite raw material with palm oil or palm oil derivative	187	–	–
of which, RSPO-segregated	164	–	–
Fish oil	85	78	71
of which, FoS-certified	85	78	71
Soya	863	828	290
of which, GMO-free	863	828	290
Rice	5,956	–	–
of which, GMO-free	5,956	–	–
Maize	346	–	–
of which, GMO-free	346	–	–
Paper	2153	2614	–
of which, FSC-labelled or recycled	1,405	2,059	–

Division South Europe included as of 2020.

Comments on data

Purchases of palm oil were reduced and still 100 percent GMO-free in 2021 despite both System Frugt and Division South being integrated as new acquisitions during the year. This is because these companies have had the same implementation targets as the Midsona Group.

An increase in our purchased raw materials with organic certification despite the fact that we have introduced System Frugt this year with a share of conventional raw materials.

Fish oil is mainly found in Division Nordics and was 100 percent FoS-certified in 2021 as expected.

The reduction in FSC-certified input materials compared with the preceding year is due to our having included, this year, figures for Division South Europe, which has not had a target for certified paper, and where, accordingly, the total share will fall to a corresponding degree.

GRI 304-2
GRI 305-3
GRI 308-2

Supplier control

Our objective

Our target for the classification of suppliers is based on assessment in Kodiak and of those who signed Midsona's Supplier Code of Conduct.

Target 2025
100 %
classified strategic suppliers in accordance with guidelines for sustainable procurement

Assessed in Kodiak

	2021	2020
Midsona Group	32%	47%
Division Nordics	75%	74%
Division North Europe	0%	–
Division South Europe	0%	–

SCOC

	2021	2020
Midsona Group	51%	78%
Division Nordics and Division North Europe*	79%	78%
Division North Europe	–	–
Division South Europe	0%	–

* Reported as GROUP last year

Comments on data

The decrease of 15 percentage points in KODIAK compared with the preceding year is due to the fact that we have, this year, included figures for Division South and System Frugt that have not had a target for using of the KODIAK supplier assessment system previously, while Division North Europe will start conducting KODIAK supplier assessments as of 2022. Midsona's supplier assessment system KODIAK was implemented in Division Nordics in 2019. We completed the integration of KODIAK in System Frugt, Division North Europe and Division South Europe in 2021, preparing them for implementation in 2022. Suppliers yet to be managed in KODIAK are assessed in accordance with current legislation and the relevant certification requirements. We see the same trend for SCOC, with the decreased proportion being attributable to the same reasons as for KODIAK. The low increase in signed SCOCs in Divisions Nordics and North Europe being attributable to our having approved suppliers with their own SCOCs who meet the same requirements as for Midsona's SCOC without them signing our SCOC. As we do not include these figures in our data, we see this discrepancy.

Origin of purchase

	2021	2020
Purchase of raw materials of EU origin		
Midsona Group	**48%**	**53%**
Division Nordics	41%	45%
Division North Europe	38%	39%
Division South Europe	78%	88%
Purchases from the country of origin of the raw material		
Midsona Group	**58%**	**55%**
Division Nordics	32%	12%
Division North Europe	63%	65%
Division South Europe	37%	59%
Purchases of finished products from suppliers within the EU		
Midsona Group	**92%**	**92%**
Division Nordics	90%	92%
Division North Europe	99%	95%
Division South Europe	75%	77%

Read more in the Sustainability Report on pages 66–67.

GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2

Safe high-quality products

All Midsona products are assessed systematically on the basis of product safety and health, as well as any necessary improvements based on current EU and local regulations. In 2021, all products launched were assessed. The health and safety effects of products are assessed for improvement in the following life cycle stages depending on the product sector and regulations:

- Innovation and development of product concepts
- Certifications
- Manufacturing and production
- Marketing and labelling
- Storage, distribution and delivery where relevant depending on the product sector and regulations
- Consumer use of the products

Events involving product information, labelling or quality issues

	2021
Total number of non-compliance incidents involving product safety, labelling and marketing information resulted in:	
Correction	15
Recalls	12
Withdrawals	16
Fines or penalties	0

Read more in the Sustainability Report on page 74.

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

Appendix

Efficient resource use

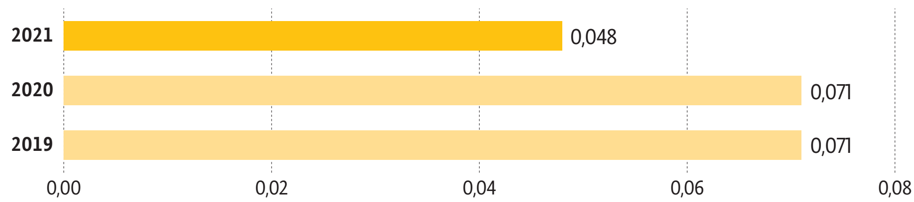
Greenhouse gas emissions

Greenhouse gas emissions (tCO_2e)

	2021	2020	2019
Scope 1 – Direct emissions			
Refrigerant	50	25	52
Stationary combustion	1,054	1,317	469
Chemical processes	1,584	2,418	2,134
Mobile combustion	413	487	272
	3,101	**4,247**	**2,926**
Scope 2 – Indirect emissions			
Electricity	98	473	338
District heating and cooling	107	20	58
Hybrid cars	66	23	–
	271	**516**	**396**
Scope 3			
Purchased packaging materials	7,135	13,512	11,697
Fuel and energy	793	814	705
Waste generated in the operations	282	193	179
Final processing of products sold	3,012	4,872	4,218
Business travel	142	84	351
Downstream transport and distribution	3,807	3,566	3,087
Upstream transport and distribution	6,357	8,988	7,781
Purchased goods and services	103,025	83,016	61,290
	124,552	**115,045**	**89,306**
Water	18	18	4
Total emissions	**127,941**	**119,826**	**92,632**

Data for the base year 2019 have not been adjusted upwards based on the acquisitions of Division South Europe and System Frugt in accordance with the GHG protocol in the Annual Report. Accordingly, data for 2019 do not include Division South Europe and System Frugt. Division South Europe is included as of 2020. In this report, the comparison with the preceding year is therefore more relevant than the comparison with the base year. Read our complete CDP greenhouse gas report at *https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/*

Emission intensity Scope 1+2



Data for 2019 do not include Division South Europe and System Frugt. 2020 has also not been adjusted upwards based on the acquisition of System Frugt. Division South Europe is included as of 2020. In this report, the comparison with the preceding year is therefore more relevant than the comparison with the base year. Read our complete CDP greenhouse gas report at *https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/*

Comments on data

Midsona works continuously to expand and improve the collection, calculation and estimation of the Group's climate data. For 2021, we therefore present an increased amount of data for CO_2, based on data obtained from our operations and on estimates based on best practice. We believe that the quality of our data volume will increase as we improve our procedures internally, and as suppliers and stakeholders become better able to measure and share their CO_2 emission data. We nonetheless elect to present the data we currently have available to increase our transparency. Midsona's total greenhouse gas emissions for Scope 3 were 127,941 tCO_2e in 2021, an increase of 8 percent compared with the preceding year.

Target 2034
38%
reduced emissions in accordance with Scopes 1, 2 and 3

Target 2045
Net-Zero

Clarification of sources for emission factors per category and how we have made our estimates:

The data set for 2019 and 2020 is based on extensive estimates in connection with the mapping of our emissions at Group level for our Science Based Target in accordance with the criteria from SBTi.

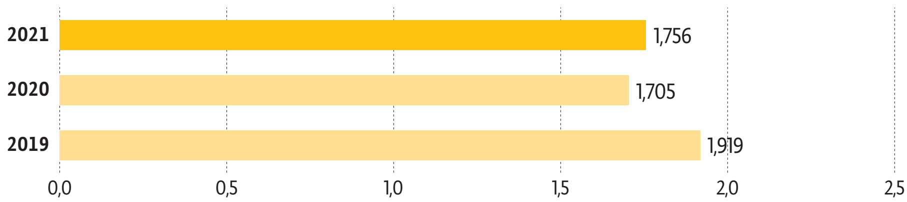
Scope 1 + 2:

- Emissions in Scope 1 are based on actual consumption data and are calculated with emission factors from DEFRA 2021.
- Emissions from electricity in Scope 2 are calculated using a market-based method with emission factors from AIB (2021), European Residual Mixes 2020.
- Emissions from district heating in Scope 2 are calculated with local factors from, among others, Fjernkontrollen (Norway), Miljövärden 2020 (Sweden), Energia (Finland) and Fjernvarmens Informationsfond on behalf of Danske Fjernvarme (Denmark).

Scope 3:

- Emissions from "Purchased packaging" are based on actual consumption data and are calculated with emission factors (mainly) from DEFRA 2021.
- Emissions from "Purchased goods and services" include food, as food is of the greatest significance for Midsona based on sales in accordance with GHG and is calculated based on a categorisation of food. This categorisation was made on the basis of a more in-depth analysis in 2019, in which all product lines were examined and linked to different emission factors. The emission factors used come from different LCA analyses from different sources. The methodology for calculations of emissions from food is currently insufficiently developed to be able to assign individual products from specific suppliers correct emissions based on generic factors. This is because the emissions per product will vary depending on, among other things, the country of origin of the raw material, the energy mix included in production and the mode of transport. Even with the same supplier of a product, these factors can vary from year to year. At present, this is best practice.
- For water consumption, the figure is based on actual consumption, factors from DEFRA 2021.
- Emissions from "Fuel and energy-related activities" are based on actual consumption in Scopes 1 and 2, and based on factors from DEFRA 2021.
- Emissions from "Upstream transport" are based on data from transport suppliers and reported in tCO_2e. Here, what is reported as well-to-wheel and well-to-tank varies somewhat. It was estimated that this accounted for about 85 percent of all upstream transportation. The figure was multiplied to include the other 15 percent.
- Emissions from "Waste" are based on actual consumption data, factors from DEFRA 2021.
- Emissions from "business travel" are based on actual travel data from offices and travel agencies, factors from DEFRA 2021.
- Emissions from "Downstream transports" are calculated for 2021 based on emission calculations for 2019 and sales. In 2019, the calculation was made by looking at the total sold weight x average distance to calculate tkm. Factors used were from DEFRA.

Emission intensity Scope 3



Comments on data

The emission intensity for Scope 3 was 1,756 tCO_2e per tonne produced in 2021, an increase of 3 percent compared with 2020 and a decrease of 8 percent from the base year of 2019. The largest increase in Scope 3 derives from purchased goods and services due to the acquisition of System Frugt, which predominantly produces dried fruit and nuts, which generally has higher CO_2 emissions than other products in Midsona's range.

Read more in the Sustainability Report on pages 76–77.

Read the CDP greenhouse gas report for the entire Midsona Group at *https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/*

GRI 305-1 GRI 305-2
GRI 305-3 GRI 305-4
GRI 305-5

Appendix

Recycled waste from our own facilities

Waste, tonnes

	2021	2020	2019
Metal	12	10	9
Glass	13	15	14
Carton board	572	328	239
Plastic	435	161	80
Organic	584	566	422
Toxic	0	14	3
Electrically	1	2	0
Other sorted	48	32	25
Totally sorted	**1,664**	**1186**	**792**
Totally unsorted	477	306	281
Recycling rate	78%	79%	74%
Overall, Midsona Group	**2142**	**1,492**	**1073**

Waste intensity, tonnes of waste/tonnes produced

Total Midsona Group

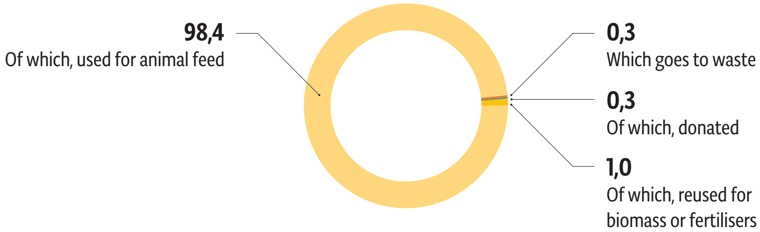
Comments on data

Negative trend in data due to the inclusion of the newly acquired System Frugt in waste data for 2021, which has not been part of our waste target for 2021.

Efforts to streamline the value chain in Europe have had no impact on waste reduction in 2021, as these are still in progress. However, we expect to see effects from this in the future.

Reduce food waste

Food waste, %



Food waste, tonnes

	2021
Total food waste	13,539
of which, used for animal feed	13,319
of which, reused for biomass or fertilisers	138
of which, donated	37
Which goes to waste	45
Re-used food waste	99.7%

Comments on data

New integrated data from Division South Europe helps increase our data for food waste, as both France and Spain have focused on this in their integration into the Midsona Group. In Spain, Midsona donated products for EUR 73,959, which accounts for 0.53 percent of total sales, and in France, a high proportion of food waste is used for animal feed. In 2021, 98 percent of the residual waste was reused as animal feed.

Target 2025
90%
recycling of waste generated in our own operations

Read more in the Sustainability Report on page 78.

GRI 305-3 GRI 306-1
GRI 306-2 GRI 306-3
GRI 306-4

Target 2025
38%
re-used food waste

Labelling with "Best before, often good after":

In 2021, 42 percent of Midsona's products were labelled "Best before, often good after".

Brands marked with "Best before, often good after" or similar marking with the same meaning:

- *Kung Markatta*: Total active items: 270 Labelled with "Best before, often good after": 54.8 percent
- *Urtekram:* Total active items: 532 Labelled with "Best before, often good after": 52.2 percent
- *Helios:* Total active items: 136 Labelled with "Best before, often good after": 49.2 percent
- *Earth Control:* Total active items: 215 Labelled with "Best before, often good after": 100 percent
- *Davert:* Total active items: 256 Labelled with "Best before, often good after": 55 percent
- *Happy Bio and Vegetalia:* 42 percent of all items have this label

Read more in the Sustainability Report on page 79.

GRI 301-3 GRI 305-3
GRI 306-1 GRI 306-2
GRI 306-4

Water consumption

Target 2030
10%
reduced water use per tonne produced. 20 percent in the Spanish operations

Midsona's mapping and determination of metrics for total water consumption*

conducted in accordance with GRI 303: Water and waste This includes mapping and metrics of our water use, both our water uptake (which includes water from third parties, as well as our own production, such as from our own wells, water discharge and reuse of waste water). Based on these factors, we can see total water consumption.

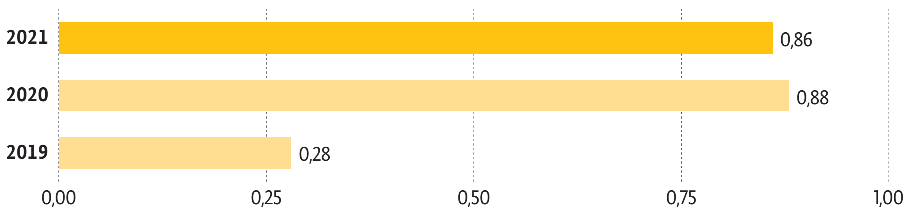
* Reference from Midsona's Sustainability Report on page 78.

Water use per division, m^3

	2021	2020	2019
Division Nordics	5,477	5,991	5,856
Division North Europe	8,718	10,967	6,789
Division South Europe	46,712	42,081	–
TOTAL	**60,907**	**59,039**	**12,645**
Intensity (m^3/tonne)	0.86	0.88	0.28

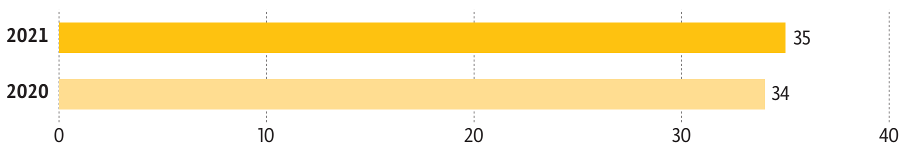
Water intensity, m^3/tonne

Total Midsona Group



Water intensity, m^3/tonne

Midsona Castellcir



Read more in the Sustainability Report on page 80.

GRI 303-1 GRI 303-2
GRI 303-3 GRI 303-4
GRI 303-5

Comments on data

We continue to work actively to reduce our water consumption in Castellcir by continuing to advancer the water reduction plan initiated in Spain for 2021-2022. 55 percent of water consumption in Spain comes from the facility's own well. At our production units in Spain, about 8 percent of water is recycled. However, low-quality water is not approved for food production, and we are therefore working closely with the water authorities to reuse as much of the water as possible while maintaining safe production.

Appendix

Energy

Energy consumption Scope 1, MWh

	2021	2020	2019
Stationary combustion	5,335	6,871	–
Mobile combustion	1,667	1,951	–
	7,002	8,822	

Energy use Scope 2

	2021	2020	2019
Renewable	6,475	5,510	4,109
Non-renewable	1,429	2,663	963
Heating	1,990	1,393	1,402
Total incl. self-produced	9,894	9,566	6,474
Total renewable energy Scope 2:	6,475/9,894 (65%)	5,510/9,566 (58%)	

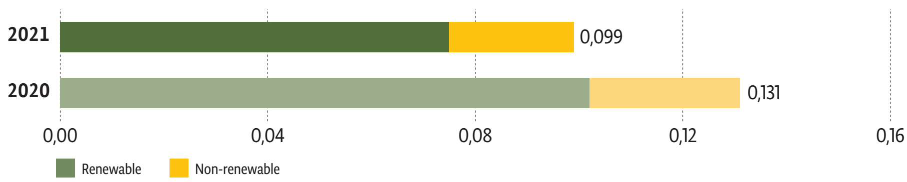
Total renewable electricity Scope 2:
6,475/7,904 (82%)

Total share of renewable energy Scopes 1 and 2:
38%

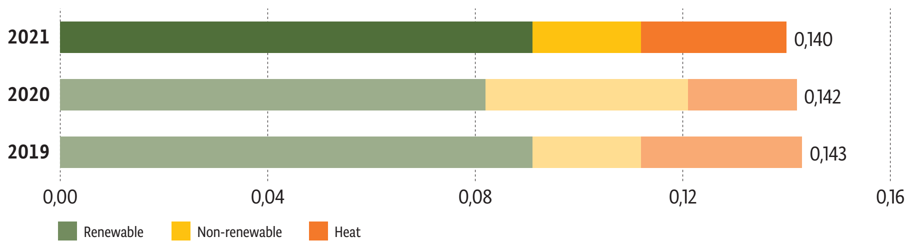
Electricity production, MWh

	2021	2020	2019
Consumed self-produced	403	437	375
Sold self-produced	77	53	57

Energy intensity Scope 1, MWh/h



Energy intensity Scope 2, MWh/h



Comments on data:

In 2021, Midsona's stationary and mobile combustion was 7,002 MWh (8,822). This represents a decrease of 21 percent compared with the preceding year. The intensity decreased by 24 percent to 0.099 MWh per tonne produced. The reduction comes mainly from Division North Europe, which reduced its gas consumption by as much as 49 percent in the production of puffed grain and roasted muesli. Major progress achieved through an expanded monitoring system, technical control and enhanced awareness among employees in production.

Midsona's electricity and heat consumption increased by 3 percent to 9,894 MWh (9,566) compared with 2020. Energy intensity decreased by 1.4 percent to 0.140 MWh per tonne produced. 82 percent of electricity consumed derived from renewable sources.

However, we expect a reduction in intensity in 2022 based on the two important energy-saving measures in Denmark for cosmetics production, where we have streamlined district heating consumption, resulting in about 1.5 hours less consumption of district heating per day, as well as the hot air project for the entire production line, which reduces electricity consumption by 10 percent with new power-optimised compressors. We will probably not see the effect of this until 2022.

Target 2028
100%
renewable energy

Scope 1
100%
fossil-free stationary combustion[1]
fossil-free mobile combustion[2]

Scope 2
100%
renewable district heating (steam and cooling)
of the electricity purchased shall be renewable

Read more in the Sustainability Report on page 81.

GRI 302-1
GRI 302-4
GRI 305-1
GRI 305-2

Efficient transports

Fossil-free transports

Our transport target means:

Transport measures as part of Scope 3 for our greenhouse gas accounting*

Scope 3

100 percent fossil-free incineration, which means fossil sources for all transports for which Midsona pays:

- Incoming from suppliers
- Incoming, within or between our facilities
- Based on our facilities to our customers, for which Midsona pays

All Midsona transport suppliers must report greenhouse gas emissions in accordance with the European standard EN-16258's "Well to wheel".

**Mapping and metrics of all of our transports means that all of our transports are measured in accordance with the GHG protocol – incoming, internal and outgoing for all facilities, which includes:

- An overview of the type of transport such as truck, train, boat, aircraft
- Type of fuel
- Quantity, that is, tonnes of goods transported and kilometres transported
- Incoming or outgoing transports
- Whether Midsona pays for the transport

**Mapping of economic significance with a dedicated budget, means setting the primary economic impact and the Scope for target fulfilment. This means a dedicated budget for increased transport efficiency and investments in fossil-free transport, trains and boats. That is, replacement of existing fossil-fuel transports with electric cars, hybrid cars or other fossil-free fuels. Alternatively, as a temporary solution, offset where this is not available.

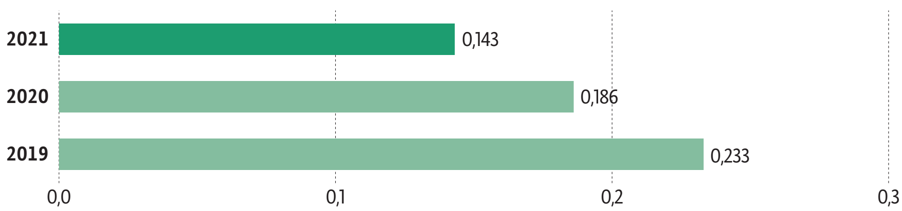
Today, however, it is a challenge to obtain good quality data on this fuel type. We have therefore chosen to measure the transport target in terms of emissions per day as this directly reflects the extent of fossil-free fuel in the form of data on reduced climate emissions.

Greenhouse gas emissions (GHG emissions), CO_2e***

Scope 3 (tCO_2e)

	2021	2020	2019
Downstream transport and distribution	3,807	3,566	3,087
Upstream transport and distribution	6,357	8,988	7,781
Total freight transport	**10,164**	**12,554**	**10,868**

Transport intensity



* Outgoing transports paid for by the customer are not included in our target, but are included as part of our greenhouse gas accounting.
** Reference from page 81 in the Sustainability Report.
*** Proportion of fossil-free fuel measured and reported based on total CO_2e emissions. Fossil-free and renewable fuel is directly related to/in proportion to emissions (amount of CO_2e).

Target 2025
100%
fossil-free domestic transport contracted by Midsona in the Nordic region

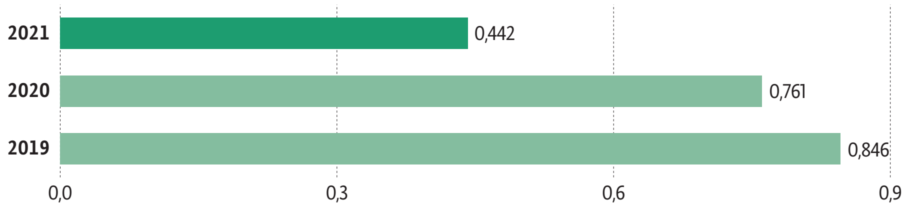
Target 2025
100%
fossil-free domestic transport contracted by Midsona within Europe

Appendix

Division Nordics – Transport, scope 3 (tCO_2e)

	2021	2020	2019
Downstream transport and distribution	2,571	2,409	2,085
Upstream transport and distribution	4,576	4,327	3,746
Total freight transport	**7,147**	**6,736**	**5,831**

Transport Intensity Division Nordics



Comments on data

All downstream transport is 100 percent fossil fuel. The emission intensity from transports decreased by 27 percent compared with 2020 and by 40 percent compared with the base year of 2019. We have calculated all fossil fuel transports in 2019 and 2020. As greenhouse gas emissions decrease in proportion to the transition to fossil-free renewable fuels, we report climate data directly related to the proportion of fossil-free fuel.

Conversion factors for climate data on means of transport are based on the following data, kg CO_2e/tkm.

- Truck average: 0.2078
- Ship average: 0.0132
- Rail average: 0.02782

This means that the transition from car to train or boat provides a major climate benefit in the form of a very large reduction in climate emissions per tonne transported. Work is underway to transfer transports to trains and boats in Division Nordics, which accounts for the largest share of transport within the Group, as reflected in the reduction in the intensity of climate emissions in 2021.

8 percent of Midsona's total CO_2e emissions derive from transport, Scope 3.

Read more in the Sustainability Report on page 83.

GRI 305-3

Business travel

Our goal

Midsona is striving to reduce the amount of business travel. This leads to both savings and efficiency gains, but above all it reduces the Group's environmental impact.

Business travel, tCO_2e

	2021	2020	2019
Rail	0	1	0
Air	73	67	342
Car	51	1	–
Hotel nights	17	16	8
	142	**84**	**351**

This is where we are today – in depth

The total emissions in the Midsona Group were 142 tCO_2e during 2021. In 2021, we also measured business trips made by private car, which increases our mapping of emissions. Emissions from trains, flights and hotel stays in Division Nordics and Division North Europe have increased by 8 percent from 2020 to 2021. The total distance travelled by train in 2021 was 45,837 km.

The trend clearly shows how the corona pandemic reduced opportunities for travel within the Midsona Group, and we expect an increase in emissions from business travel in 2022, although not to the same levels as before the pandemic.

Read more in the Sustainability Report on page 84.

GRI 305-3

Business travel and company cars

Our objective

By 2028, Midsona will have replaced all company cars or vans with fossil-free alternatives.

Company and benefit cars, tCO_2e

	2021	2020	2019
Company cars, fossil fuels	413	486	350
Hybrid cars	66	23	–
	479	**509**	**350**

Division South Europe included from 2021.

This is where we are today – in depth

Midsona Group's total CO_2 emissions have decreased by 6 percent, corresponding to approximately 30 tonnes of CO_2e, from 2020 to 2021, despite the acquisition of System Frugt. This is because we are striving to phase out fossil-fuel cars for hybrid cars as we replace company cars.

For the Division Nordics as a whole, 23 percent of company cars are hybrid or electric. Today, five out of twelve cars in the Finnish car fleet are hybrids, with all new company cars in 2021 being hybrids. Spain has also begun phasing out of fossil fuel company cars and today hybrid cars account for 40 percent of the fleet there.

Read more in the Sustainability Report on page 85.

GRI 302-1
GRI 305-1

Appendix

EU taxonomy for sustainable investments

Focus on climate-friendly and sustainable companies

The EU's taxonomy is the European Commission's classification system for sustainable economic activities. Through a common framework for sustainable finances, it facilitates sustainable investments. This means that it helps investors identify and compare environmentally sustainable investments to fulfil the Paris Agreement and the EU's net-Zero emissions target by 2050.

Companies that must report in accordance with EU's Non-Financial Reporting Directive (NFRD) shall report in accordance with the Taxonomy Regulation.

In 2021, Midsona assessed the economic activities of relevance for Midsona and prepared for compliance and reporting in accordance with the taxonomy. We have achieved this together with third party expertise on the taxonomy.

Taxonomy-relevant activities for Midsona in 2021

The taxonomy defines economic activities that significantly contribute to one of the EU's environmental goals. An economic activity is defined as: the process that takes place when resources such as capital goods, labour and raw materials/intermediates are combined to produce a good or service. Midsona's activities are defined based on the list of EU Commission NACE codes[1]. NACE is a European classification system for economic activities.

Authorisation screening of NACE activities

Midsona has assessed all of its activities and whether they are covered by the taxonomy (taxonomy-eligible activities) using: EU Taxonomy Compass.[2]

As an initial, provisional step, the taxonomy currently only covers the macro sectors (NACE sectors) with the greatest emissions and offering the greatest opportunity for change.

Qualitative assessment Midsona 2021

Midsona's economic activities are conducted by operations including production, wholesale, marketing and sales of food, cosmetics and food supplements, as well as wholesale of pharmaceuticals and medical devices.

Eligibility screening and interpretations

Midsona made an inventory of its operations in relation to activities described in the delegated regulation regarding climate objectives to identify potential activities covered by the Taxonomy Regulation.

the EU taxonomy's delegated regulation regarding climate targets currently targets sectors in which Midsona does not operate. Based on the inventory that was made, 0 percent of the Group's sales are considered to be associated with economic activities currently covered by the taxonomy (eligible).

Given that Midsona has not identified any of the economic activities within the Company as being covered by the taxonomy (eligible), no capital expenditure ("CAPEX") or operating expenditure ("OPEX") can be associated with such activities. Although measures are currently in progress to make Midsona's operations low in CO_2 and to reduce greenhouse gas emissions, CAPEX and OPEX in connection with such measures are not considered significant in relation to the Company's total OPEX and CAPEX. For this reason, the proportion of CAPEX and OPEX covered by the taxonomy, rounded to the nearest percentage point, is 0 percent.

[1] https://ec.europa.eu/competition/mergers/cases/index/nace_all.html
[2] https://ec.europa.eu/sustainable-finance-taxonomy/tool/index_en.htm

Global Reporting Initiative (GRI) Index and SDG

The Board of Directors is responsible for formally reviewing and approving the Sustainability Report. The CSO is operationally responsible for the Sustainability Report.

The reporting period for the data provided is the 2021 financial and calendar year.

The most recent preceding report was for the 2020 calendar year, and was published in April 2021.

The reporting cycle is annual.

The contact persons for questions regarding the Sustainability Report or its contents are the CEO and CSO.

This report has been inspired by the Global Reporting Initiative (GRI) and is Midsona's first step towards establishing a Sustainability Report in accordance with the GRI Standards: Core option. We have combined the two different basic methods for applying the GRI standards:

1. Use the GRI standards as a set of standards for preparing a Sustainability Report in accordance with those standards.
2. Use selected standards, or parts of their content, to report specific information.

We have partly applied the standards as a framework for producing a Sustainability Report in accordance with the GRI Standards. For certain areas, we have applied selected GRI information, or parts of its content, to report specific information with corresponding claims or descriptions of use. This is based on what is material for Midsona, in terms of what our stakeholders want to know and the quality of the data.

Midsona has chosen to connect the sustainability work to the UN Global sustainable development goals. The goals cover a large number of issues and we have analysed and mapped the way in which Midsona best contributes to Agenda 2030. We have applied the GRI's mapping tool "Linking the SDGs and the GRI Standards"[1] as a basis for this work.

The GRI index reports both the GRI index and our new updated SDG survey from 2021, the information reported and where this information can be found. Some disclosures are partially reported based on relevance.

[1] https://www.globalreporting.org/search/?query=Linking+the+SDGs+and+the+GRI+Standards

GRI index

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Material Topic and Topic Specific Disclosures

GRI standards (Material Topic)	Topic-specific disclosures (description)	Page	Topic in Midsona's Materiality analysis	UN's SDG mapping (F-J)
Economic				
Indirect Economic Impacts	103–1/2/3 Disclosure on management approach	116-125	Risk management, Governance	
GRI 203: Indirect Economic Impacts 2016	203–2 Significant indirect economic impacts	116-125		1, 8
Procurement Practices	103–1/2/3 Disclosure on management approach	44-53, 64-71	Responsible sorucing, Supplier control, Transparency, Transport	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	66-69		8
Anti-corruption	103–1/2/3 Disclosure on management approach	50-53, 63	Healthy work environment, Governance, Business ethics	
GRI 205: Anti-corruption 2016	205–1 Operations assessed for risks related to corruption and the transparency-significant risks identified	63		16
	205–3 Actions taken in response to confirmed incidents of corruption	50-53, 63		16
Anti-competitive Behavior	103–1/2/3 Disclosure on management approach	50-53, 62, 63	Healthy work environment, Governance, Business ethics	
GRI 206: Anti-competitive Behavior 2016	206–1 Anti-trust and monopoly court cases	Not reported 2021		

GRI standards (Material Topic)	Topic-specific disclosures (description)	Page	Topic in Midsona's Materiality analysis	UN's SDG mapping (F-J)
Environment				
Materials	103–1/2/3 Disclosure on management approach	44-53, 57-58, 78-79	Efficient resource use, Responsible sourcing, Climate change Product and Services, Circularity (recycled/recyclable)	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	58, 87, 93-94		8, 12
	301-2 Recycled input materials used	57, 88-90		8, 12
	301-3: Reclaimed products and their packaging materials	78-79, 95-96		8, 12
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GRI 303: Water and Effluents 2018	303-3 Water withdrawal	80, 97		
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Biodiversity	103–1/2/3 Disclosure on management approach	44-53, 56, 57, 64-65, 68-69	Responsible sourcing, Biodiversity, Climate change	
GRI 304: Biodiversity 2016	304-2: Significant impacts of activities, products, and services on biodiversity	56, 57, 64-65, 68, 69, 87, 92-93		
Emissions	103–1/2/3 Disclosure on manage-ment approach	44-53, 54-55, 57, 58, 75-77, 78- 81, 82-85	Efficient resource use, Climate change, Bio-diversity, Energy, Water, Waste, Food Waste, Packaging, Plastic, Circularity, Product and Services, Transport	
GRI 305: Emissions 2016	305–1 Direct (Scope 1) GHG emis-sions	76-77, 85, 94-95		
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	305-4 GHG emissions intensity	74, 75, 94-95		
	305-5 Reduction of GHG emissions	74, 75, 94-95, 96-101		
Waste	103–1/2/3 Disclosure on management approach	44-53, 57-58, 76, 77	Efficient resource use, Climate change, Waste, Food waste, Packaging, Plastic, Circularity	
GRI 306: Waste 2020	GRI 306-1 Waste generation and significant waste-related impacts	57-58, 78 -79, 95-96		
	GRI 306-2 Waste Management approach	57-58, 78 -79, 95-96		
	GRI 306-3 Waste Generated	57-58, 78 -79, 95-96		
	GRI 306-4 Waste diverted from disposal	57-58, 78 -79, 95-96		
Supplier environ-mental assessment	103–1/2/3 Disclosure on management approach	44-53, 65-69, 72-74	Responsible sourcing, Supplier Control, Trans-parency, Supply chain & Raw materials, Biodiversity, Safe products	
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	67-68, 74, 93-94		
	308-2 Negative environmental impacts in the supply chain and actions taken	65-69, 72-73, 93-94		

GRI standards (Material Topic)	Topic-specific disclosures (description)	Page	Topic in Midsona's Materiality analysis	UN's SDG mapping (F-J)
Social				
Employment	103-1/2/3 Disclosure on management approach	44-53, 60-63	Healthy work environment, Employment	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Not reported 2021		3, 5, 8, 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63		3, 5, 8
	401-3 Parental leave	Not reported 2021		5, 8
Occupational health services	103-1/2/3 Disclosure on management approach	44-53, 60-61	Healthy work environment, Health and safety	
GRI 403: Occupational health services 2018	403-2 Hazard identification, risk assessment, and incident investigation	60-61, 90-91		8
	403-3 Occupational health services	61, 90-91		8
	403-4 Worker participation, consultation, and communication on occupational health and safety	61, 62, 90-91		8, 16
	403-5 Worker training on occupational health and safety	61, 90-91		8
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GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	62, 90-91		4, 5, 8, 10
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GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	63, 90-91		5, 8
	405-2 Ratio of basic salary and remuneration of women to men	Not reported 2021		5, 8, 10

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GRI 406: NON-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	50-53, 63		
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GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	68-71		
	413-2 Operations with significant actual and potential negative impacts on local communities	68-71		
Supplier social assessment	103–1/2/3 Disclosure on management approach	44-53, 66-67, 68-71, 72-73	Responsible sourcing, Supplier control, Supply chain & Raw materials, Transparancy, Safe products	
GRI 414: Supplier social assessment 2016	GRI 414-1 New suppliers that were screened using social criteria	66-67, 72-73, 92-93		
	414-2 Negative social impacts in the supply chain and actions taken	66-67, 68-71, 72-73, 92-93		
Customer health and safety	103–1/2/3 Disclosure on management approach	44-53, 72-74	Safe products, Customer health and safety	
GRI 416: Customer health and safety 2016	GRI 416-1 Assessment of the health and safety impacts of product and service categories,	72-74, 93		
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	72-74, 93		
Marketing and Labeling	103–1/2/3 Disclosure on management approach	44-53, 72-75	Safe products, Customer health and safety, Marketing responsibility	
GRI 417: Marketing and Labeling	GRI 417-1 Requirements for product and service information and labeling	72-74, 93		
	GRI 417-2 Incidents of non-compliance concerning product and service information and labeling	72-74, 93		
	GRI 417-3 Incidents of non-compliance concerning marketing communications	72-74, 93		

Accounting principles

Midsona's sustainability data have an emphasis on Midsona's own operations. 2021 includes all companies in the Midsona Group. Figures for 2019 include Division Nordics and the production unit in Ascheberg in Germany. 2020 includes the entire Midsona Group, excluding System Frugt which was acquired at the end of 2020, unless otherwise stated. 2021 includes the entire Midsona Group unless otherwise stated.

For the reporting of results indicators, Group-wide IT systems are used. Frameworks, indications and definitions are established by Midsona's sustainability team and evaluated annually. Each division is responsible for its reported data.

Electricity

Includes offices, third-party warehouses and production. The calculation is based on actual consumption collected from the supplier and confirmation with a certificate of origin for all eco-labelled electricity.

Electricity production

Covers warehouse and production. Data build on actual electricity production from solar cells at the affected facilities.

District heating and cooling

Covers offices, warehouses and production where Midsona holds the rental agreement. Calculations build on actual consumption gathered from suppliers and primarily the supplier's production-specific emission factor, secondarily a Nordic or European average.

Gas

Covers offices, warehouses and production where Midsona holds the rental agreement. Calculation builds on actual consumption gathered from suppliers and primarily the supplier's production-specific emission factor, secondarily a Nordic or European average.

Water

Covers warehouse and production. Data build on actual consumption gathered from the respective facilities or property owners.

Waste

Covers warehouse and production. Data build on actual volume in weight gathered from the respective facilities or property owners. Organic waste includes volumes that are reused for biogas or animal feed.

Refrigerant

Covers warehouse and production. Calculation builds on actual refilling of refrigerant, gathered from suppliers and emission factor obtained from alltomfgas.se.

Business travel and Hotel nights

Covers all business travel and hotel nights carried out by Midsona employees. Emissions data from aircraft, trains and leased company cars are primarily obtained from travel suppliers, secondly manually collected and with emission factor by distance.

Purchased packaging materials

Includes the packaging purchased by the Company. The packaging is reported in kg per material. A distinction is made between recycled and new (so-called "virgin") materials.

Purchased goods and services

Includes emissions from purchased goods (raw materials and merchandise) and water consumption during the financial year. Purchased goods include food products. Emissions from cosmetics and health food are currently not included. Water consumption covers offices, warehouses and production. Reported volume is based on actual consumption from each locality.

Fuel and energy

Includes all upstream emissions associated with fuel and energy consumption reported in Scopes 1 and 2. This applies to emissions from extraction, production and transport of fuel reported in Scope 1, as well as of the fuel used in the production of electricity and heat reported in Scope 2. The consumption corresponds to the actual consumption in Scopes 1 and 2.

Upstream transport and distribution

Includes freight transport *1)* from suppliers to Midsona, *2)* between Midsona's own premises, and *3)* freight transport from Midsona and out to customer that is paid for by Midsona. The calculation is based on data obtained from each transport supplier. Supplier-specific data amounted to about 85 percent of the total upstream transport. The remaining 15 percent was estimated based on the data obtained.

Waste generated in the operations

Covers offices, warehouses and production. The calculation is based on the actual amount of data collected from each location.

Downstream transport and distribution

Includes shipping from Midsona to a customer that Midsona does not pay for. The calculation is an adjusted estimate based on transported weight and an average distance to the customer from Midsona's department store.

Final processing of products sold

Includes final processing of packaging from Midsona's products. The packaging is divided into materials that can and cannot be recycled, reported in kg. It is assumed that recyclable materials will be recycled.

Employees

Includes all Midsona employees at the end of the year and the distribution in terms of age, gender and position at that time. Actual completed or actual absence is used for follow-up of activities and sick leave.

Supplier reviews

Figures based on data reported during the year regarding audits of suppliers.

Intensity calculations

Based on actual data on produced tonne in gross weight per production unit owned for at least one full year by Midsona and specific parameters under each area. Energy intensity calculation also includes office energy consumption.

Climate impact in accordance with market and location-based methods

Midsona's climate accounts are reported in accordance with the guidelines for the GHG protocol. The emission calculations in Scope 2 are calculated in accordance with the market-based method to take into account the purchase of renewable electricity certificates for Midsona's electricity consumption. In market-based emission calculations, the electricity consumption covered by such certificates will be assigned an emission of 0 grams of CO_2e/kWh. For electricity without such certificates, however, the emission factor will be based on the remaining electricity production after the renewable share has been sold. This is called a residual mix and has a significantly higher emissions factor than the location-based factor. In accordance with the GHG protocol, companies must calculate emissions through both location and market-based calculations. We did this in our CDP report. Read more about this in our CDP report at: *https://www.midsona.com/globalassets/midsona/investors/rapporter/midsona-ab-cdp---cliamte-change-2021.pdf*

Auditor's opinion regarding the statutory Sustainability Report

To the General Meeting of Shareholders in Midsona AB (publ)
corporate identity number: 556241-5322

Engagement and responsibility

The Board of Directors is responsible for the Sustainability Report for 1 January–31 December 2021 on pages 42–110 and for it being prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory Sustainability Report. This means that our statutory examination of the Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

A sustainability report has been prepared.

Malmö, April 7, 2022
Deloitte AB

Jeanette Roosberg
Authorised public accountant

Framework for sustainability accounting

Statutory sustainability report

Midsona's statutory Sustainability Report has been prepared in accordance with the Annual Accounts Act and is included as part of the Annual Report on pages 44–125.

General
Business model

Environmental issues
Policy
Risks
Target and relevant data

Social conditions and personnel-related matters
Policy
Risks
Target and relevant data

Respect for human rights
Policy
Risks
Target and relevant data

Combating corruption
Policy
Risks
Target and relevant data

Diversity on the Board of Directors
The Board of Directors' Diversity Policy

Additional frameworks for Midsona's sustainability reporting are based on the UN Agenda 2030, the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP). In addition to this, both work and reporting take place in accordance with the UN Global Compact, which includes the UN Declaration of Human Rights, the UN Convention against Corruption, the ILO's core conventions and the Rio Declaration. Midsona's sustainability work is also described in the Code of Conduct, Supplier Code of Conduct and Sustainability Policy.

Share and ownership structure

Midsona's shares were launched on the Stockholm Stock Exchange in 1999. The Series A and Series B shares are listed in the fast moving consumer goods sector on the Nasdaq Stockholm exchange's Mid Cap list under the tickers MSON A and MSON B.

Share capital

At the end of the period, the total number of shares was 72,714,040 (65,004,608), divided between 298,320 Series A shares (755,820) and 72,415,720 Series B shares (64,248,788). The number of votes at the end of the period was 75,398,920 votes (71,806,988).

A Series A share entitles the holder to ten votes and a Series B share entitles the holder to one vote at the Annual General Meeting. All shares convey equal rights to the Company's net assets and profits.

At the end of the year, the share capital amounted to SEK 363,570,200. The share capital trend is reported at *www.midsona.com/Investerare/Midsonaaktien*.

Share turnover and bid price

During the period January-December 2021, 21,760,304 shares (19,580,243) were traded. The highest price paid for Series B shares was SEK 90.90 (84.80), and the lowest was SEK 45.45 (32.60). On 30 December, the most recent price paid for the share was SEK 54.10 (77.80). The total value of trade in Series B shares was SEK 1,474 million (1,096).

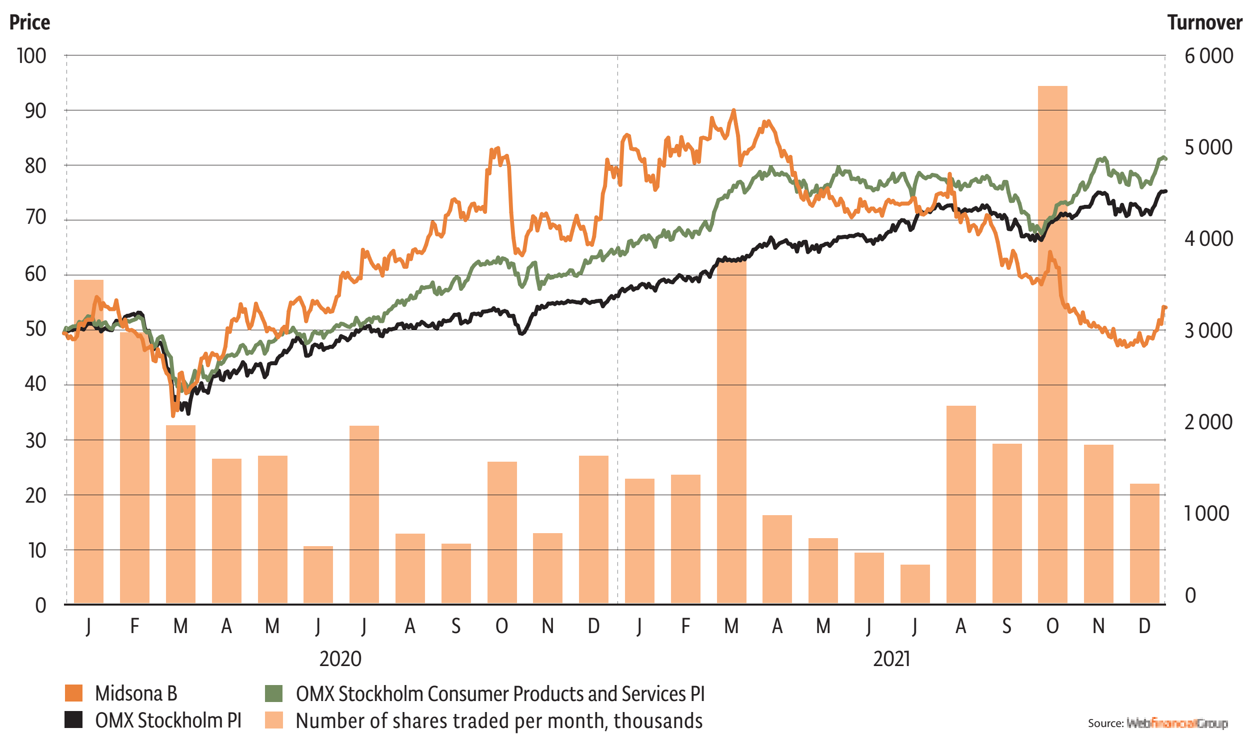
The average daily turnover for both Series A shares and Series B shares combined was 86,073 shares (77,813), corresponding to SEK 5,850,907 (2,688,541).

Over 2021, the price paid for the Series B share decreased from SEK 77.8 to SEK 54.1, equivalent to a decrease of 30.5 percent (57.5). The stock market as a whole, measured as the OMX Stockholm PI (OMXSPI), rose by 35.0 percent (12.9), while the OMX Stockholm index for the fast moving consumer goods sector rose by 27.0 percent (29.3).

Warrants programme

Two warrants programmes, directed at senior executives, remained outstanding at the end of the year. These were as follows; (i) TO2019/2022 with 148,000 warrants, that can yield a maximum 150,960 new Series B shares on full conversion and (ii) TO2021/2024 with 171,000 warrants, that can yield a maximum 171,000 new Series B shares on full conversion. For more information on the option programmes outstanding, see Note 10 *Employees, personnel expenses and remuneration to senior executives*, on pages 146–148.

Share price trend, January 2020–December 2021



Ownership

The largest shareholder in Midsona AB (publ) was Stena Adactum AB, which held 86,428 Series A shares and 20,998,511 Series B shares as of 31 December 2021, corresponding to 29 percent of both the capital and the votes. No other shareholder held 10 percent or more of the total number of shares as of 31 December 2021. The ten largest shareholders in Midsona AB (publ) are detailed in the current shareholder list as of 31 December 2021, see table below.

The ten largest shareholders accounted for 64.8 percent (60.4) of the capital and 63.7 percent (61.6) of the votes.

The members of Group Management held a combined 594,902 Series B shares (628,052) as of 28 February 2022. Board Members held 3,567,554 Series B shares (3,443,404) with a record date of 28 February 2022. Neither Midsona AB (publ) nor its subsidiaries held any treasury shares at the end of 2021.

Of the total number of shares, foreign shareholders accounted for 21.9 percent of the capital and 21.3 percent of the votes, which was an increase of 4.7 percentage points and 5.5 percentage points respectively since last year.

Of the Swedish shareholders, legal entities held 62.7 percent of the capital and 62.1 percent of votes, while physical persons held 15.3 percent of the capital and 16.6 percent of the vote.

The total number of shareholders (including nominee-registered) was 10,975, which was a decrease of 726 on the preceding year. The distribution of shareholdings within various intervals is shown in the current shareholder list as of 31 December 2021.

Dividend Policy and dividends

The Dividend Policy is for dividends to exceed 30 percent of profit after tax over the long term. Dividends are adjusted to take into aspects including profit levels, financial position and future development opportunities.

The Board of Directors proposes that no dividend be paid for 2021.

Stock market data

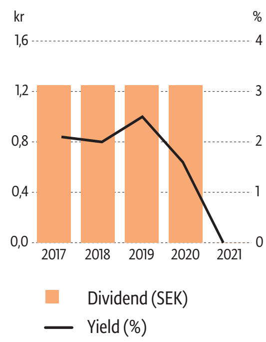
The publication of information is guided by the Communications and IR Policy adopted by the Board of Directors. Annual and interim reports, as well as press releases are

Ten largest shareholders as of 31 December 2021

	Number of shares	Share of capital, %	Share of votes, %
STENA ADACTUM AB	21,084,939	29.0	29.0
Swedbank Robur Funds	6,003,682	8.3	8.0
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	4,753,764	6.5	6.5
BNP PARIBAS SEC SERVICES PARIS, W8IMY (GC)	4,415,031	6.1	5.9
Nordea Investment Funds	2,228,605	3.1	3.0
NORDEA BANK ABP, NORDEA BANK AB (PUBL)	2,093,795	2.9	2.8
AP3 (The Third Swedish National Pension Fund)	1,837,288	2.5	2.4
CACEIS BANK, W-8IMY	1,597,217	2.2	2.1
Peter Wahlberg and companies	1,544,122	2.1	2.1
Skandia funds	1,517,849	2.1	2.0
Total	**47,076,292**	**64.8**	**63.7**

Source: Euroclear Sweden AB

Dividend per share and yield



published in Swedish. Annual Report and interim reports are published in English. Interim reports are commented on by the CEO and CFO via live audio casts/conference calls in English and other information meetings and conferences with analysts, fund managers and the media are held on an on-going basis over the year.

Annual and interim reports, press releases and the Corporate Governance Report are available from the website, *www.midsona.com*, where it is also possible to subscribe for reports and order specific information. The 2021 Annual Report will be published as a PDF on Midsona's website on 13 April 2022 and the printed report will be available from Midsona's headquarters in Malmö by 20 April 2022. Printed copies of the Annual Report will be sent to shareholders on request.

Analysts and other monitoring

Johan Dahl (johan.dahl@danskebank.se) is an analyst at Danske Bank and monitors Midsona on an ongoing basis.

ABG Sundal Collier compiles and distributes information on Midsona on its website *www.introduce.se*, where, for example, key performance indicators, press releases, shareholder data and technical analyses can be accessed.

Erik Penser Bankaktiebolag monitors Midsona through its EP Access service at *www.penser.se*.

Silent periods

Midsona observes a silent period of at least 30 days before the publication of its interim reports. During this silent period, Group representatives do not meet with the financial press, analysts or investors.

Financial calendar 2022

Interim report, January-March	28 April
Annual General Meeting in Malmö	5 May
Interim report, January-June	20 July
Interim report, January-September	25 October
Year-end Report 2022	February 2023

Key figures per share

		2021	2020	2019	2018	2017
Profit attributable to Parent Company shareholders	SEK	1.31	2.70	2.02	2.80	1.91
Shareholders' equity	SEK	39.54	35.58	35.72	35.43	33.69
Cash flow from current operations	SEK	–0.94	4.35	4.11	4.61	3.44
Free cash flow	SEK	-1.39	3.88	3.22	3.83	2.83
Share price on balance sheet date (Series B shares)	SEK	54.10	77.80	49.40	61.60	58.50
Dividend[1]	SEK	–	1.25	1.25	1.25	1.25
Yield	%	–	1.6	2.5	2.0	2.1
Payout ratio[2]	%	–	46.4	83.6	45.1	68.2
P/E ratio	multiple	41.2	28.8	24.5	22.0	30.6

[1] Dividend for 2021 refers to the proposal by the Board of Directors.
[2] Figures for 2020 adjusted for unregistered shares at the end of the year.

Distribution of shares in intervals, 31 December 2021

Number of shares	No. of shareholders	No. of Series A	No. of Series B	Holdings (%)	Votes (%)	Market capitalisation (SEK thousands)
1 – 500	8,914	47,108	887,481	1.29%	1.80%	51,263
501 – 1,000	869	21,432	637,581	0.91%	1.13%	35,972
1,001 – 5,000	877	38,294	1,861,148	2.61%	2.98%	103,330
5,001 – 10,000	126	25,469	888,050	1.26%	1.52%	49,801
10,001 – 15,000	49	11,757	606,761	0.85%	0.96%	33,637
15,001 – 20,000	20	15,420	346,018	0.50%	0.66%	19,784
20,001 –	120	138,840	67,188,681	92.59%	90.95%	3,644,488
Total	**10,975**	**298,320**	**72,415,720**	**100.00%**	**100.00%**	**3,938,275**

Source: Euroclear Sweden AB

Risks and risk management

All business operations must manage uncertainty regarding future events that could affect the operations positively, bringing opportunities to generate increased value, or negatively, incurring a risk that set targets will not be reached, with reduced value being generated for shareholders and other stakeholders as a consequence.

The ability to identify, evaluate, manage and follow up risks constitutes an important part of the governance and control of the business activities. The objective is for the Group's targets to be achieved through a well-considered risk taking within set limits.

The risk work is governed at an overall level by the Board, which is responsible for the risk management before the shareholders. At an operational level, the risk work is managed by the CEO, the management team and other employees. As a basis for the operational risk management, which is handled at all levels in the organisation, there is a Code of Conduct and a number of overall policies. Risks related to business development and strategic planning are prepared in Group Management and decided on by the Board. Group Management continuously reports risk issues regarding the Group's financial position and compliance with the Financial Policy to the Board of Directors.

Midsona has an iterative risk management process, which constitutes a basis for the Group's work with risks. The process aims to provide a Group-wide overview of risks, by identifying, evaluating and preparing decision documentation for risk management and to enable follow-up of the risks and how they were handled.

In the risk management process, based on what is currently known, a number of risks have been identified and categorised in three areas of risk – operational risks, market risks and financial risks. Sustainability risks, which were previously reported separately, have now been incorporated into operational risks. The account of the various risks in the respective risk area does not claim to be exhaustive, nor is it ranked by order of importance. Not all risks are described in detail, and a complete assessment must include other information and a general assessment of external conditions.

Operational risks

Environmental impact and climate changes

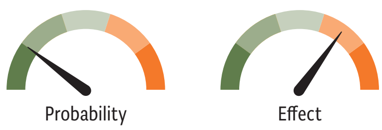
Description of risk

Transport, water- and energy consumption, packaging waste, inventory- and production waste, and food waste are among the more significant sources for our environmental and climate impact and are also included among our climate-related risks. Production of food and cosmetics requires good access to clean, fresh water and Midsona's consumption of fresh water is therefore a risk for Midsona. There is also a risk of negative climate impact from the use of fossil fuels in freight transport and business travel, as well as in our own operations at our offices, warehouses and production facilities. In all countries where Midsona maintains operations, environmental legislation already exists, including taxation of fossil fuels and plastics, for example. The likelihood of similar legislation increasing is perceived as high, which will have a direct effect on expenses associated with transport and production, and thereby also on Midsona's operations. The foremost climate-related risks, however, are the climate impacts of both raw materials and packaging for our brands, as these account for most of our profitability. The impact of business operations on the climate, and the climate-related risks for the operations, is one of the foremost global challenges for all sectors. Risks related to climate change and the financial consequences of these, such as increased production expenses, investment requirements and shortages of raw materials have gained increased importance (more on raw materials under "Raw materials and input goods").

Risk management

We address the risk by monitoring developments closely to gain important insights that can contribute to more informed decision-making and financial planning. To reduce our impact in terms of waste, our target since 2020 has been to increase our focus on waste recycling and reduced food waste. Midsona operates in countries with a relatively low risk of fresh water shortages. In all divisions, we work actively to keep water consumption low. The Spanish operations have the most water-intensive production and we have taken measures there to reduce our fresh water consumption. We have taken direct measures to reduce our energy footprint by using 100-percent renewable electricity at all offices, warehouses and production facilities in Division Nordics and Division North Europe. As of 2021, we also apply a new target for 100-percent renewable energy for our entire operations. We produce a certain amount of renewable solar energy in all divisions. To achieve efficient transports, our target from 2020 is to increase our focus on fossil-free transport. We had also significantly increased our use of video conferencing as an alternative to business travel even before the pandemic, as we always encourage all of our employees to avoid unnecessary travel. We conduct systematic preventive environmental work at our production facilities and set environmental requirements on our transports and suppliers to reduce our environmental impact. Midsona has also adopted a scientifically-based targets approved by SBTi (Science Based Target initiative) for reducing the Company's climate impact. Through clear control of, and responsibility for, our climate targets within Midsona's senior management, our climate impact also becomes a clear part of the Company's business strategies and financial planning. Midsona has also conducted scenario analyses, to assess in detail what effects climate change can have on Midsona's operations in future years. Midsona applies the recognised TCFD framework to achieve the best possible analysis of its climate-related risks and opportunities, which are also reported is a part of the CDP (Carbon Disclosure Project). The intention is to be able to optimally measure actions and performance to mitigate climate-related risks and to reduce greenhouse gas emissions. The CDP helps us visualise our environmental impact and assess environmental measures. The climate-related risks and the opportunities are described in more detail on pages 124–125.

Business ethics and corruption



Description of risk

Our reputation is a central risk and it is of utmost importance that customers, business partners, investors and consumers associate our operations and our brands with positive values, with both a favourable reputation and credibility being essential for business value and sales success. Reputation and credibility can easily be damaged if we, a supplier, or a partner, for example, harm the environment, exploit labour, produce harmful products or otherwise behave, in our operations, contrary to the our values and brands, with negative sales trends and negative business value as a result. Risks linked to corruption can also damage our reputation and can also affect our business relationships and, by extension, our profitability. Through good business ethics, we can contribute to positive development throughout the value chain and minimise the risk of corruption.

Risk management

We conduct systematic prevention work both internally and externally with partners through our Code of Conduct, Supplier Code of Conduct, policies and other guidelines for our employees to live up to the reputation of our Company and our brands with the right quality, function, product labelling and accurate market communications. Our Code of Conduct is based on the UN Global Compact initiative and addresses our primary principles, including but not limited to business ethics, anti-corruption and labour law in accordance with the ILO. In the relationship with suppliers, our Supplier Code of Conduct, the supplier's self-assessment and an active collaboration in terms of business ethics are the most important tools for taking responsibility for the value chain. The Group also applies a Whistle-blower Policy, which everyone is encouraged to use at the slightest hint of corruption, immorality or violation of our business ethics.

Insurable risks

Description of risk

Production facilities, production equipment and others assets can be damaged by fire, power outages or other physical hazards due to environmental and climate changes, such as flooding. Insufficient insurance protection can cause negative effects on the Group's financial position in the event of an injury. An unplanned production interruption can directly affect deliveries to customers, because we have relatively few days of finished products in stock.

Risk management

We cooperate with external insurance brokers to maintain a well-balanced and cost-effective insurance protection for our assets in line with policy. This is an extensive insurance programme that covers property and loss-of-profit insurance, transport insurance, capital insurance and liability and product liability insurance. Systematic work is conducted to both minimise the risk of incidents and have contingency plans in place to limit effects of possible incidents.

Information systems

Description of risk

The operations are dependent on a well-functioning and secure IT infrastructure. Disruptions or faults in critical systems have a direct impact on our production and distribution, as well as on our financial reporting. It can be caused by system overload, low competence, external influences in the event of burglary and hacking or physical damage to the infrastructure. Sophisticated data infringement and deficiencies in the handling of customer and employee information can damage financial capacity and reputation.

Risk management

We work continuously to keep our IT systems well protected from intrusion and to improve the level of service with regard to the IT infrastructure, in line with policy, guidelines and procedures. We establish processes to increase the information security in and between systems. Among other things, investments are being made to improve recovery plans and data storage functions. Information security is monitored regularly through IT security audits. We have a centralised IT environment for better control and cost awareness, while we work with local experts to ensure that we comply with all legal requirements.

Employees

Description of risk

The Group's development is affected by the availability of competent and motivated employees. Development could be negatively affected by a lack of training or incapacity to recruit and retain qualified, committed employees. The work environment also has a major impact on how we feel, both when we are at work and after work. One of our foremost risks with regard to employees is health. Midsona seeks to promote a healthy culture with an even gender distribution, in order to stimulate and motivate our employees to good health, based on each employee's own opportunities and level of satisfaction. High levels of absence due to illness and other kinds of absence can have consequences for operations both in the ability to implement and the capacity to recruit new employees through the impact on the Company's reputation. Lack of diversity and equality among our employees, even in management positions, can have consequences for the Company's operations in that we may miss opportunities that diversity and equality generate. Valuable skills can be missed, thereby limiting our capacity for innovation. This could cause major consequences for our reputation in society.

Risk management

We work with mapping and skills planning to secure the supply of employees with the right knowledge and commitment. By placing considerable emphasis on a good working environment, health-promoting measures and good leadership, Midsona nurtures its brand as a good employer. We work actively for employees to have a healthy, creative and developing work environment and we try in various ways to stimulate health-promotion activities. Sick leave is monitored and all absences are discussed with the individual based on his or her needs. We conduct regular employee surveys, collaborate with occupational health care in all locations where we operate and conduct mandatory employee interviews every year. From 2020, we have set a goal of zero occupational injuries. Midsona has policies and procedures that regulate employee safety, freedom of association and the right to collective bargaining, equality and diversity, as well as the right not to be discriminated against, their right to good health and a good working environment with balance in their working life and their opportunities for education and training. Our Code of Conduct determines important primary principles, including diversity and equality principles. We work with such issues on an ongoing basis by ensuring our compliance with human rights principles as defined by the UN, that working conditions suit all employees, that instructions and criteria for determining salaries are fair and that salaries are mapped, that it is possible to combine work with parenthood and that, where skills and expertise are equal between job applicants, we recruit the applicant of the gender that is under-represented at the department. As of 2020, our ambition is to achieve an even gender distribution in leading positions.

Suppliers


Probability


Effect

Description of risk

Purchases of raw materials, packaging and packaging materials, as well as of finished goods, are sourced mainly from suppliers in Europe, South America and Asia. There is a risk that suppliers cannot deliver ordered quantities on time as a result of production disruptions, capacity shortages or other causes, which can in turn negatively impact commitment to the relationship to our customers. Furthermore, poor conditions at our suppliers can have major consequences for Midsona's reputation, as well as business relationships, product quality and ultimately profitability.

Risk management

To minimise risks in the supply of goods, we maintain a close dialogue on volume-critical products with our major suppliers to ensure reliable delivery. To reduce our dependence on individual suppliers, alternative suppliers are established, primarily with regard to delivery-critical, volume raw materials. We assume responsibility in the value chain by cooperating with our suppliers in such areas as quality, safe raw materials and products, the environment, human rights and ethical businesses. We achieve this by having our suppliers sign the Supplier Code of Conduct. We monitor, rate and follow up suppliers using our supplier assessment system, KODIAK. In addition to signing the Supplier Code of Conduct, all new suppliers must undergo our Supplier Self Assessment in KODIAK before an agreement comes into force, enabling us to get to know the supplier, including its strengths and areas of expertise. Suppliers are rated in terms of sustainability, quality and safety. The result of the risk mapping increases the awareness of our sustainability risks in the value chain, improving our risk management and capacity to focus on the risks that could cause us most harm. This also allows us to conduct a better and more constructive dialogue with our suppliers and affords us opportunities to improve key processes together with them. As of 2020, we have set a target that all of our delivery partners must be assessed in accordance with sustainable procurement, product safety and quality.

Production sites


Probability


Effect

Description of risk

The Group maintains eight production facilities, five for organic products, one for healthfoods and two for consumer health products. These are located in Sweden (1), Denmark (2), Finland (1), Germany (2), France (1), and Spain (1). At the production facilities in Denmark (1), Germany (1), France (1) andSpain (1), significant volumes of certified organic products are produced for our priority brands. The risk of unplanned interruptions to production could cause deliveries to customers being directly affected, as we keep relatively few days of finished goods in stock. Accordingly, shortcomings in production technology or production disruptions due to external influences, such as fire, extreme weather and chronic climate change, constitute a core physical risk.

Risk management

For some large volume products, production can be transferred to other machines. Machines are maintained continuously in accordance with established schedules, and larger maintenance measures are normally scheduled during the summer months. Compensation investments are made according to a predetermined plan that the Group follows. We cooperate with external insurance brokers to maintain a well-balanced and cost-effective insurance protection for our assets. This is an extensive insurance programme that covers property and loss-of-profit insurance, transport insurance, capital insurance and liability and product liability insurance. A systematic process is being conducted to both minimise the risk of incidents and have contingency plans in place to limit effects of possible incidents.

Product responsibility

Description of risk

Sustainable products and brands are cornerstones of the operations. There is always a risk of serious product liability incidents. Content documentation and information on how the products are manufactured is of utmost importance in assuring sustainable products. A lack of such documentation and information could have major negative consequences for Midsona. Handling foods imposes rigorous demands on traceability, hygiene and handling. Poor safety checks can lead to contamination, allergic reactions, personal injury or other types of injuries. Product management deficiencies could impair our reputation and our stakeholders' confidence in our products, and may require defective products to be recalled or bought back. Recalls can damage our overall reputation and can be costly. Product liability claims can also be made if a product is considered to have caused personal injury.

Risk management

Our objective is to have 100 percent product safety certification for our own production facilities, based on the GFSI-recognised standard for food and on ISO 22716 for skin care products. We want to take responsibility throughout the value chain by cooperating with our suppliers in such areas as quality, safe raw materials and products. We focus on supplier quality and product control as well as good social and environmental standards in the supply chain with the objective of having safe and sustainable suppliers. Our quality and purchasing functions have together mapped the risks arising in the process to assure approved, safe and sustainable suppliers and manufacture of our products. With our objective of classifying supplier risks as of 2020, we have this in focus for all of our suppliers, who must meet our requirements on product safety. To ensure this, a risk evaluation and classification of our suppliers is done with the help of a supplier assessment system, KODIAK. Our work with quality and product safety is guided by applicable laws, official requirements, customers, industry guidelines and internal policies, procedures and instructions. Quality requirements are high in all processes to minimise the risk of deficiencies, product recalls or product liability claims. Any complaint flows are captured early on in our quality assurance system in for proactive purposes. Our products are certified in accordance with multiple standards, including EU organic, KRAV, Fairtrade, Äkta Vara, Vegan and ECOCERT. All of these set stringent requirements on quality, environmental and sustainability issues and become like a stamp of quality on our products. Our insurance solution includes a liability and product liability insurance against any product liability claims.

Distribution agreement

Description of risk

About 15 percent of our sales of goods derives from distribution agreements, with an exclusive right to market, sell and distribute other companies' products in a defined market. Agreements normally extend over a period of one to five years and can, under certain circumstances, be cancelled prematurely if, for example agreed minimum sales volumes cannot be achieved. There is always a risk that we will not manage to extend distribution agreements or enter new distribution agreements with acceptable terms.

Risk management

Midsona has extensive experience of marketing, selling and distributing products on customers' behalf in the Nordic health and personal care market. In such partnerships, relations with the customer are built up in the long term through continuous follow-up meetings and other joint activities at different levels in the organisation, generating mutual trust. With access to the Group's market expertise, licensed products are afforded favourable opportunities for growth and favourable profitability, which normally provides a good foundation for long-term cooperation. Through credible sustainability work, a reliable portrayal of Midsona is presented, with products that are healthy, safe and of superior quality.

Legal risks

Description of risk

Legal risks include a number of different risks in partially different areas. Changes in legislation, legal offences within the operations, maintenance of permits and certifications or shortcomings in agreements entered into by Midsona are some examples of legal risks that may have negative financial consequences for the Group. Customers' increasing demands (including on various environmental aspects) in their agreements place demands on increasingly comprehensive controls of the value chain. Despite careful and regular inspections, the size and complexity of Midsona's value chain means that it is exposed to the risk that the requirements will not be maintained, which in turn exposes Midsona to legal risks vis-à-vis its customers.

Risk management

To manage this risk, Midsona focuses on maintaining a transparent value chain, where the requirements of various stakeholders are mapped regularly to ensure that these requirements are included in supplier agreements and other agreements. Midsona continuously monitors developments in future legislation and a number of areas and, together with external advisers, manages existing legal risks. Midsona has also developed a systematic and controlled follow-up of permits, certifications and licenses. Our legal, regulatory and quality organisations jointly manage existing and new requirements, laws and guidelines from authorities, as well as the management of permits, certifications and licenses in a quality management system. As part of our position with regard to safe products, we ensure that all our production facilities have product or food safety certification based on internationally recognised standards.

Market risks

Competitors – and, at the same time, customers

Description of risk

Our customers are primarily pharmacy, supermarket and healthfood retail chains. To a varying extent, these players offer competing products that they sell under their proprietary brands (private label), which are growing stronger each year and that occupy an increasingly large share of the product range on shop shelves. These actors are also not dependent on individual brands and can hold back price increases and require greater marketing efforts. If these players continue to broaden their product ranges under their own brands, this could lead to further competition and increased price pressure, which would affect our sales and results negatively.

Risk management

We work actively with development and innovation of our brands and to earn its place on the shelf in shops and, at the same time, to convey a clear and accurate message to consumers at the point of sale. The customer's and consumer's trust in our brands is of central importance to our competitiveness and long-term development. Without strong confidence in the Company's brands, it would be difficult to capture market shares and to grow. Thorough development, innovations and sustainability processes enhance conditions for winning and retaining the confidence of customers and consumers.

Consumer dependency

Description of risk

The consumers change their buying behaviour and new consumption trends come and go. There is always a risk of not capturing such changed consumption behaviours in time or when new trends arise, leading to a loss of competitiveness against competitors.

Risk management

In order to help people live a healthy life, it is fundamental for us to identify trends and changes in consumer behaviour early on. For this, knowledge is needed on trends, consumer behaviour and product content. We believe we have well-developed methods and processes to actively monitor the outside world and identify new consumer behaviours and trends. We attend important trade fairs in Europe and North America, read and analyse trend reports and buy market data on our local markets.

Raw materials and input goods

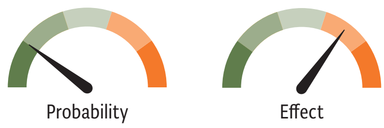
Description of risk

The ability to secure raw materials, inputs and finished products can affect our operations and profitability. The price of a large part of the raw materials we purchase is dependent on whether the harvest is good or bad. Some raw materials are also affected by agricultural policy decisions, subsidies, trade barriers and activity on commodity exchanges. We buy raw materials and finished products mainly from suppliers in Europe, South America and Asia. Extreme weather and persistent climate change can lead to disruptions in Midsona's value chain or change the geographical conditions for our existing raw material supply. This can incur unknown operational expenses and make it more difficult to supply key raw materials, with rising prices for raw materials, for example, as a result of crop failure, temperature changes or environmental disasters. This can lead to shortages of raw materials, production disruptions, capacity shortages, increased prices and in the long run other unexpected events, which in turn can negatively affect our delivery capacity and the relationship with our customers. Good or bad harvests and, in the worst case, climate catastrophe affect the pricing of a large part of the raw materials we buy. Lack of controls in the event of a climate catastrophe also increases the risk of inadequate food safety, for example, poor control can lead to contamination, cases of allergic reactions or various types of damage.

Risk management

We continuously monitor the price trend of all important raw materials to have a good chance of contracting volumes at the best possible time. To secure both supply and price of key raw materials, supplier agreements signed for such raw materials normally cover substantial volumes to cover longer periods. Midsona usually charges increased raw material prices at the next level by increasing the prices charged to customers. Several important raw material purchases are coordinated at the European level by our supply chain organisation. By purchasing larger volumes, raw material prices can be affected to a certain extent. We work based on the respective brand's sustainability plan to secure raw materials. By integrating climate change measures into our policies, routines, strategies and planning, as well as our ongoing work with Science Based Target, fossil-free transport, recyclable packaging, plant-based products, sustainable suppliers, reduced food waste and recycled waste, Midsona participates in efforts to reduce both its own and the common negative impact on the climate.

Financial risks



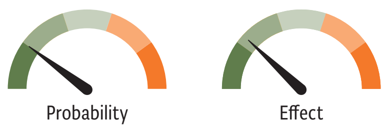
Financing risk

Description of risk

Financing risk refers to the risk that future capital procurement and refinancing of maturing loans become difficult or costly.

Risk management

The ensure that the Group always has access to necessary external financing at a reasonable expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.



Credit risk

Description of risk

There is a risk of losses if the counterparties with whom the Group has cash and cash equivalents or financial investments are unable to fulfil their obligations, a so-called financial credit risk. There is also a risk that our customers cannot fulfil their payment commitments, a so-called customer credit risk.

Risk management

How surplus liquidity is to be placed is set in policy. The Group is a net borrower and surplus liquidity shall be used to reduce loans from credit institutions. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the Group finance function. The Group's counterparties in financial transactions are credit institutions with good credit ratings. Customer credit risk is managed on an on-going basis by each Group company through credit checks and internal credit limits for each customer. Bank guarantees or other sureties are required for customers with low creditworthiness or insufficient credit history.

Liquidity risk

Description of risk

Liquidity risk refers to the risk of not being able to fulfil payment obligations when they come due as a consequence of an inadequate access to liquid funds.

Risk management

In order to control and plan the Group's cash requirements, the finance function uses liquidity forecasts that the subsidiaries report in on a monthly basis for the upcoming six months. The Group's liquidity reserve, consisting of cash and unutilised credit facilities, shall correspond to at least 7.5 percent of the Group's forecast annual sales. The liquidity reserve shall, at all times, also exceed the sum of the Group's loan maturity for the next six months.

Interest rate risk

Description of risk

Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the period of fixed interest on credit and investments. The Group is a net borrower and does not invest funds in listed instruments, which is why it is mainly the Group's interest-bearing liabilities to credit institutions that are exposed to interest rate changes. The main part of our interest-bearing liabilities to credit institutions has variable interest.

Risk management

The Group strives for a consideration between a reasonable running expense for its borrowing and the risk of having a significant negative impact on earnings in the event of a larger interest rate change. At present, the guideline is to not hedge for interest-rate risks in the Group. Changes in the market interest rates thereby have an impact on the financial cash flow and earnings.

Foreign exchange risk

Description of risk

Transaction exposure is the risk that affects the Group's earnings and cash flow through the operational and financial transactions that take place in other currencies than the functional currency of each Group company. The Group's sales of goods mainly occur in the companies' local currencies, although the currency flows arising from purchases, primarily of goods, in other currencies give rise to the Group's current transaction exposure.

Risk management

The Group does not hedge forecast currency exposure in accordance with the current policy. Potential currency risks shall be managed in the respective supplier and customer agreement through currency clauses. With the aim of reducing the earnings impact of changed exchange rates, Midsona works continuously with price adjustments to customers and suppliers based on the exchange rate development.

Cimate-related risks and opportunities

Midsona's business operations are affected by climate change. Accordingly, the Company maps the risks and opportunities that climate change can entail, based on the recommendations in the TCFD framework (Task Force on Climate related Financial Disclosure). The scenario analysis is used as a planning tool for analysing and structuring ideas for alternative future development. By preparing for reasonable alternatives, essential knowledge and concepts for coping with the actual future are generated.

In line with the Paris Agreement and the TCFD's recommendations, we have used public scenarios from the IEA and IPPC to assess possible outcomes based on a temperature increase of 2 or 4°C respectively. The aim of the analysis is to gain insight into the potential strategic and financial consequences that may arise for Midsona given different future scenarios and we have therefore analysed different scenarios from a short, medium and long-term perspective.

The development of our new sustainability targets is the result of our scenario analysis. These are our most vulnerable areas with the highest risk and our scenario analyses help us see what possible directions these can take over time, including our decision to set an ambition target for emission reductions for our own operations (Scopes 1 and 2), and for our value chain (Scope 3). This included performing a complete Scope 3 survey in 2020. All sustainability targets have been developed in accordance with a <2.0°C scenario.

The conclusion drawn from our scenario analyses is that a <2.0°C scenario affects Midsona's operations and value chain in many of our material areas. We have identified several areas with climate-related risks and opportunities which will most likely affect Midsona's profitability and expenses in the form of financial impact or strategic impact over time.

In a 4.0°C scenario, the physical risk areas for Midsona and the lack of resources will escalate significantly and will require significant need for further action. This will continue to affect our strategy in the future, as we must continuously monitor and assess developments in purchasing, production and distribution to reach our reduction target and limit global warming to <2.0 degrees compared with pre-industrial levels.

Below is an excerpt of the most significant parts of the scenario analyses.

Scenario 1 Global warming of no more than 2 degrees Celsius

DESCRIPTION: This scenario assumes that global warming can be limited to a maximum of 2°C. The scenario includes higher climate policy ambitions and coordinated global climate measures in the near future. Transition risks and transition opportunities dominate this scenario, with limited physical risks. The scenario is also based on global CO_2 emissions reaching their peak in 2020 and then decreasing rapidly. A high carbon tax is introduced in most economies, and global energy is generated primarily through renewable energy sources. Customers are becoming increasingly climate-conscious and are demanding more sustainable products.

Risks

- Changed legislation regarding taxes or charges on CO_2 emissions can lead to increased indirect expenses linked to transport, production and material use.
- Increased direct expenses due to requirements for technical innovations, stricter legislation and requirements related to raw materials, material use, production and eco-labelling of our products and services.
- Increased legal risks due to demands for increasingly extensive controls of a complex value chain.
- Current market preferences are expected to change, for example through increased demand for products with a low climate footprint. This can also affect our reputation.
- Extreme weather and persistent climate change may in part impede the availability of key raw materials and contribute to increased operating expenses through increased raw material prices, energy and transport.

Risk management

- Midsona has a clear overall goal to change our climate impact fromenergy, plastic packaging and transport. We have worked with climate-reducing incentives from energy consumption, material selection, product design and packaging to customer transports to reduce emissions. For incoming transports, we have started to shift our transports from fossil-fuelled carbon-intensive trucks to emission-efficient train transports and we are working actively to increase the filling and efficiency of all transports. This will also reduce our expenses directly based on environmental and carbon taxes.
- Midsona has committed itself to ambitious scientifically based emission targets in accordance with Scopes 1, 2 and 3 and Net-Zero to reduce emissions both directly and indirectly in its own operations and in the value chain. Midsona currently uses third-party climate expertise and tools to calculate the climate impact of all relevant categories based on the GHG protocol, which includes seven Scope 3 categories. For the category "goods and services", Midsona has worked to calculate the products' climate emissions to be able to voluntarily label the products in accordance with acceptable standards, which reduces the risk of mandatory environmental product declarations. Furthermore, Midsona works with industry organisations and follows official recommendations to find an acceptable and cost-effective method of labelling products. Finally, it is important to follow the development of laws and regulations closely, as well as technical innovations.
- Midsona focuses on maintaining a transparent value chain with clear requirements in supplier agreements and other types of agreements. We apply targets for increased supplier control and risk management.

- Midsona is working to increase its range of healthy and sustainable products through our innovation and product range processes to live up to each brand's sustainability plans. Midsona focuses on the risks of a negative climate impact on the Company and applies two targets for more sustainable products, to increase plant-based/vegetarian products and recyclable consumer packaging.
- Midsona has established a Climate Change Strategy, which will contribute to Midsona reducing its negative environmental impact as part of a necessary common global initiative, and a target to prevent climate change from increasing.
- The use of materials, fuel and energy sources with lower emissions can help cut indirect expenses.
- Midsona's strong sustainability profile and long-term goals for low-carbon and plant-based products safeguard our reputation and afford us a competitive advantage. Development and/or expansion of low-emission products and services can lead to increased revenues as a result of increased demand for products and services with a small climate footprint.
- By working with recycling, the indirect expenses will be reduced.

Strategy for realising opportunities.

- Midsona has joined DLF's transport initiative on fossil-free transport and the plastics initiative for recyclable plastics. Midsona has also set its own numerical targets for both recyclable plastic packaging and fossil-free transport for the entire Group. Furthermore, we have worked to transform our transport chains into inter-modal emission-efficient solutions by train instead of just trucks. We have also increased the proportion of recyclable plastic. In 2021, due to an increased share of non-renewable energy through acquisitions, we also set a quantified, time-bound target for renewable energy for the entire Group. This will have a positive impact on reputation and reduce direct and indirect expenses through lower carbon taxes and give us a competitive advantage. Our focus will also be on efficiency in transport through filling rate, load planning and route optimisation to reduce our expenses.
- Animal products generally have higher greenhouse gas emissions than plant-based foods. Demand for plant-based alternatives has risen steadily in recent years and is expected to continue growing. Midsona estimates that it is likely that products with a low CO_2 impact will have significantly greater market advantage in the future. Midsona has a clear strategy of offering products with a low climate footprint with a numerical target for plant-based or vegetarian products for the entire Group. The sustainability aspect is included from crop to finished product, by having climate-reducing targets for waste, transport, packaging, energy reduction and the use of low-carbon energy in our production.
- Midsona expects the expenses of non-recyclable waste and non-recyclable packaging to increase as part of the European circular economy strategy. Midsona has a strategy for circularity in which we work with recycling for our own waste and packaging on the products subject to our own numerical targets. Midsona applies a clear strategy for changing our climate impact from packaging, leading to a competitive advantage.

Scenario 2 Global warming by 4 degrees Celsius

DESCRIPTION: This scenario assumes that global warming amounts to 4°C. The scenario is dominated by increased physical risks due to the lack of coordinated policy measures to limit climate change. In this scenario, economic growth is preferable to climate action. The population is growing faster than in the 2°C scenario and overconsumption of resources continues. The world remains dependent of fossil fuels and energy intensity remains high. Customers do not prioritise the climate in their decision-making. Water is becoming an important resource with limited accessibility and climate-related conflicts are increasing due to poor fisheries management, forestry, agriculture and living conditions.

Risks

- Acute and chronic changes in precipitation patterns and extreme variations in weather patterns, as well as changes in average temperatures, can lead to increased production disruptions and damage as well as significantly increased expenses for energy supply, greater water and transport challenges and significantly reduced availability of raw materials with large expense variations and generally increased prices for raw materials, which ultimately reduces our ability to secure goods and profitability.
- Current market preferences are expected to change, for example through limited availability and deteriorating living conditions.

Risk management

- To manage this risk, Midsona has established a Climate Change Strategy to reduce its negative environmental impact to do what we can to help prevent such a temperature rise. We address the risk by monitoring developments closely and by setting ambitious, scientifically-based emission targets in accordance with Scope 1, 2 and 3 and Net-Zero.
- One of our main risk management methods to meet the described raw material risk is to pursue close dialogues with important suppliers about volume-critical products for fast delivery, establish alternative suppliers for delivery-critical volume products to reduce dependence and have more efficient use of raw materials through joint purchases due to product synergies. within the Group.
- Focus on circularity and reduced material, energy and transport consumption.
- See also measures under Scenario 1.

Administration Report

The Board of Directors and President of Midsona AB (publ), corporate identity number 556241-5322, headquartered in Malmö, Sweden, hereby presents its annual report and consolidated accounts for the 2021 financial year.

Operations

Midsona is the leading consumer goods company in the Nordic region in health and well-being with proven products in the categories organic products, healthfoods and consumer health products. In 2018–2019, the Group established a presence beyond the Nordic region, in Germany, France and Spain, through company acquisitions. The vision is to become one of the leaders in Europe in health and well-being.

A growing proportion of the product portfolio has an organic profile. The products are aimed at helping people achieve a healthier life. The business model is based on strong brands with good market positions, innovation and an effective production and distribution structure.

The brand portfolio consists of both own brands and licensed brands that are represented. The Group also has contract manufacturing assignments. The Group's own brands form the backbone of the operations and, together with licensed brands and contract manufacturing assignments, these form a strong and broad brand portfolio that is marketed to customers. Customers are primarily pharmacy chains, the grocery trade, healthfood retailers and other specialist retailers, as well as actors in food service and the food industry.

The Group is organised into three divisions, also operating segments. Nordics, North Europe and South Europe, which bear the operational responsibility for product development, production, marketing, sales and distribution to customers. Sales primarily take place in the European market for health and well-being. Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB. For more information on the Group's operating segments, see Note 4 *Operating segments*, pages 144–145.

Significant events during the financial year

First quarter

It was decided to replace the Eskio-3 and Naturdiet brands with the Earth Control brand as one of the priority brands as of 1 January 2021. Earth Control, a strong brand in the Nordic market in the category of healthfoods, was acquired in October 2020. Eskio-3 and Naturdiet will continue to be developed within the Group.

Second quarter

An agreement was reached to expand an existing financing agreement with Danske Bank, increasing the Group's credit limit by SEK 200 million, to safeguard flexibility regarding future operating capital needs in the expanding group.

Midsona had its targets for reduced emissions approved by the international cooperative body Science Based Target initiative (SBTi), which is a collaboration between the CDP, the UN Global Compact, World Resources Institute (WRI) and World Wide Fund for Nature (WWF). This means that our targets agree with the levels required to achieve the targets in the Paris agreement.

The acquisition analysis for System Frugt A/S, presented preliminarily in the 2020 Annual Report, was revised in the second quarter of 2021. Revised items in the acquisition analysis are presented in Note 2 *Acquisitions of operations* on page 143.

The Swedish Parliament decided to introduce a new law as of 1 November 2021 regarding the prohibition of unfair trading methods in the purchase of agricultural and food products if the supplier or buyer are established in Sweden, in line with an EU directive. The law contains a number of different prohibited unfair trading methods and one of them is terms of payment of more than 30 days. The Swedish Competition Authority is the supervisory authority and may decide that if a buyer violates the law by applying unfair trading methods, the buyer must pay an administrative fine of a maximum of 1 percent of the annual sales. An analysis showed that changed payment terms in Sweden following the introduction had a significant negative effect on the Group's cash flow.

Third quarter

A decision was made to close a small production plant in Jerez, Spain as a measure to strengthen competitiveness. The production plant mainly produced organic baby food under the brand Vegebaby. Some production volumes were moved to the production plant in Castellcir, Spain, and some production volumes were concluded. The efficiency programme entailed restructuring costs of SEK 1 million and the impairment of tangible fixed assets by SEK 4 million in fair value, which was charged against profit for the year. The efficiency-enhancement programme is expected to provide a minor savings, with full effect in 2022.

Supported by the authorisation granted by the 2021 Annual General Meeting, Midsona's Board of Directors decided to issue a directed new share issue of 7,496,252 new Series B shares, whereby Midsona raised SEK 500 million before issue expenses. The issue expenses amounted to SEK 6 million and were recognised directly against equity. The issue proceeds strengthened our financial position and increased our financial flexibility to finance continued value-generating acquisitions.

Fourth quarter

On 1 October, all of the shares in Finnish company Vitality were acquired, a company with a leading position in the Finnish consumer health products category. The total purchase consideration for the shares amounted to SEK 79 million (EUR 7.7 million), corresponding to SEK 122 million (EUR 11.9 million) on a debt-free basis. For further information on the acquisition, please see Note 2 *Acquisitions of operations* on page 143.

Global environmental initiative CDP, an international non-profit organisation helping companies make their environmental impact visible, awarded Midsona a prestigious high ranking, as one of the best listed companies in the world, for its climate change strategy and leadership.

Significant events after the end of the financial year

Market information

Midsona notified the market of lower than anticipated net sales and EBITDA before items affecting comparability for the fourth quarter – this being due to increased costs for input goods and delivery disruptions, for example.

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 direct customer or supplier exposure in Ukraine, Russia or Belarus. The events in Ukraine are, however, expected to have indirectly negative consequences for the Group through higher prices for finished goods, raw materials, inputs and energy, which will lead to announced price increases for customers. We are also preparing for shortages of certain raw materials and inputs, as well as continued transport problems. We continue to follow developments very closely and are taking prompt action when necessary.

Risks and uncertainties

In the second half of the year, the Group had to accept higher raw material and transport costs that could not yet be offset by price increases levied at the next level. Price increases have been announced to customers and will have a full impact on profit in the second quarter of 2022. Poor harvests and transport problems led to shortages of certain raw materials, which partly had to be procured outside contractual volumes at significantly higher spot market prices. There will continue to be a lower supply of certain raw materials until the next harvest in the spring and summer of 2022, which to some extent will have a negative effect on the Group.

The Covid-19 pandemic continued to affect the Group to some extent during the year. As societies have reopened, demand for maritime transport has risen dramatically, leading to a global shortage of containers. This entailed considerably increased maritime shipping costs, with the assessment being that these will persist throughout much of 2022. In addition, the global transport situation led to major delivery delays with challenges in our capacity to deliver to customers as a consequence. With the external situation remaining somewhat unstable, we continued to maintain elevated reserve inventory levels for the most critical raw materials and finished products. A more open society during the autumn months, with fewer or no pandemic restrictions, led to a change in consumption patterns with lower household consumption and more restaurant visits, disadvantaging the organic products category. However, sales to food service gradually improved as communities opened up.

Net sales and profit

Financial overview[1]	2021	2020
Net sales, SEK million	3,773	3,709
Net sales growth, %	1.7	20.4
Organic change, net sales, %	−6.0	3.9
Gross margin, before items affecting comparability, %	27.0	28.1
EBITDA, before items affecting comparability, SEK million	313	390
EBITDA-margin, before items affecting comparability, %	8.3	10.5
EBITDA SEK million	329	404
EBITDA margin, %	8.7	10.9
Operating profit, before items affecting comparability, SEK million	157	243
Operating margin, before items affecting comparability, %	4.2	6.6
Operating profit, SEK million	161	257
Operating margin, %	4.3	6.9
Profit for the year, SEK million	89	176
Earnings per share for the year before dilution, SEK	1.31	2.70
Earnings per share for the year after dilution, SEK	1.30	2.69

[1] Midsona presents certain financial measures in the Annual Report that are not defined under IFRS. For definitions and reconciliation to IFRS, see pages 184–188.

Net sales

Net sales amounted to SEK 3,773 million (3,709), an increase of 1.7 percent. The organic change in net sales was −6.0 percent while structural changes contributed by +9.5 percent and exchange rate changes by −1.8 percent. For the Group's priority brands, the organic sales growth was −6.5 percent.

The previous year's strong sales in February to April attributable to both hoarding and increased household consumption as a result of the outbreak of Covid-19 were challenging to match. In addition, demand for organic products was occasionally restrained during the summer and autumn months as societies opened up with fewer or no pandemic restrictions. Consumers began prioritising restaurant visits and night-life over consumption at home. The supply chain was exposed to disruptions as a result of the global container and transport situation, causing both delayed and postponed deliveries of raw materials, packaging materials and finished goods alike. There were also shortages of certain raw materials due to poorer harvests, which combined with delivery delays brought challenges in the level of service to customers and a certain decline in sales. On the whole, however, the sales trend for most of the Group's own brands was favourable, particularly in the healthfoods and consumer health products categories. The sales volumes for licensed brands were lower as result of concluded sales assignments. As society opened up and pandemic restrictions were lifted, sales to food service gradually improved, partially at the expense of lower sales volumes to grocery trade and healthfood stores.

Gross profit

Gross profit amounted to SEK 1,015 million (1,037) and gross profit, before items affecting comparability, amounted to SEK 1,019 million (1,042), corresponding to a margin of 27.0 percent (28.1).

The gross margin came under pressure due to higher costs for raw materials and transport, for example, which gradually had an impact in the second half of the year. The acquired business System Frugt also had a negative impact on the margin, with a gross margin in the lower range of 20–30 percent. Due to poor harvests, the availability of certain raw materials diminished and prices for the raw materials procured were higher. In connection with some shortage, volumes also had to be procured outside contractual volumes at significantly higher spot market prices to foster customer relationships. Occasionally, gross profit was also burdened with higher production and inventory-related expenses. A relatively good product mix, selective price increases, a favourable exchange rate trend and synergies in the supply chain could to some extent alleviate the negative margin trend.

Operating profit

EBITDA amounted to SEK 329 million (404) and EBITDA, before items affecting comparability, amounted to SEK 313 million (390), corresponding to a margin of 8.3 percent (10.5).

The EBITDA margin decreased essentially due to lower business volumes, a weak gross margin development attributable to the fourth quarter and that larger land was made investments in priority brands during the first half of the year. Because synergies had yet to achieve full impact, the EBITDA margin for the acquired operation System Frugt was also in the lower range of 0–10 percent, which contributed to a lower margin overall for the Group. Amortisation and depreciation for the year amounted to SEK 156 million (147), divided between SEK 47 million (48) in amortisation of intangible assets and SEK 109 million (99) in depreciation of tangible assets. Depreciation increased as a consequence of operations being acquired. In addition, 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. Operating profit amounted to SEK 161 million (257) and operating profit, before items affecting comparability, amounted to SEK 157 million (243), corresponding to a margin of 4.2 percent (6.6).

Items affecting comparability

Operating profit included items affecting comparability positively by a net SEK 4 million (14), comprising a revalued conditional purchase consideration of SEK 21 million (36), impairment of an intangible asset by SEK 8 million, impairment of tangible assets by SEK 4 million, restructuring expenses of SEK 1 million (25), the reversed portion of a restructuring reserve from previous years of SEK 1 million, as well as acquisition-related expenses of SEK 5 million (5) attributable to the acquisitions of Vitality and System Frugt. The comparative period also included acquisition-related income (negative goodwill) of SEK 8 million as a result of an acquisitions of operations at a low price, see Note 2 *Acquisitions of operations*, page 143.

Profit before tax

Profit before tax amounted to SEK 115 million (204). Net financial items amounted to an expense of SEK 46 million (53). Interest expenses for external loans to credit institutions amounted to SEK 34 million (28) and interest expenses attributable to leases were SEK 4 million (5). Interest expenses to credit institutions increased essentially as a consequence of higher indebtedness following business combinations completed in the fourth quarter of 2020. Net translation differences on financial receivables and liabilities in foreign currency were a negative SEK 2 million (5). Other financial items amounted to an expense of SEK 6 million (7). The comparative period also included earnings from participations in joint ventures in the amount of negative SEK 8 million, attributable to a revaluation of participations in a joint venture on obtaining a controlling influence. This revaluation resulted in a loss as the previously recognised book value of participations in joint ventures in the consolidated accounts exceeded fair value.

Profit for the year

Profit for the year was SEK 89 million (176), corresponding to earnings per share of SEK 1.31 (2.70) before dilution and SEK 1.30 (2.69) after dilution. Tax on the profit for the period amounted to a negative SEK 26 million (28), of which current tax was a negative SEK 19 million (28), tax attributable to previous years SEK 0 million (positive 1) and deferred tax a negative SEK 7 million (1). The effective tax rate was 22.6 percent (13.8).

Cash flow

Cash flow from operating activities amounted to SEK −64 million (positive 283), as a result of both a weaker trend in the operating activities and a deterioration in working capital related to decreased operating liabilities, an increase in capital tied up in inventories and operating receivables. Lower operating liabilities stemmed largely from amended payment terms in Sweden for agricultural and food products due to new legislation that came into force during the fourth quarter. The increased amount of capital tied up in operating receivables essentially stemmed from a factoring agreement terminated in the first quarter, with a negative effect of SEK 67 million, and, to some extent, amended payment terms in Sweden for agricultural and food products. The large amount of capital tied up in inventories was essentially attributable to heightened reserve inventories of critical raw materials and finished goods maintained to improve the level of service to customers in certain markets, as well as higher purchasing volumes of raw materials, packaging materials and finished goods due to longer lead times because of the global transport situation.

Cash flow from investing activities amounted to SEK −175 million (−369), consisting of a conditional purchase consideration paid of SEK −3 million related to previous years' business combinations, a business acquisition for SEK −111 million (−243), investments in tangible and intangible assets for SEK −59 million (−88), of which an on-going expansion investment in South Europe accounted for SEK −31 million and a change in financial assets of SEK −2 million (−3). The comparative period also included a purchase consideration of SEK 35 million paid for previous years' business acquisitions. Free cash flow amounted to SEK −94 million (252).

Cash flow from financing activities amounted to SEK 94 million (117), comprising a new share issue for SEK 500 million, issue expenses of SEK −6 million (−1), premiums of SEK 2 million received for warrant programme T2021/2024, loans raised of SEK 291 million (402), amortisation of loans by SEK −549 million (163), amortisation of leasing liabilities by SEK −58 million (−51) and dividends paid of SEK 86 million (−81). The comparative period also included an issuance of a warrant programme for SEK 11 million. Cash flow for the year amounted to SEK −145 million (31).

Liquidity and financial position

Cash and equivalents amounted to SEK 53 million (195) and there were unused credit facilities of SEK 490 million (150) at the end of the period.

Summary of capital and liquidity structure[1]	31 Dec 2021	31 Dec 2020
Average capital employed, SEK million	4,228	3,970
Return on capital employed, %	4.1	6.6
Equity/assets ratio	54.4	45.1
Net debt, SEK million	1,436	1,584
Net debt/Adjusted EBITDA, multiple	4.4	4.2
shareholders' equity, SEK million	2,875	2,313
Net debt/equity ratio, multiple	0.5	0.7
Interest coverage ratio, multiple	3.9	7.0

[1] Midsona presents certain financial measures in the Annual Report that are not defined under IFRS. For definitions and reconciliation to IFRS, see pages 184-188.

Net debt amounted to SEK 1,436 million (1,584). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.4 (4.2).

Equity amounted to SEK 2,875 million (2,313). The changes consisted of profit for the year of SEK 89 million, translation differences on translating foreign operations of SEK 63 million, a new share issue for SEK 500 million, issue costs of SEK 6 million, premiums of SEK 2 million paid on the issue of the warrants programme (TO2021/2024) and dividends paid of SEK 86 million. The equity/assets ratio was 54.4 percent (45.1) at the end of the year.

Investments

Investments in intangible and tangible fixed assets amounted to SEK 59 million (83) and consisted essentially of an expansion investment in a production facility for plant-based meat alternatives, as well as replacement investments in the Group's other production facilities. In the comparison period, the acquired asset Gainomax brand rights for SEK 55 million was included.

Risks and risk management

For risks and risk management, refer to pages 116-125. For financial risks, see also Note 31 *Financial risk management*, on pages 158-160.

Guidelines for remunerations to senior executives

The 2020 Annual General Meeting approved the guidelines for the remuneration of senior executives to apply until a need arises for significant changes in the guidelines, although not longer than to the 2024 Annual General Meeting. No proposal on new guidelines will be presented to the 2022 Annual General Meeting. For information on the guidelines for remuneration of senior executives adopted by the 2020 Annual General Meeting, see Note 10 *Employees, personnel expenses and senior executives' remuneration* on pages 146-148.

Share data and ownership

Share and shareholders

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

Over the year, a combined 21,760,304 (19,580,243) Series A and B shares were traded. The highest price paid for Series B shares was SEK 90.90 (84.80), and the lowest was SEK 45.45 (32.60). On 30 December, the most recent price paid for the share was SEK 54.10 (77.80).

At the end of the year, the total number of shares was 72,714,040 (65,004,608), divided between 298,320 Series A shares (755,820) and 72,415,720 Series B shares (64,248,788). At the end of the year, the number of votes was 75,398,920 (71,806,988), where one Series A share carries ten votes and one Series B share carries one vote. All Series A and B shares convey equal rights to the Company's net assets and profits. Neither the Company nor its subsidiaries hold any treasury shares. In October, 457,000 Series A shares were re-classified as Series B shares at the request of shareholders. For other changes in the number of shares and votes over the year, see the section *Directed new share issue* below or Note 25 *Shareholders' equity*, on page 156.

The largest shareholder in the Company was Stena Adactum AB, which held 86,428 Series A shares (543,928) and 20,998,511 Series B shares (14,685,861), representing 29.0 percent of capital (23.4) and 29.0 percent of the voting rights (28.0) on 31 December 2021. No other shareholder had a holding of 10 percent or more of the total number of shares as of 31 December 2021. The ten largest owners together had an ownership in the Company of 64.8 percent of the capital (60.4) and 63.7 percent of the votes (61.6) at year-end. For more information about the shareholder structure, see the section *Shares and shareholders*, pages 113-115.

Directed new share issue

In January, the number of shares and votes changed as a result of a new share issue under way at the end of the year, which was concluded whereby 187,000 warrants were exercised in exchange for 213,180 Series B shares in the scope of the TO2017/2020 warrants programme.

In August, supported by the authorisation granted by the 2021 Annual General Meeting, Midsona's Board of Directors approved a directed new share issue of 7,496,252 new Series B shares. The subscription price for the directed new share issue was set at SEK 66.70 per share through a so-called accelerated bookbuilding procedure targeting select Swedish and international investors. For existing shareholders, the transaction caused a dilution effect of approximately 10.3 percent in the share capital and of approximately 9.4 percent in the number of votes based on the total number of shares and votes following the transaction.

The 2021 Annual General Meeting resolved, in accordance with the Board's proposal, to adopt an incentive programme for senior executives in the form of warrants. The incentive programme entailed the issue of a maximum of 780,000 warrants to a wholly owned subsidiary to be transferred to current and future executives. In September 2021, a total of 171,000 series TO2021/2024 warrants 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 2024 to 20 December 2024. The subscription price was SEK 75.85. 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 of Midsona. On the transaction date, the fair value per warrant was SEK 9.60.

Authorisations

The 2021 Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to, on one or more occasions until the next Annual General Meeting, decide to increase the share capital through new issues of shares. Such decisions may be made with or without deviation from shareholders' preferential rights and with or without a provision to issue shares on a non-cash or set-off basis, or subject to other terms. The total number of shares that can be issued with the support of this authorisation shall be limited to 20 percent of the total number of shares of each class of shares outstanding at the time of convening the Annual General Meeting. A new share issue deviating from existing shareholders' preferential rights, determined based on this authorisation, shall be conducted as partial financing of company acquisitions.

Articles of Association

The Articles of Association state that the Annual General Meeting appoints and dismisses members of the Board of Directors and amends the Articles of Association.

At the Annual General Meeting, shareholders may vote for the full number of shares owned or represented. The shares issued shall be freely transferable, without restrictions by law or in accordance with the Articles of Association. To the Company's knowledge, there are no agreements between shareholders that could entail limitations to the right to transfer shares.

The Articles of Association are available at *www.midsona.com*.

Effects of major changes of ownership

There are no material commercial agreements within Midsona that could be affected if control of the Company were to change as a consequence of a public takeover bid, beyond valid applicable credit facilities. The long-term financing includes terms entailing that lenders may request early repayment of loans if control of the Company changes significantly.

There are agreements between the Company and senior executives that prescribe compensation if these individuals are dismissed without due cause or if their employment is terminated as a consequence of a public takeover bid for shares in the Company. Agreements between the Company and other employees regulating resignations or dismissal by the Company follow normal practices in the labour market.

Environmental information

Organised environmental efforts form the basis for reducing environmental impacts. The greatest environmental impact is caused by water and energy consumption, waste, wastewater and transport. Statutory environmental requirements are complied with. During the year, the Group was not involved in any environmental disputes. Midsona had more than eight production facilities at its disposal at the end of 2021, located in Sweden (1), Denmark (2), Finland (1) France (1), Germany (2) and Spain (1). The Swedish production facility in Falköping conducts operations that it is required to register in accordance with the Swedish Environmental Code. Each year, an audit is performed by the local environmental authority regarding compliance with the Swedish Environmental Code. The production facilities in Denmark, Finland, Germany, France and Spain adjust their operations, apply for the required permits and report to authorities in accordance with local legislation.

The production facilities conduct organized environmental efforts, including action plans and review in a number of areas. Environmental efforts form an integral part of the operations and decision making always takes environmental considerations into account. The majority of production and warehouse facilities use renewable electricity. For more information on Midsona's environmental work, see the Sustainability Report on pages 42–110.

Corporate Governance Report

For the Corporate Governance Report, see pages 170-174. A Corporate Governance Report has been prepared in accordance with the disclosure requirements in Chapter 6, Section 8 of the Annual Accounts Act.

Sustainability Report

For the Sustainability Report, please see pages 42-110. The Sustainability Report has been prepared in accordance with the disclosure requirements in Chapter 6, Section 11 of the Annual Accounts Act as a separate report from the Administration Report.

Parent Company

Net sales amounted to SEK 64 million (59), and related primarily to invoicing of services provided internally within the Group. Profit before tax was SEK 13 million (102). Profit before tax included dividends from subsidiaries of SEK 3 million (153), of which SEK 1 million (19) was anticipated dividends, SEK 31 million (41) was Group contributions and a negative SEK 5 million was a change in excess depreciation. The comparative period also included impairment of shares in subsidiaries of SEK –49 million. Net financial items included exchange rate differences on financial receivables and liabilities in foreign currency of a negative SEK 31 million (24) and negative exchange rate differences of SEK 2 million (5) in financial receivables and liabilities in foreign currency, as well as exchange rate differences of SEK 13 million (negative 19) on net investments in subsidiaries.

Investments in intangible and tangible fixed assets amounted to SEK 9 million (7) and pertained to all intents and purposes to software. Depreciation and amortisation on tangible and intangible fixed assets amounted to SEK 11 million (10).

Cash and cash equivalents, including unutilised credit facilities, amounted to SEK 492 million (232). Borrowing from credit institutions was SEK 1,273 million (1,422) at the end of the year. The financing agreement with Danske Bank was extended by one year until September 2024, see Note 26 *Liabilities to credit institutions*, on page 157.

shareholders' equity amounted to SEK 2,540 million (2,119), of which unrestricted equity amounted to SEK 2,119 million (1,725). The changes in shareholders' equity during the year were comprised of profit for the year at SEK 13 million, a new share issue at SEK 500 million, issue expenses at SEK 6 million and a dividend payment of SEK 86 million.

On the balance sheet date, there were 18 employees (14).

Proposed appropriation of profit or loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 1,574,464,705
Profit brought forward	SEK 530,760,547
Profit for the year	SEK 12,886,438
Total	**SEK 2,118,111,690**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, amounting to SEK 2,118,111,690 be appropriated as follows:

Carried forward	SEK 2,118,111,690
Total	**SEK 2,118,111,690**

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

The financial accounts were approved for publication by the Board of Directors of the Parent Company on 7 April 2022.

With regard to the Company's performance and position otherwise, please see the following financial statements and associated notes.

Financial statements

Consolidated income statement

SEK million	Note	2021	2020
Net sales	2, 3, 4, 5	3,773	3,709
Expenses for goods sold		–2,758	–2,672
Gross profit		**1,015**	**1,037**
Selling expenses		–592	–542
Administrative expenses		–289	–284
Other operating income	6	35	52
Other operating expenses	7	–8	–6
Indirect expenses, net		**–854**	**–780**
Operating profit/loss	2, 4, 8, 9, 10, 15, 16, 17, 28	**161**	**257**
Result from participations in joint ventures	19	–	–8
Financial income		11	14
Financial expenses		–57	–59
Net financial items	11	**–46**	**–53**
Profit/loss before tax		**115**	**204**
Tax	13	–26	–28
Profit/loss for the year		**89**	**176**
Attributable to			
Parent Company shareholders (SEK million)		89	176
Earnings per share to Parent Company shareholders (SEK)	14	1.31	2.70
Earnings per share to Parent Company shareholders, after dilution (SEK)	14	1.30	2.69
Number of shares (thousands)	14		
Average during the period		67,783	65,005
Average during the period, after full dilution		67,932	65,364

Consolidated statement of comprehensive income

SEK million	Note	2021	2020
Profit/loss for the year		**89**	**176**
Items that have or can be reallocated to profit for the year			
Translation differences for the year on translation of foreign operations		63	–114
Other comprehensive income for the year		**63**	**–114**
Comprehensive income for the year		**152**	**62**
Attributable to			
Parent Company shareholders (SEK million)		152	62

Consolidated balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
Assets			
Intangible assets	15	3,364	3,289
Tangible assets	16, 17	522	548
Non-current receivables	21	4	4
Deferred tax assets	13	91	85
Fixed assets		**3,981**	**3,926**
Inventories	22	783	643
Tax receivables		18	11
Accounts receivable	23	403	290
Other receivables	21	33	44
Prepaid expenses and accrued income	24	16	18
Cash and cash equivalents	31, 36	53	195
Current assets		**1,306**	**1,201**
Assets	2, 4, 32, 34	**5,287**	**5,127**
shareholders' equity			
Share capital		363	325
Additional paid-up capital		1,627	1,169
Reserves		5	−58
Profit brought forward, including profit for the year		880	877
shareholders' equity	25	**2,875**	**2,313**
Liabilities			
Non-current interest-bearing liabilities	26, 31, 36	1,314	1,526
Other non-current liabilities	27	1	23
Other provisions	29	10	15
Deferred tax liabilities	13	347	342
Non-current liabilities		**1,672**	**1,906**
Current interest-bearing liabilities	26, 31, 36	175	253
Accounts payable		342	405
Tax liabilities		15	0
Other current liabilities	27	40	59
Accrued expenses and deferred income	30	167	170
Other provisions	29	1	21
Current liabilities		**740**	**908**
Liabilities		**2,412**	**2,814**
Shareholders' equity and liabilities	2, 4, 32, 34	**5,287**	**5,127**

Changes in consolidated shareholders' equity

SEK million	Note 25	Share capital	Additional paid-up capital	Reserves	Profit brought forward, including profit for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2020		**325**	**1,159**	**56**	**782**	**2,322**
Comprehensive income for the year						
Profit for the year		–	–	–	176	176
Other comprehensive income for the year		–	–	–114	–	–114
Comprehensive income for the year		–	–	**–114**	**176**	**62**
Transactions with the Group's owners						
Issue expenses, TO2016/2019		–	–1	–	–	–1
On-going issue of warrant programme, TO2017/2020		–	11	–	–	11
Dividend		–	–	–	–81	–81
Transactions with the Group's owners		**–**	**10**	**–**	**–81**	**–71**
Closing shareholders' equity, 31 Dec 2020		**325**	**1,169**	**–58**	**877**	**2,313**
Opening shareholders' equity, 1 Jan 2021		**325**	**1,169**	**–58**	**877**	**2,313**
Comprehensive income for the year						
Profit for the year		–	–	–	89	89
Other comprehensive income for the year		–	–	63	–	63
Comprehensive income for the year		–	–	**63**	**89**	**152**
Transactions with the Group's owners						
New share issue		37	463	–	–	500
Issue expenses		–	–6	–	–	–6
Completed issue of warrant programme, TO2017/2020		1	–1	–	–	–
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**

Consolidated cash flow statement

SEK million	Note	2021	2020
Operating activities			
Profit/loss before tax		115	204
Adjustment for items not included in cash flow	36	141	155
Income tax paid		–12	–40
Cash flow from operating activities before changes in working capital		**244**	**319**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventories		–124	–25
Increase (–)/decrease (+) in operating receivables		–80	–9
Increase (+)/decrease (–) in operating liabilities		–104	–2
Changes in working capital		**–308**	**–36**
Cash flow from operating activities		**–64**	**283**
Investing activities			
Acquisitions of companies or operations	36	–114	–278
Acquisitions of intangible assets	15	–5	–67
Acquisitions of tangible assets	16	–54	–21
Change in financial assets		–2	–3
Cash flow from investing activities		**–175**	**–369**
Cash flow after investing activities		**–239**	**–86**
Financing activities			
New share issue		500	–
Issue expenses		–6	–1
Premium paid in, warrant programme, TO2021/2024		2	–
On-going issue of warrant programme, TO2017/2020		–	11
Loans raised	36	291	402
Repayment of loans	36	–549	–163
Amortisation of lease liabilities	36	–58	–51
Dividend paid		–86	–81
Cash flow from financing activities		**94**	**117**
Cash flow for the year		**–145**	**31**
Cash and cash equivalents			
Cash and cash equivalents at beginning of the year		195	173
Translation difference in cash and cash equivalents		3	–9
Cash and cash equivalents at end of the year	36	**53**	**195**

Income Statement, Parent Company

SEK million	Note	2021	2020
Net sales	3	64	59
Administrative expenses		–88	–77
Other operating income	6	0	0
Other operating expenses	7	0	0
Operating profit/loss	9, 10, 15, 16, 17, 28	**–24**	**–18**
Result from participations in subsidiaries	11	3	104
Financial income	11	54	44
Financial expenses	11	–46	–69
Profit/loss after financial items		**–13**	**61**
Allocations	12	26	41
Profit/loss before tax		**13**	**102**
Tax	13	0	0
Profit/loss for the year[1]		**13**	**102**

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

Balance Sheet, Parent Company

SEK million	Note	31 Dec 2021	31 Dec 2020
Fixed assets			
Intangible assets	15	51	55
Tangible assets	16	5	3
Participations in subsidiaries	18	2,535	2,546
Receivables from subsidiaries	20, 33	1,321	1,097
Deferred tax assets	13	2	2
Financial assets		**3,858**	**3,645**
Fixed assets		**3,914**	**3,703**
Current assets			
Receivables from subsidiaries	20, 33	117	57
Other receivables	21	3	5
Prepaid expenses and accrued income	24	9	7
Current receivables		**129**	**69**
Cash and bank balances	31, 36	2	82
Current assets		**131**	**151**
Assets	32, 34	**4,045**	**3,854**
Shareholders' equity			
Restricted shareholders' equity			
Share capital		363	325
Statutory reserve		58	58
On-going issue of warrant programme, TO2017/2020		–	11
Restricted shareholders' equity		**421**	**394**
Unrestricted shareholders' equity			
Share premium reserve		1,575	1,108
Profit/loss brought forward		531	515
Profit/loss for the year		13	102
Unrestricted shareholders' equity		**2,119**	**1,725**
Shareholders' equity	25	**2,540**	**2,119**
Untaxed reserves	12	5	–
Non-current liabilities			
Liabilities to credit institutions	26, 31, 36	1,166	1,324
Other non-current liabilities	27	–	11
Non-current liabilities		**1,166**	**1,335**
Current liabilities			
Liabilities to credit institutions	26, 31, 36	107	98
Accounts payable		6	7
Liabilities to subsidiaries	20, 33, 36	212	281
Other current liabilities	27	1	4
Accrued expenses and deferred income	30	8	10
Current liabilities		**334**	**400**
Shareholder's equity and liabilities	32, 34	**4,045**	**3,854**

Changes in equity for the Parent Company

SEK million	Note 25	Restricted shareholde's equity			Unrestricted shareholders' equity		
		Share capital	Statutory reserve	On-going issue of warrant programme, TO2017/2020	Share premium reserve	Profit brought forward, including profit for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2020		**325**	**58**	**–**	**1,109**	**596**	**2,088**
Profit/loss for the year		–	–	–	–	102	102
Comprehensive income for the year		**–**	**–**	**–**	**–**	**102**	**102**
Issue expenses		–	–	–	−1	–	−1
On-going issue of warrant programme, TO2017/2020		–	–	11	–	–	11
Dividend		–	–	–	–	−81	−81
Closing shareholders' equity, 31 Dec 2020		**325**	**58**	**11**	**1,108**	**617**	**2,119**
Opening shareholders' equity, 1 Jan 2021		**325**	**58**	**11**	**1,108**	**617**	**2,119**
Profit/loss for the year		–	–	–	–	13	13
Comprehensive income for the year		**–**	**–**	**–**	**–**	**13**	**13**
New share issue		37	–	–	463	–	500
Issue expenses		–	–	–	−6	–	−6
Completed issue of warrant programme, TO2017/2020		1	–	−11	10	–	–
Issue expenses, TO2017/2020		–	–	–	0	–	0
Dividend		–	–	–	–	−86	−86
Closing shareholders' equity, 31 Dec 2021		**363**	**58**	**–**	**1,575**	**544**	**2,540**

Parent Company cash flow statement

SEK million	Note	2021	2020
Operating activities			
Profit/loss after financial items		−13	61
Adjustment for items not included in cash flow	36	−11	62
Cash flow from operating activities before changes in working capital		**−24**	**123**
Cash flow from changes in working capital			
Increase (−)/decrease (+) in operating receivables		2	9
Increase (+)/decrease (−) in operating liabilities		−1	−10
Changes in working capital		**1**	**−1**
Cash flow from operating activities		**−23**	**122**
Investing activities			
Acquisitions of companies or operations	36	–	−290
Acquisitions of intangible assets	15	−5	−5
Acquisitions of tangible assets	16	−4	−2
Change in financial assets		−228	12
Cash flow from investing activities		**−237**	**−285**
Cash flow after investing activities		**−260**	**−163**
Financing activities			
New share issue		500	–
Issue expenses		−6	−1
Issue expenses warrant programme, TO2017/2020		0	–
On-going issue of warrant programme, TO2017/2020		–	11
Loans raised	36	291	400
Repayment of loans	36	−518	−192
Dividend paid		−86	−81
Cash flow from financing activities		**181**	**137**
Cash flow for the year		**−79**	**−26**
Cash and cash equivalents			
Cash and cash equivalents at beginning of the year		82	109
Translation difference in cash and cash equivalents		−1	−1
Cash and cash equivalents at end of the year	36	**2**	**82**

Notes to the financial statements

Note 1 | Accounting principles

Group accounting principles

Basis for the preparation of the accounts

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The financial statements cover the financial year ended 31 December 2021 for the Group and the Parent Company.

The Parent Company applies the same accounting principles as the Group except in the cases listed below under "Parent Company accounting principles" in this note.

Assets and liabilities are reported at historical cost except for certain financial assets and liabilities measured at fair value. Financial assets and liabilities measured at fair value through profit or loss for the year consist of derivatives and conditional supplementary purchase considerations.

Fixed assets consist essentially of amounts expected to be recovered or paid after more than 12 months of the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within 12 months of the balance sheet date. Non-current liabilities consist essentially of amounts for which the Group has, as of the end of the reporting period, an unconditional right to choose to pay later than 12 months following the end of the reporting period. If no such right exists as of the end of the reporting period – or if the asset is held for trade or expected to be settled within the normal business cycle – the amount of the liability is reported as current.

With the exceptions described in the note, the accounting principles have been consistently applied in the reporting consolidation of the Parent Company and subsidiaries in the consolidated financial statements.

Changes in accounting principles due to new or amended IFRS

The following new or amended standards were applicable as of 1 January 2021: Amendments to IFRS 9 *Financial instruments*, IAS 39 *Financial Instruments: Accounting and valuation* and IFRS 7 *Financial instruments: Information* – Phase 2 reference interest rate reform (adopted by the EU on 13 January 2021); Amendments to IFRS 4 *Insurance contracts* on deviations from the application of IFRS 9 (adopted by the EU on 15 December 2020); Amendments to IFRS 16 *Leases* on the extension of the period for Covid-19-related rent rebates (adopted by the EU on 9 October 2021).

The changes due to the Reference Interest Rate Reform Phase 2 may affect financial assets, financial liabilities and lease liabilities, certain requirements for hedge accounting and disclosure requirements in IFRS 7 to comply with the changes in modifications and hedge accounting. In brief, the amendments allow companies to reflect the effects of transitioning from benchmark rates, such as "STIBOR", to other benchmark rates without it giving rise to accounting effects, which would not provide useful information to users of financial statements. As hedge accounting is not applied by Midsona, there is an impact from the effects of modifications to financial assets, financial liabilities and lease liabilities for which the IASB has introduced an exemption (pre-modifications that follow directly from the IBOR reform). Such a modification is reported by updating the effective interest rate. A similar practical exemption has been proposed for leasing, which is reported in accordance with IFRS 16. The amendment also stipulates that information on the effects of application must be provided in order for the reader of the financial statements to understand the effect of the IBOR reform on the Group's financial statements. The amendment has not had any material impact on the consolidated financial statements in 2021.

Nor have any other amended standards had any material impact on the consolidated financial statements.

New IFRS that have yet to begin being applied

There are a few new standards and revisions that are published by the IASB, but have either not yet come into force or been adopted by the EU. These new and amended standards and interpretations are not deemed to have any material effect on the consolidated financial statements in the initial period of application.

Classification

To prepare financial statements in accordance with IFRS, management must make assessments, estimates and assumptions that affect reported assets, liabilities, income and expenses. The assessments, estimates and assumptions are usually based on experience, but also on other factors, including expectations of future events. With other assessments, estimates and assumptions, the result may be different and the actual outcome will seldom fully correspond to the estimated outcome.

Management assesses that valuation of trademarks, goodwill and taxes are areas where assessments have the greatest impact on the financial statements and where estimates made may result in significant adjustments to subsequent financial statements. These areas are described in more detail in Note 35 *Significant estimates and assumptions*, page 162.

Consolidated accounts

Subsidiaries

Subsidiaries are all companies over which Midsona AB (publ) has a controlling influence. A controlling influence exists if Midsona AB (publ) has influence over the object of investment, is exposed or entitled to variable returns from its commitment and can exert its influence over the investment to affect yield.

In assessing whether a controlling influence exists, shares conveying potential voting rights are taken into account, as is the existence of de facto control. All subsidiaries within the Group are wholly owned subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from the consolidated financial statements from the date on which that controlling influence ceases.

The acquisition method is applied for the accounting of business combinations. The cost of an acquisition is measured as the fair value of the transferred assets, liabilities and shares issued by the Group. Transaction expenses that are directly attributable to an acquisition are expensed in consolidated profit for the year. Identifiable acquired assets and liabilities assumed in a business combination are initially measured at their fair value on the acquisition date.

In the case of acquisitions where the transferred consideration exceeds the fair value of the identifiable acquired net assets, the difference is recognised as goodwill. When the difference is negative – a bargain purchase – this is recognised directly in profit for the year.

Group-internal receivables and liabilities, income and expenses, as well as unrealised gains and losses arising from Group-internal transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

Where valuations of assets and liabilities differ at the Group and company levels, temporary differences are taken into account and recognised as a deferred tax asset or deferred tax liability. However, deferred tax is not taken into account with regard to goodwill.

Jointly owned companies

An assessment must be made of whether or not the potential cooperative arrangements that exist in the Group were to be considered joint ventures and recognised according to the equity method. In the Group, there was a collaboration arrangement in the form of a joint venture until 6 May 2020 when the remaining shares and votes were acquired.

A holding in a joint venture is initially recognised at cost in the consolidated balance sheet. The recognised value is subsequently increased or decreased to take into account the Group's share of earnings from the joint venture after the time of acquisition. The Group's share of earnings is included in the Group's earnings. When the Group's share of the losses in a joint venture are as large as or exceed the holding, the Group recognises no further losses insofar as the Group has not assumed obligations or made payments benefiting the joint venture.

Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded off to the nearest million.

Foreign currency

Transactions in foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on translation are recognised in profit for the year. Exchange gains/losses on operating receivables/liabilities recognised in other operating income/expenses and gains/losses on financial assets and liabilities are recognised in financial income/expenses.

Foreign operations' financial statements

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from their functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses in foreign operations are translated to SEK at an average rate that approximates the exchange rates prevailing on the respective transaction dates. Translation differences arising in connection with the translation of foreign operations are reported in other comprehensive income and accumulated in a separate component in equity, titled translation reserve. On divestment of a foreign operation, the accumulated translation differences attributable to the operations are realised in profit for the year.

Exchange rates

	Average exchange rate		Closing day rate	
Exchange rate SEK	**2021**	**2020**	**2021**	**2020**
CAD	6.8453	6.8603	7.0636	6.3996
CHF	9.3845	9.7979	9.8545	9.2541
CNY	1.3307	1.3329	1.4186	1.2537
DKK	1.3641	1.4068	1.3753	1.3492
EUR	10.1449	10.4867	10.2269	10.0375
GBP	11.8022	11.7981	12.1790	11.0873
JPY	0.0781	0.0862	0.0785	0.0792
NOK	0.9980	0.9786	1.0254	0.9546
USD	8.5815	9.2037	9.0437	8.1886

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing performance of the operating segment's results. In the Group, this function has been identified as the Company's CEO, who is responsible for and manages the day-to-day administration of the Group according to the Board's guidelines and instructions. He has the other members of Group Management to support him. The grounds for the division of segment reporting are geographic areas and they match the Group's divisions, see Note 4 *Operating segments*, pages 144–145, for the presentation of operating segments. Other operations consist of Group-wide functions.

Income

The Group follows a five-step model for the recognition of revenue that is based on when the control of the product or service is transferred to the customer. The model is comprised of the following steps: identifying the agreement with the customer, identifying the various performance commitments, determining the transaction price, allocating the transaction price and recognising the revenue over time or at a certain point in time. The fundamental principle is that revenue is to be recognised to portray the transfer of promised goods and services in an amount that reflects the compensation the Group is expected to be entitled to in exchange for these goods and services.

Goods

The Group's income originates from the following activities:

- Sales of consumer goods in the categories of organic products, healthfoods and consumer health products.
- Sales of services linked to product handling.

Income is measured based on the compensation specified in agreements with the customer, meaning net after VAT, fixed and variable discounts and returns. Income from sales of goods and services is recognised in the profit for the year at the time when the customer gets control of goods and services.

Sales of consumer goods in the categories of organic products, healthfoods and consumer health products.

The Group sells organic products, healthfoods and consumer health products through a number of different sales channels both through resellers, but also directly to end-customers. The guarantees associated with these products cannot be bought separately and aim to ensure that sold products match agreed specifications. Such guarantees are therefore recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* Income for organic products, healthfoods and consumer health products are recognised at the time that control of the good is transferred to the customer and the Group has fulfilled its performance commitment, which most often takes place upon delivery of the goods to the agreed place.

In the Group's customer contracts, there are contractual obligations on the return right for both expired products that are not commercially viable and for products that are still commercially viable. At the time of sale, a return obligation is recognised corresponding to the expected level of returns with a corresponding reduction of income. At the same time, a return asset is booked corresponding to the expected right to receive products in return with a corresponding reduction of expenses for goods sold on condition that the product is expected to be received back in sellable condition. The Group bases the above adjustments on historical experience and handles this on a portfolio level valued at the anticipated values. The Group also assesses that there is not a risk of material reversals as the level of these items has been historically stable and there are currently no indications that this would change. At present, the returns do not amount to material amounts and the Group thereby does not recognise any return liability or return asset.

In the Group's customer agreements, there are contractual obligations of various kinds of sales-promoting measures, such as campaign discounts (variable or fixed), loyalty programme discounts, annual bonuses, chain discounts and distribution discounts. Campaign discounts, which are occasional discounts in connection with activities, are handled as sales expenses if there is an agreed obligation for a counter-performance from a customer, such as special store exposure, an advertising sheet, an advertising magazine or the like. Temporary discounts in connection with activity are handled as a reduction of net sales if the purpose is a pure price reduction out to consumers without any obligation for a counter-performance from a customer. Loyalty programme discounts, annual bonuses, chain discounts and distribution discounts constitute bonus programmes to customers. No such programmes are directed at end customers, but they are only applicable business to business. Such programmes are handled continuously and the assessed outcome reduces net sales, meaning the effects of these discounts are estimated as an expected value.

Sales of services linked to product handling.

Income for services linked to product handling is considered to be a distinct service and is thereby handled as a separate performance undertaking, which is recognised separately. Income is recognised over time as the services are rendered. Considering that such services are normally invoiced monthly in arrears and pertain to a limited time period, such income is recognised straight-line over the period during which services will be provided, meaning on a monthly basis.

Operating expenses

Expenses for goods sold

Expenses for goods sold encompass direct and indirect expenses for functions attributable to generated income (manufacturing, warehousing, inventory coordination).

Selling expenses

Selling expenses encompass both expenses for activities and functions connected directly to the consumer (marketing, product manager, marketing coordinator, product and packaging development), and expenses for activities and functions connected with customers (sales, key account manager, order reception).

Administrative expenses

Administrative expenses encompass expenses for functions such as purchasing, IT, finance and administration, quality systems and quality assurance, as well as Group Management.

Other operating income and expenses

Other operating income and expenses include income and expenses not normally considered to belong to the actual business, for example, rental income on operating leases, insurance compensation, acquisition-related expenses, exchange gains/losses on operating assets/liabilities and capital gains/losses on disposal of assets. Exchange rate gains/losses are reported net.

Items affecting comparability

Items affecting comparability comprise significant items that, because of their size or incidence, are reported separately to enable a better understanding of the Group's financial development. Items affecting comparability are reported in the function to which they belong, depending on the nature of the item, and normally consist of restructuring expenses, acquisition-related expenses and possible reassessed conditional purchase considerations.

Leasing

The Group assesses whether an agreement is, or contains a lease when the agreement is entered into. The Group recognises an ROU asset with associated lease liability for all leases where the Group is the lessee, except for short-term leases (leases with a lease period of no more than 12 months) and leases where the underlying asset has a low value (EUR 5,000, or lower). For such agreements, the Group recognises the leasing payments as an expense straight-line over the lease insofar as another systematic basis is not more representative for when the economic benefits of the lease is used within the Group.

Recognition of depreciation of assets with ROU instead of lease fees has a less positive impact on consolidated operating profit. Interest on lease liabilities has a smaller negative impact on the Group's interest expenses.

Variable lease fees which are not dependent on an index or price are not included in the valuation of lease liabilities and ROU assets. Such lease fees are recognised as an expense in the operating profit in the period in which they arise. The Group applies a practical relief rule, which means that service components are not separated out from the lease fee for the asset classes of plant and machinery and equipment, tools, fixtures and fittings if they are not clear from documentation.

For more information on ROU assets and lease liabilities, please refer to the sections on fixed assets and the cash flow statement on pages 139–140 and 141, respectively, in this note.

Financial income and expenses

Financial income comprises interest income on funds invested, dividend income, and gains on changes in the value of financial assets at fair value through profit or loss for the year.

Interest income on financial instruments is recognised using the effective interest method (see below). Dividend income is recognised when the right to receive payment is established. Profit from sale of financial instruments is recognised when the risks and rewards associated with ownership are transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, losses on value changes of financial assets at fair value through profit or loss for the year and impairment of financial assets. Borrowing expenses are not recognised in profit to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete for their intended use or sale, so-called qualified assets. In these cases, they are included in the cost of the assets. The Group currently has no assets duly qualified.

Foreign exchange gains/losses on financial assets/liabilities are recognised net.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts during a financial instrument's expected life at the reported net value of the financial asset or liability. The calculation includes all fees paid or received between parties that are a part of the effective interest rate, transaction expenses and all other premiums or discounts.

Tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or in shareholders' equity.

Current tax

Current tax is the tax payable or refundable for the current year applying the tax rates that have been enacted or substantively enacted as of the balance sheet date. Current tax also includes adjustments of current tax attributable to previous periods.

Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the reported values and tax bases of assets and liabilities. Temporary differences are not recognised in consolidated goodwill, or for differences arising on the initial recognition of assets and liabilities that are not business combinations that, at the time of the transaction, affect neither accounting nor taxable profit. Nor are temporary differences taken into account that relate to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The assessment of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and regulations in force or substantively approved on the balance sheet date.

Deferred tax is reported together with current tax in profit for the year. Deferred tax assets are recognised among fixed assets and deferred tax liabilities are recognised among non-current liabilities in the consolidated balance sheet.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are recognised only to the extent that it is probable that they will be utilised. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.

Any additional income tax incurred on payment of dividends is recognised at the same time as the dividend is recognised as a liability.

Financial instruments – classification and measurement

A financial asset or financial liability is recognised in the balance sheet when Midsona becomes party to the contractual terms. A financial asset is derecognised from the balance sheet when the right to the cash flows expires or when all benefits and risks associated with ownership have been transferred. A financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise extinguished.

Financial instruments are initially measured at fair value and then continuously at fair value or amortised cost depending on the classification. Financial instruments recognised at cost are initially recognised in an amount corresponding to the instrument's fair value with additions for transaction expenses. Financial instruments recognised at fair value are initially recognised in an amount corresponding to the instrument's fair value, transaction expenses are expensed directly. On initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

All financial derivatives are recognised continuously at fair value. The purchase or sale of financial assets is reported on the transaction date, which is the date on which the Group pledges to buy or sell the asset. The Group applies the principle of recognising provisions for expected credit losses for financial assets measured at amortised cost.

Classification of financial instruments

Financial assets

DEBT INSTRUMENT: Classification of financial assets as debt instruments is based on the Group's business model for management of the asset and the nature of the asset's contractual cash flows. The instruments are classified at *amortised cost, fair value through other comprehensive income for the year or fair value through profit or loss for the year*.

Financial assets are classified based on the business model that the asset is handled in and the nature of the asset's cash flows. If the financial asset is held within the scope of a business model the goal of which is to collect contractual cash flows ("hold to collect") and the agreed terms for the financial asset at set times give rise to cash flows that only consist of payments of principal and interest on the outstanding principal, the asset is recognised at *amortised cost*.

If the goal of the business model is instead achieved by both collecting contractual cash flows and selling financial assets ("hold to collect and sell"), and the agreed terms for the financial asset at set times give rise to cash flows that only consist of payments of principal and interest on the outstanding principal, the asset is recognised at *fair value through other comprehensive income for the year*.

All other business models ("other") where the aim is speculation, holding for trade or where the nature of the cash flow excludes other business models entail recognition at *fair value through profit or loss for the year*.

All of the Group's holdings of this kind of financial asset are recognised at *amortised cost*. Financial assets classified at *amortised cost* are initially measured at fair value plus transaction expenses. Accounts receivable are initially recognised at the invoiced value. After initial recognition, the assets are valued according to the effective interest method. According to the business model, assets classified at *amortised cost* are held to collect contractual cash flows that are only payments of principal and interest on the outstanding principal. The assets are covered by a loss provision for expected credit losses.

The Group has no assets classified at *fair value through other comprehensive income for the year*.

Fair value through profit or loss for the year applies to all other debt instruments that are not valued at amortised cost or fair value through other comprehensive income for the year. Financial instruments in this category are initially recognised at fair value. Changes in fair value are recognised in profit for the year. The Group's debt instruments are classified at *amortised cost*, except debt instruments held for trade.

DERIVATIVES: Derivatives recognised in the balance sheet as of the contract date and valued at fair value, both initially and at subsequent revaluations. Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities valued at *fair value through profit or loss for the year*. Gains and losses resulting from changes in fair value are recognised in the income statement's financial items in the period in which they arise. Derivative instruments are primarily used to protect the Group's exposure to fluctuations in interest rates. In case the available loan instrument in terms of interest and/or currency does not directly correspond to the desired structure of the loan portfolio, various forms of derivatives are used. Interest-rate swaps are then used to obtain a desired fixed-rate period. The Group does not apply hedge accounting.

Financial liabilities

Financial liabilities are measured at amortised cost or fair value through profit or loss for the year. A financial liability is measured at *fair value through profit or loss for the year* if it is classified as held for trade, a derivative that is not hedge accounted, a purchase consideration in a business combination classified as a financial liability or other liability classified at a financial liability, measured at *fair value through profit or loss for the year*. Financial liabilities measured as fair value through profit or loss for the year are continuously measured at fair value with changes in value recognised in profit for the year. Other financial liabilities are continuously measured at *amortised cost* using the effective interest method.

Reservation for expected credit losses

The Group's financial assets and receivables, except those classified at fair value through profit or loss for the year, are covered by impairment for expected credit losses. Impairment for credit losses, according to IFRS 9 *Financial Instruments,* is prospective and loss reservation are made on an ongoing basis for exposure to credit risk at the initial recognition. Expected credit losses reflect the present value of all deficits in cash flows attributable to cancellation of payment. Impairment requirements are taken into account for various maturity periods depending on the asset classes and on potential credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that takes into account most scenarios on reasonable and verifiable forecasts.

The Group recognises expected credit losses for remaining maturity periods for all financial instruments for which there have been significant increases in the credit risk since initial recognition, either assessed individually or collectively, considering all reasonable and verifiable information, including prospective information. The Group values expected credit losses from a financial instrument in a way that reflects an objective and probability-weighted amount, which is determined by evaluating an interval of possible outcomes, the time value of money and reasonable verifiable information regarding current conditions and forecasts of future financial circumstances.

For accounts receivable, contract assets and lease receivables, there are simplifications that mean that the Group directly recognises expected credit losses on the asset's remaining maturity period ("the simplified model").

Cash and cash equivalents are covered by the general model for impairments. For cash and cash equivalents, the exception is applied for low credit risk. Other receivables, receivables from Group companies and accrued income are also covered by the general model.

The Group's accounts receivable are covered by the simplified model for impairments. The expected credit losses for accounts receivable are estimated using a provision matrix, which is based on earlier events, current circumstances and forecasts of future financial circumstances and the time value of money if applicable. A loss provision is recognised in the simplified model for the receivable's or asset's expected remaining maturity period, see Note 31 *Financial risk management,* pages 158–160.

The financial assets are recognised in the balance sheet at amortised cost, i.e. net of gross value and loss provision. Changes in the loss provision are recognised in the income statement item selling expenses for accounts receivable and the item financial expenses for other reserves, respectively.

The Group defines default as it being deemed unlikely that the counterparty will fulfil its commitments due to indicators, such as financial difficulties and missed payments. Regardless, default is considered to exist when the payment is 90 days late. The Group writes off a receivable when no possibilities for further cash flows are deemed to exist. The Group's credit exposure is presented in Note 31 *Financial risk management*, pages 158–160.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised as assets in the consolidated balance sheet if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenses directly attributable to the acquisition of the asset to put it in place and bring it to such a condition that it can be used in accordance with the purpose of the acquisition. Such expenses include purchase consideration, shipping and handling, installation, registration of title, consulting and legal services.

Tangible fixed assets consisting of components with different useful lives are treated as separate components of tangible assets.

ROU assets

Right of use (ROU) assets are included on the line tangible assets in the balance sheet for the Group and are recognised as an asset if a contract is, or includes a lease at the beginning of the agreement. An ROU asset and a corresponding lease liability are recognised for all leases in which the Group is the lessee, except for short-term leases and for leases where the underlying asset has a low value. The lease liability is initially valued at the present value of the future lease fees, which have not been paid as of the beginning date for the lease, discounted by the marginal loan rate, if the implicit interest cannot be easily established, which is most often the case. The marginal loan rate is the interest rate that a lessee would need to pay for financing through loans during an equivalent period, and with equivalent collateral, for the ROU of an asset in a similar economic environment. The marginal loan rate is determined centrally by the Group and is based on a risk-free interest rate in the respective currency with adjustment for duration and a credit risk. The asset-specific risk was determined based on premises as the essential value of the Group's lease portfolio is attributable to this class of assets. No adjustment for asset-specific risk is made for other asset classes, with the assessment that any differences in credit risk would have an insignificant effect on the Group. The discount interest rate is adjusted on a quarterly basis with regard to changes in relevant economic circumstances. Leasing fees that are included in the valuation of lease liabilities comprise the following:

- fixed fees, less potential benefits in connection with the signing of the lease that are to be obtained,
- variable lease fees that depend on an index or a price, are initially valued with the help of the index or price at the opening date,
- amounts that are expected to be paid by the Group according to residual value guarantees,
- the redemption price for an option to buy if the Group is reasonably certain to use such a possibility and
- punitive fees that are payable upon cancellation of the lease if the leasing period reflects that the Group will utilise a possibility to cancel the lease.

Lease liabilities are included on the lines non-current interest-bearing liabilities and current interest-bearing liabilities in the consolidated balance sheet and are recognised in subsequent periods by the liability increasing to reflect the effect of interest and being reduced to reflect the effect of paid lease fees. Lease liabilities are revalued with a corresponding adjustment of ROU assets according to the rules that are in the standard.

The ROU asset is initially recognised at the value of the lease liability plus lease fees paid on or before the commencement date for the lease and initial direct fees. The ROU asset is recognised in subsequent periods at cost less depreciation and impairment. In the event that the Group incurs obligations for the dismantling of a leased asset, restoration and renovation of an asset to a condition agreed in the contract, a provision for such obligations is recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Such provisions are included in the cost of the ROU asset as long as they are not linked to production of the good in inventory.

The Group applies the principles in IAS 36 *Impairment of Assets* for ROU assets and recognises this in the way described in the principles for property, plant and equipment recognised in accordance with IAS 16 *Property, Plant and Equipment*.

The Group applies the voluntary exception regarding leases linked to intangible assets.

Additional expenses

Additional expenses for acquiring replacement components are added to the fixed asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised. All other types of repairs and maintenance are expensed in profit for the year in the period in which they arise.

Amortisation principles

Depreciation is applied on a linear basis over the asset's estimated useful life. Land is not depreciated because its useful life is considered indefinite. ROU assets are also depreciated over their estimated useful life or, if shorter, over the agreed lease period. Depreciation begins at the start of the lease. If a lease transfers the right of ownership at the end of the leasing period or if cost includes a probable exercise of a purchase option, the ROU asset is depreciated over the useful life.

In calculating depreciation, tangible fixed assets are classified on the basis of their expected useful life according to the following groups:

Operating properties	10–40 years
Plant and equipment	8–15 years
Equipment, tools, fixtures and fittings	3–10 years
Leasing 3–10 years	
Land improvements	10–20 years
Expenses for improvements to property owned by another	3–8 years

The depreciation methods, residual values and useful lives of the assets are reviewed at least annually and adjusted if necessary. The assets are typically depreciated without any remaining residual value.

Capital gains and losses on divestments of intangible fixed assets are determined by comparing the proceeds with the carrying amount of the asset, less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Intangible fixed assets

Intangible assets are classified into two groups, with assets with a determinable useful life being amortised over a predetermined useful life and assets with an indefinite useful life not being depreciated.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment, also see the accounting principle for impairment losses.

Expenses incurred for internally generated goodwill are recognised in profit for the year or when incurred.

Brands

Brands with a determinable useful life are recognised at cost less accumulated depreciation and any accumulated impairment losses. Brands with an indefinite useful life are tested for impairment annually and carried at cost less accumulated impairment losses.

Brands that are deemed to have an indefinite useful life originate from acquisitions. This assessment that the useful life is indefinite is based on:

- these brands being considered well-established in their respective markets and the Group having the intention of keeping them and developing them further,
- these brands belonging to strategic "power brands" upon entry to new geographic markets, and
- these brands being considered to be of material economic significance by both indicating credibility and innovation in the products and in extension such that both affect pricing and competitiveness

Accordingly, through the connection to operating activities, these brands are considered to have an indefinite useful life and are expected to be used as long as operations continue.

Expenses incurred for internally generated brands are not recognised in the balance sheet but in profit for the year when incurred. The reason for this is that such expenditures cannot be distinguished from expenditures for the development of the entire business.

Other intangible assets

Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment.

Other intangible fixed assets consist of customer relations, software and other intangible assets. Expenses incurred for internally developed customer relations are not recognised in the balance sheet but in profit for the year when incurred. Software has been capitalised based on the costs incurred when the software in question was acquired and put into operation.

Additional expenses

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are expensed as they are incurred.

Amortisation principles

Amortisation is applied on a linear basis over the asset's estimated useful life, unless the useful life is indeterminate.

Goodwill and trademarks with an indeterminate useful life are tested for impairment annually or whenever circumstances indicate that the asset concerned may be impaired. Intangible assets with determinable useful lives are amortised from the date on which they become available for use.

For the calculation of amortisation, intangible fixed assets are classified on the basis of their expected useful life in accordance with the following groups:

Trademarks	5–20 years
Customer relationships and customer contracts	8 years
Software	5–8 years
Other intangible assets	3–5 years

The residual values and useful lives of the assets are reviewed annually and adjusted if necessary. The assets are typically amortised without any remaining residual value.

Capital gains and losses on divestments of intangible fixed assets are determined by comparing the proceeds with the carrying amount of the asset, less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Inventories

Inventories are valued at cost or net realisable value, whichever is lower, with cost being calculated using the first-in, first-out method (FIFO). In calculating cost, a weighted average value is normally applied to approximate FIFO.

The net realisable value is the estimated normal selling price less estimated expenses for completion and the achievement of a sale. For raw materials, replacement expense is applied as the best measure of net realisable value. Raw materials are depreciated below cost if the finished products in which they are included are expected to be sold at a price that exceeds the expense of production. Products in progress and inventories of finished goods are valued at production cost or net realisable value, whichever is lower. Necessary provisions for the risk of obsolescence are made on a continuous basis.

The cost of inventories includes all expenses for purchases, manufacturing and other expenses to bring the inventories to their present location and condition.

Impairment

The Group's recognised assets are assessed on each balance sheet date to determine whether there is any indication of impairment. IAS 36 *Impairment* of Assets is applied for the impairment of assets other than financial assets, which are recognised in accordance with IFRS 9 *Financial Instruments*, assets held for sale, inventories and deferred tax assets. For the exempt assets in accordance with the above, the carrying amount is assessed according to the relevant standard.

Impairment of tangible and intangible assets

Assets that have an indefinite useful life, such as goodwill and certain brands, are not amortised, but rather tested annually for impairment requirements. Assets that are amortised are assessed with regard to a decrease in value when circumstances indicate that the carrying amount is not presumed to be recoverable. An impairment is recognised when an asset or cash-generating unit's carrying amount exceeds the recoverable amount, which is the higher of fair value (less selling expenses) and value in use. Impairment is recognised as an expense in profit for the year. When an impairment requirement has been identified for a cash-generating unit, the impairment is primarily allocated to goodwill and proportional impairment is then applied to other assets that are included in the unit. Value in use usually refers to the present value of estimated future cash flows and the estimated residual value at the end of the useful life. In the calculation of value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk associated with the specific asset, a weighted average cost of capital (WACC) or discount rate. The Group bases the calculation on actual earnings, forecasts, business plans and available market data.

For an asset that is dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units consist of the Group's operating segments, since their payment flows are considered independent of other assets in all material regards.

Reversal of impairment

Impairment of assets within the scope of application of IAS 36 *Impairment of Assets* are reversed if there is an indication that the need for impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is applied only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised (less depreciation where applicable) if no impairment loss been recognised.

Impairment losses on loan receivables and accounts receivable carried at amortised cost are reversed if the previous reasons for the impairment no longer exist, and full payment is expected from the customer.

Payment of capital to shareholders

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share is based on consolidated profit attributable to Parent Company shareholders and the weighted average number of shares outstanding during the year. There was an outstanding option programme at year end, which can cause effects of dilutive potential shares. On the balance sheet date, the average price for Series B shares exceeded the subscription price for the warrants outstanding, and accordingly the earnings per share after full dilution were calculated.

Employee benefits

Pensions

Employees in the Group are mainly covered by defined-contribution plans.

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. Such insurance comprises a defined-benefit plan covering several employers. For the 2021 financial year, there has been no access to information making it possible to report this as a defined-benefit plan. Consequently, this pension obligation is reported as a defined-contribution plan.

A defined-contribution pension plan is one whereby the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if this legal entity lacks sufficient assets to pay all employee benefits relating to employee's service in current and prior periods.

A defined-benefit pension plan is one that is not a defined-contribution plan. Typically, defined-benefit pension plans state an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary retirement from employment in exchange for benefits. The Group recognises severance pay when a detailed formal plan is presented.

An expense related to staff redundancies is reported at the earliest date on which Midsona can no longer withdraw the offer to employees or when Midsona reports its restructuring expenses. Compensation expected to be settled after 12 months is reported at its present value. Compensation not expected to be fully settled within 12 months is reported as non-current other provisions in the balance sheet.

Variable salary

A provision is recognised for the expected expense of variable salary when the Group has a present legal or informal obligation to make such payments as a result of services rendered by employees and the obligation can be estimated reliably.

Provisions

Provisions are recognised when the Group has an obligation as a result of a past event, and it is probable that payments will be required to settle that obligation. A further requirement is that it should be possible to reliably estimate the amount to be paid.

Restructuring

A provision for restructuring is recognised when there is an established, detailed and formal restructuring plan and the restructuring has either commenced or has been publicly announced. No provisions are made for future operating expenses.

Contingent liability

A contingent liability is recognised when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not likely that an outflow of resources will be needed.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions entailing receipts and disbursements.

The cash flow statement reports the interest component in lease fees as cash flow from operating activities before changes in working capital. The other part, also the majority, of the lease fee is recognised as repayment of lease liabilities in cash flow from financing activities with a corresponding increase in cash flow from operating activities before changes in working capital.

Parent Company accounting principles

Compliance with standards and regulations

The Parent Company has prepared its financial statements in accordance with the Annual Accounts Act (1995:1554) and the Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*. The Financial Reporting Board's statements relating to listed companies are also applied. RFR 2 entails the Parent Company applying, in the annual accounts of the legal entity, all EU-approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking into account the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS apply.

Differences between the accounting principles of the Group and Parent Company

The differences between the accounting principles of the Group and Parent Company are described below. The accounting principles of the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Changes in accounting principles

The Parent Company's accounting principles have changed in 2021 in accordance with what is stated under the Group's accounting principles on amendments to IFRS 16 *Leases* regarding the extension of the period for Covid-19-related rent discounts. The change in RFR 2 *Accounting for legal entities* has not had any effect on the Parent Company's financial statements.

With regard to other changes in the Group's accounting principles, the Swedish Financial Reporting Board has decided not to introduce any changes or additions to RFR 2 *Accounting for legal entities*.

Changes in accounting principles not yet been applied

Management's assessment is that the agreed changes in RFR 2 *Accounting for Legal Entities* relating to the financial year 2022 and onward will not have any material effect on the Parent Company's financial reports when they first apply.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with the Annual Accounts Act, while the statement of comprehensive income, changes in shareholders' equity and cash flow statement are based on IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows*. The differences compared with the consolidated accounts that are evident in the Parent Company's income statement and balance sheet consist primarily of the accounting of financial income and expenses, fixed assets, shareholders' equity and the inclusion of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognised according to the cost method. This means that transaction expenses are included in the carrying value of holdings in subsidiaries. In the consolidated accounts, transaction expenses are recognised directly in profit or loss as they are incurred.

Conditional purchase considerations are measured based on the probability that the purchase consideration will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated financial statements, conditional purchase considerations are measured at fair value with changes in value in profit for the year.

Bargain acquisitions equivalent to expected future losses and expenses are dissolved over the anticipated periods in which the losses and expenses incurred. Bargain acquisitions for other reasons are recognised as provisions to the extent they do not exceed the fair value of acquired identifiable non-monetary assets. The part exceeding this value is immediately recognised as income. The part that does not exceed the fair value of acquired identifiable non-monetary assets is systematically recognised as income over a period calculated as the remaining weighted average useful life of those acquired identifiable assets that are depreciable. In the consolidated accounts bargain acquisitions are recognised immediately in net income.

Financial instruments

Because of the connection between accounting and taxation, the rules in IFRS 9 on financial instruments are not applied in the Parent Company as a legal entity.

In the Parent Company, financial fixed assets and financial current assets are valued at cost.

Financial guarantees

The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries. Financial guarantees entail the Company having an obligation to compensate the holder of a debt instrument for losses that holder incurs because a specified debtor fails to make payment when due in accordance with contractual terms. In the reporting of financial guarantee contracts, the Parent Company applies a relief rule permitted by the Financial Reporting Board compared with the rules in IFRS 9 *Financial Instruments*. This rule applies to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognises financial guarantees as provisions in the balance sheet when Man has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised if the Parent Company alone is entitled to determine the size of the dividend and the Parent Company has determined the size of the dividend before publishing its financial statements.

Segment reporting

The Parent Company does not report segments according to the same division as the Group or to the same extent, and instead discloses the distribution of net sales according to the Parent Company's business lines.

Tangible fixed assets

Tangible assets are recognised at cost less accumulated depreciation and any impairment in the same manner as the Group, albeit with the addition of any revaluations.

Leased assets

In the Parent Company, all leases are recognised according to the rules for operating leases in accordance with the relief rule available in RFR 2 Accounting for Legal Entities.

Borrowing expenses

In the Parent Company, borrowing expenses are charged against profit in the period to which they relate. No borrowing expenses are capitalised on assets.

Intangible fixed assets

Goodwill and other intangible assets with indeterminate useful lives that, within the Group are not subject to amortisation, are amortised in the Parent Company in accordance with the Annual Accounts Act. This normally entails amortisation over a period of five years. In specific cases, the amortisation period may be longer than five years.

Employee benefits

The Parent Company applies a different basis for the calculation of defined-benefit plans than that specified in IAS 19 Employee Benefits. The Parent Company complies with the provisions of the Pension Protection Act and the Finansinspektionen's regulations (Swedish Financial Supervisory Authority) since these is a condition for tax deductibility. The most significant differences compared to IAS 19 *Employee Benefits* is the how the discount rate is determined, the fact that the calculation of the defined-benefit obligation is based on current salary level without taking future salary increases into account, and the fact that all actuarial gains and losses are recognised in the income statement as they occur.

Tax

In the Parent Company's balance sheet, untaxed reserves are recognised without being divided between shareholders' equity and deferred tax liabilities, in contrast to the Group. Similarly, the Parent Company income statement does not specify any part of appropriations as deferred tax expenses.

Shareholder contributions

Shareholder contributions are recognised directly in the shareholders' equity of the recipient and are capitalised in the shares and participations of the contributor, to the extent that no impairment is required.

Group contributions

Group contributions are recognised as appropriations.

Appropriations and untaxed reserves

Depreciation in excess of plan is reported as an appropriation in the income statement. The untaxed reserves in the item are included in the balance sheet.

Note 2 | Acquisitions of operations

Acquisitions in 2021

Vitality and Oy

On 1 October, all shares in the Finnish company Vitality were acquired, with offices, warehousing and production facilities in Pietarsaari, Finland. With the acquisition, Midsona continues to consolidate the market in the Nordic region in accordance with the growth strategy. The total purchase consideration for the shares amounted to SEK 79 million (EUR 7.7 million), corresponding to SEK 122 million (EUR 11.9 million) on a debt-free basis. the Company's financing of SEK 43 million (EUR 4.2 million) was settled at the time of the transaction. This comprised bank loans of SEK 32 million (EUR 3.1 million) and a shareholder loan of SEK 11 million (EUR 1.1 million) forming part of the compensation transferred. The acquisition was financed with our own funds and was paid for in cash on the transfer date. Through the acquisition, Midsona gained access to several brands and a property with an integrated value chain with its own production of consumer health products.

Vitality has a broad product portfolio, including its own brands, licensed brands and contract manufacturing, in the consumer health and organic products categories. Adjusted net sales amounted to SEK 128 million (EUR 12.2 million) and adjusted EBITDA to SEK 17 million (EUR 1.7 million) in 2020. Customers are primarily found among pharmacies, the grocery trade and healthfood stores. Most sales are made in the Finnish market. First and foremost, the acquisition is expected to generate cost synergies. At the time of acquisition, Vitality had 38 full-time employees.

The acquired business was consolidated into the Midsona Group as of 1 October 2021, and is included in the Nordics operating segment in the segment reporting. From the acquisition date until 31 December 2021, the acquired operations contributed SEK 35 million to consolidated net sales and SEK 5 million to consolidated EBITDA. Had the acquisition taken place on 1 January 2021, consolidated net sales for 2021 are estimated at SEK 3,875 million and EBITDA, before items affecting comparability, at SEK 324 million.

Effects of acquisitions

The acquired company's net assets on the acquisition date, SEK million	Fair value
Intangible assets	27
Tangible assets	14
Deferred tax assets	1
Inventories	26
Accounts receivable	15
Other receivables	2
Prepaid expenses and accrued income	1
Cash and cash equivalents	11
Non-current interest-bearing liabilities	–32
Deferred tax liabilities	–7
Current interest-bearing liabilities	–2
Accounts payable	–9
Other current liabilities	–6
Accrued expenses and deferred income	–3
Total	**38**
Consolidated goodwill	52
Total	**90**

Transferred consideration, SEK million	Fair value
Cash on transfer of control	79
Shareholder loan repayment	11
Total	**90**

The fair values of the assets and liabilities identified, totalling SEK 79 million (EUR 7.8 million), were allocated to brands at SEK 19 million (EUR 1.8 million), to customer contracts at SEK 7 million (EUR 0.7 million), to property at SEK 8 million (EUR 0.8 million), to deferred tax liabilities at SEK 7 million (EUR 0.7 million) and to goodwill at SEK 52 million (EUR 5.1 million). Brands were judged to have a useful life of ten years, customer contracts were judged to have a useful life of eight years and property was judged to have a useful life of 20 years. The goodwill recognised is not expected to be tax deductible. This corresponds to the acquired company's market position in the Finnish market for consumer health products, the expertise and experience of its personnel in the industry, as well as expected cost synergies. The fair value of accounts receivable amounted to SEK 15 million and had essentially been settled at the end of the period.

Acquisition-related expenses amounted to SEK 3 million (EUR 0.3 million) and were recognised as other operating expenses in profit for the year for 2021. The integration of the acquired operations is scheduled for completion during 2022.

The prepared acquisition analysis is preliminary, because continued analyses are under way of the value of assets in the acquisition analysis.

Acquisitions in 2020

Paradiset EMV AB

On 6 May, the remaining 49 percent of the shares and votes in Paradiset EMV AB were acquired. The purchase consideration amounted to SEK 51 thousand and was paid in cash. Through the acquisition, Midsona gained access to the Everyday by Paradiset brand, which constituted the most important asset in the Company.

The acquired business was consolidated into the Midsona Group from 6 May 2020, and is included in the Nordics operating segment in the segment reporting.

Acquisition-related expenses amounted to SEK 382 thousand and were recognised as other operating expenses in profit for the year for 2020.

The acquisition analysis that has been prepared has been approved.

System Frugt A/S

On October 7, Midsona acquired all of the shares in the Danish company System Frugt A/S with its head office in Tilst, Denmark. The total purchase consideration amounted to SEK 248 million (DKK 175.4 million), corresponding to SEK 297 million (DKK 210.0 million) on a debt-free basis, and was paid in cash on Midsona taking possession. The acquisition was financed with new loans of SEK 248 million via both an extended credit line and a previously agreed credit line.

Midsona significantly strengthened its position in healthfoods in the Nordic region and through the acquisition gained access to the premium Earth Control brand. the Company holds a very strong position in health food in Denmark and offers a large selection of dried fruits and nuts both under its own brand and as contract manufacturing.

The acquired business was consolidated into the Midsona Group as of 7 October 2020, and is included in the Nordics operating segment in the segment reporting. From the acquisition date until 31 December 2020, the acquired operations contributed SEK 203 million to consolidated net sales and SEK 22 million to consolidated EBITDA. If the acquisition had occurred on 1 January 2020, estimated consolidated net sales for the 2020 financial year would have been SEK 4,067 million and EBITDA SEK 413 million.

Acquisition-related expenses amounted to SEK 5 million (DKK 3.8 million) and were recognised as other operating expenses in profit for the year for 2020. The integration of the acquired operations was begun during the fourth quarter of 2020 and, at that time, entailed restructuring expenses of SEK 12 million.

The prepared acquisition analysis presented in the 2020 Annual Report was preliminary, because continued analyses of the value of the assets included in the acquisition analysis are in progress. The analyses resulted in a revision of some items in 2021 before the acquisition analysis was approved.

Revised effects of acquisitions

Changes in the acquired company's net assets on the acquisition date, SEK million	Fair value before revision	Revision	Fair value after revision
Intangible assets	173	–9	164
Deferred tax assets	20	20	40
Deferred tax liabilities	–38	2	–36
Consolidated goodwill	149	–13	136

Note 3 | Net sales by major income category

	Group		Parent Company	
SEK million	2021	2020	2021	2020
Sale of goods	3,763	3,697	–	–
Service assignments	2	4	–	–
Other income	8	8	64	59
Total	**3,773**	**3,709**	**64**	**59**

No income is included, neither in the Group nor the Parent Company, that is attributable to the exchange of goods or services.

Note 4 | Operating segments

There are three identified operating segments:

NORDICS: The offering is comprised of products under own brands, licensed brands and contract manufacturing in the categories of healthfoods, consumer health products and organic products for sales to pharmacies, grocery trade, healthfood retailers and other specialist retailers, as well as actors in food service, mainly in the Nordic market.

NORTH EUROPE: The offering is comprised of products under own brands and contract manufacturing in the category of organic products for sales to the grocery trade, healthfood retailers and other specialist retailers, as well as actors in food service and the food industry, mainly in the German, Austrian and Hungarian market.

SOUTH EUROPE: The offering is comprised of products under own brands, licensed brands and contract manufacturing in the category of organic products for sales to the grocery trade, healthfood retailers and other specialist retailers, as well as actors in food service and the food industry, mainly in the French and Spanish market.

Segment consolidation is based on the same principles as for the Group as a whole.

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Operating segments, SEK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales, external	2,601	2,419	807	883	365	407	–	–	3,773	3,709
Net sales, intra-Group	10	9	24	16	4	2	–38	–27	–	–
Net sales	**2,611**	**2,428**	**831**	**899**	**369**	**409**	**–38**	**–27**	**3,773**	**3,709**
Expenses for goods sold	–1,811	–1,659	–688	–725	–296	–314	37	26	–2,758	–2,672
Gross profit	**800**	**769**	**143**	**174**	**73**	**95**	**–1**	**–1**	**1,015**	**1,037**
Other operating expenses	–593	–535	–126	–131	–71	–62	–64	–52	–854	–780
Operating profit/loss	**207**	**234**	**17**	**43**	**2**	**33**	**–65**	**–53**	**161**	**257**
Financial items									–46	–53
Profit/loss before tax									**115**	**204**
Significant income (+) and expense (-) items reported in the income statement:										
Acquisition-related expenses	–3	0	–	–	–	–	–2	–5	–5	–5
Acquisition-related revenues (negative consolidated goodwill)	–	8	–	–	–	–	–	–	–	8
Restructuring expenses, net	0	–21	–	–	–1	–	1	–4	0	–25
Revaluated conditional purchase consideration	–	2	10	14	–	–	11	20	21	36
Impairment of intangible and tangible assets	–	–	–	–	–4	–	–8	–	–12	–
Significant non-cash items:										
Amortisation/depreciation and impairment of intangible and tangible assets	–53	–43	–43	–45	–23	–18	–49	–41	–168	–147
Impairment losses on inventories	–12	–12	–10	–	–1	0	–	–	–23	–12
Impairment of accounts receivable	0	0	0	–1	–1	–1	–1	0	–2	–2
Segment assets	4,641	4,168	984	980	1,006	986	–1,435	–1,092	5,196	5,042
Unallocated assets									91	85
Total assets									**5,287**	**5,127**
Segment liabilities	1,267	1,203	430	316	329	313	–1,450	–1,139	576	693
Unallocated liabilities									1,836	2,121
Shareholders' equity									2,875	2,313
Total shareholders' equity and liabilities									**5,287**	**5,127**
Investments in intangible and tangible assets	3	60	6	8	41	8	9	7	59	83
Average number of employees	442	368	225	211	148	154	17	14	832	747
Number of employees as of the balance sheet date	459	458	229	212	143	150	18	14	849	834

The operating segments' profit, assets and liabilities include directly attributable items and items that can be allocated in a reasonable and reliable way. The items recognised in the operating segments' operating profit, assets and liabilities are measured in accordance with the operating profit, assets and liabilities followed up by Group Management. Assets and liabilities which are not allocated to the operating segments are deferred tax assets, deferred tax liabilities, financial investments and financial liabilities.

Internal pricing policy

For the pricing of goods between the Group's companies, an internal pricing model is applied based on the purchasing sales company receiving a predetermined gross margin. The method, called TNMM (Transactional Net Margin Method) is an accepted model for pricing. In addition to this also receives companies, as owners of select brands, a sales-based royalty to cover investments and risks in relation to the brand's development.

For pricing of services between Group companies, TNMM (Transactional Net Margin Method) is applied, based on the full coverage of expenses and a profit margin. The method is applied to both manufacturing services as well as central services.

For pricing of capital, an internal rate is charged, which entails the borrower receiving an interest rate based on a reference rate in the local country with a risk premium.

Information about major customers

In 2021, the Group's largest customer generated income totalling SEK 383 million (379). This income recognised in the Nordics operating segment.

Information on products or product groups

For information on net sales per product or groups of similar products, see Note 5 *Income* for product categories,, below.

Fixed assets for geographic areas[1]

SEK million	Group 2021	Group 2020
Sweden	1,378	1,424
Norway	564	539
Finland	150	59
Denmark	684	697
Germany	623	650
France	477	476
Spain	105	81
Total	**3,981**	**3,926**

[1] Fixed assets by individually significant countries.

Note 5 | Income

Midsona recognises income received through the transfer of goods and services at a certain time for each reported segment according to IFRS 8 *Operating segments*. Income is broken down based on geographic market, sales channel, product categories and brands.

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Geographic areas[1], SEK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Sweden	1,120	1,098	0	1	1	0	–2	–1	1,119	1,098
Rest of Europe	1,487	1,325	830	896	355	396	–36	–26	2,636	2,591
Other countries	4	5	1	2	13	13	–	–	18	20
Total	**2,611**	**2,428**	**831**	**899**	**369**	**409**	**–38**	**–27**	**3,773**	**3,709**

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

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Sales channel, SEK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Pharmacies	376	339	–	–	–	–	–	–	376	339
Grocery trade	1,730	1,601	366	390	110	105	–	–	2,206	2,096
Food service	85	70	222	223	5	4	–	–	312	297
Healthfood retailers	150	168	196	246	185	224	–	–	531	638
Other specialist retailers	126	134	19	20	3	4	–	–	148	158
Others	134	107	4	4	62	70	–	–	200	181
Group-internal sales	10	9	24	16	4	2	–38	–27	–	–
Total	**2,611**	**2,428**	**831**	**899**	**369**	**409**	**–38**	**–27**	**3,773**	**3,709**

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Product categories, SEK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Organic products	750	834	831	899	368	408	–37	–27	1,912	2,114
Healthfoods	1,146	838	–	–	–	–	–	–	1,146	838
Consumer health products	705	744	–	–	–	–	–	–	705	744
Services linked to product handling and other income	10	12	0	0	1	1	–1	0	10	13
Total	**2,611**	**2,428**	**831**	**899**	**369**	**409**	**–38**	**–27**	**3,773**	**3,709**

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Brands, SEK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Own	1,852	1,717	519	540	288	320	–37	–27	2,622	2,550
Licensed	494	557	–	–	32	35	–	–	526	592
Contract manufacture	255	142	312	359	48	53	–	–	615	554
Services linked to product handling and other income	10	12	0	0	1	1	–1	0	10	13
Total	**2,611**	**2,428**	**831**	**899**	**369**	**409**	**–38**	**–27**	**3,773**	**3,709**

Note 6 | Other operating income

SEK million	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Capital gains on divestments of tangible fixed assets	2	0	–	–
Exchange rate gains relating to operations	1	2	0	0
Insurance compensation	1	0	–	–
Revalued conditional purchase consideration	21	36	–	–
Acquisition-related revenues (negative consolidated goodwill)	–	8	–	–
Other	10	6	0	0
Total	**35**	**52**	**0**	**0**

Note 7 | Other operating expenses

SEK million	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Capital loss on divestments of tangible fixed assets	-1	0	–	–
Exchange rate losses relating to operations	-2	0	0	0
Acquisition-related expenses	-5	-5	–	–
Other	0	-1	0	0
Total	**-8**	**-6**	**0**	**0**

Note 8 | Operating expenses by expense category

Operating expenses are presented in the consolidated income statement using a classification based on the functions "Expenses for goods sold", "Selling expenses", "Administrative expenses" and "Other operating expenses". The sum of the expenses divided by function is distributed among the following expense categories.

SEK million	Group 2021	Group 2020
Expenses for goods and materials	-2,321	-2,342
Personnel expenses	-539	-442
Selling expenses	-225	-204
Marketing expenses	-82	-76
Rental and other property expenses	-44	-35
Purchases of services	-127	-106
Amortisation/depreciation	-156	-147
Impairment	-37	-15
Other direct and indirect expenses	-104	-125
Other operating expenses	-12	-12
Total	**-3,647**	**-3,504**

Note 9 | Auditors' fees and reimbursements

SEK million	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Deloitte				
Audit assignment	-3	-3	-1	-1
Auditing tasks beyond the audit assignment	0	-1	0	-1
Tax advice	-1	0	-1	0
Other assignments	0	-1	0	0
Total	**-4**	**-5**	**-2**	**-2**

Audit assignments involve the examination of the annual accounts and the accounting procedures, as well as the administration by the Board of Directors and the CEO, other tasks incumbent on the Company's auditors and advice or other assistance resulting from observations made during the audit or the performance of such other tasks.

Note 10 | Employees, personnel expenses and senior executives' remuneration

Employees

Average number of employees by country	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Sweden	156	144	17	14
of whom, women	*85*	*73*	*5*	*3*
Norway	41	55	–	–
Finland	40	29	–	–
Denmark	222	154	–	–
Germany	225	211	–	–
France	69	72	–	–
Spain	79	82	–	–
Total abroad	**676**	**603**	**–**	**–**
of whom, women	*319*	*281*	*–*	*–*
Total	**832**	**747**	**17**	**14**
of whom, women	*404*	*354*	*5*	*3*

Number of women in company management teams, %	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Boards of Directors	54	45	33	33
CEO and management team	44	42	33	33

Personnel expenses

Personnel expenses, SEK million	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Salaries and other remuneration				
Board of Directors, CEO and management team[1]	-74	-69	-14	-10
of which variable salary	*-1*	*-6*	*-2*	*-1*
of which severance pay	*-4*	*–*	*-2*	*–*
Other employees	-344	-256	-10	-8
of which variable salary	*-2*	*-3*	*0*	*0*
of which severance pay	*-7*	*-1*	*–*	*–*
Total salaries and other remuneration	**-418**	**-325**	**-24**	**-18**
Pension expenses, defined-contribution plans[2]				
Board of Directors, CEO and management team[1]	-10	-8	-5	-3
Other employees	-27	-30	-2	-1
Total pension expenses	**-37**	**-38**	**-7**	**-4**
Social security expenses				
Board of Directors, CEO and management team[1]	-16	-15	-6	-4
Other employees	-60	-53	-3	-2
Total social security expenses	**-76**	**-68**	**-9**	**-6**
Other personnel expenses				
Board of Directors, CEO and management team[1]	0	0	0	0
Other employees	-8	-11	-1	0
Total other personnel expenses	**-8**	**-11**	**-1**	**0**
Total personnel expenses	**-539**	**-442**	**-41**	**-28**

[1] With regard to the Group, "Board of Directors" refers to all boards of Group companies. Members of the Boards of subsidiaries consist of employees who do not receive Board fees for their services. With regard to the Group, CEO refers to all persons holding the position of President in any Group company. "Management team" includes all management teams in Group companies. An individual can have more than one Board assignment while being included in more than one management team within the Group. Collectively, the Boards of Directors, Presidents and management teams consist of 117 (120) individuals in the Group and 12 (12) individuals in the Parent Company.
[2] For more information on pension expenses, see Note 28 *Provisions for pensions*, page 157.

Remuneration to senior executives

Remuneration to members of the Board of the Parent Company

Definitions

Since the Annual General Meeting on 5 May 2021, the Board of Directors is comprised of Ola Erici (Chairman of the Board), Heli Arantola, Sandra Kottenauer, Henrik Stenqvist, Peter Wahlberg and Johan Wester.

Principles for remuneration of Board

The 2021 Annual General Meeting resolved that fees for 2021/2022 should be paid to the Chairman in the amount of SEK 600 thousand and to the other Board members who are not employees of the Company in the amount of SEK 260 thousand each. SEK 75 thousand shall also be paid to the chair of the Audit Committee, SEK 40 thousand to every other Board member, who is on the Audit Committee, SEK 45 thousand to the Remuneration Committee chair and SEK 25 thousand to each other Board member, who is on the Remuneration Committee. Authorised fees totalled SEK 2,150 thousand. Beyond these remunerations, Board members are not entitled to any other compensation other than for travel and lodging. Remuneration of members of the Board is prepared by the Nomination Committee and approved by the Annual General Meeting.

Board fees

The following fees were paid to the Board of Directors over the year.

Remuneration of Board members, SEK thousands	Parent Company 2021			
	Board fees	Fee Remunerations Committee	Fee Audit Committee	Total
Ola Erici (Chairman)	600	45	–	645
Heli Arantola	260	25	–	285
Sandra Kottenauer	260	–	–	260
Henrik Stenqvist	260	–	75	335
Peter Wahlberg	260	–	40	300
Johan Wester	260	25	40	325
Total	**1,900**	**95**	**155**	**2,150**

Remuneration of Board members, SEK thousands	Parent Company 2020			
	Board fees	Fee Remunerations Committee	Fee Audit Committee	Total
Ola Erici (Chairman)	550	30	–	580
Heli Arantola	235	20	–	255
Sandra Kottenauer	235	–	–	235
Henrik Stenqvist	235	–	50	285
Peter Wahlberg	235	–	30	265
Johan Wester	235	20	30	285
Total	**1,725**	**70**	**110**	**1,905**

Remuneration to senior executives

Definitions

Senior executives are those who, together with the CEO Peter Åsberg, were included in Group Management during all or part of the year. These senior executives were Max Bokander, Ulrika Palm, Tobias Traneborn, Erk Schuchhardt and Marjolaine Cevoz-Goyat.

Guidelines for remunerations to senior executives

Principles for remunerations to senior executives are determined by the Annual General Meeting. Senior executives are considered to be the CEO and other members of the management team.

The 2020 Annual General Meeting approved the following guidelines for the remuneration of senior executives to apply until a need arises for significant changes in the guidelines, although not longer than to the 2024 Annual General Meeting. Senior executives are to be offered competitive remunerations in line with the market. Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. The remuneration consists of fixed salary, a possibility of variable remuneration in the form of bonus, insurance policies, pension benefits, severance pay and other benefits.

Fixed salary shall be based on the individual employee's position, expertise, experience and performance The fixed salary shall be subject to an annual review.

Variable remuneration shall be tied to predetermined and measurable criteria with the aim of promoting the Company's long-term value creation, business strategy and sustainable long-term interests. The distribution between fixed salary and remuneration that is not determined in advance shall be in proportion to the executive's responsibility and authority. Variable remuneration shall be based on the fulfilment of individual targets that are set by the Board of Directors for the CEO and by the Remuneration Committee upon proposals by the CEO for other senior executives. Such targets can, for example, be linked to profit, sales, cash flow and the outcome in their own area of responsibility. The measurement period for the criteria linked to variable remuneration shall be one year.

The CEO will have the possibility of variable remuneration, which for a one-year period may not exceed 50 percent of the basic salary and others in Group Management, which for a one-year period may not exceed 30 percent of the basic salary.

The Board of Directors is responsible for the assessment regarding variable remuneration for the CEO. In terms of variable remuneration of other senior executives, the Remuneration Committee in consultation with the CEO is responsible for the assessment. The assessment of whether or not the Company's financial targets have been achieved is to be based on the most recent annual report published by the Company. In the annual evaluation, the Remuneration Committee, or where applicable the Board, can adjust the targets and the remuneration for both positive and negative extraordinary events, reorganisations and structural changes.

Pension benefits shall be defined-contribution benefits and normally entitle the individual to pension from the age of 65. For all senior executives, pension benefits can amount to a maximum of 25 percent of the pensionable salary.

All senior executives can be given the right to other benefits with the aim of contributing to facilitating the senior executive's possibilities of fulfilling his or her duties. Other benefits may, for example, be health insurance, life insurance medical expenses insurance and a company car and travel benefits. Such benefits are to be market-based and can total to a maximum of ten (10) percent of the fixed annual salary.

For employment conditions that are subject to rules other than Swedish, insofar as pension benefits and other benefits are concerned, necessary adjustments may be made to comply with such compulsory rules or local practice, whereby these guidelines' overall purpose shall be fulfilled.

Upon termination by the Company, a period of notice of a maximum of 12 months applies. If the CEO's employment ends on the Company's initiative, a severance pay of six (6) months' salary will be payable in addition to salary during the period of notice. Fixed salary during the period of notice and severance pay combined may not exceed an amount equivalent to the senior executive's fixed salary for 24 months.

Remuneration and other terms of employment for the President are prepared by the Remunerations Committee and approved by the Board of Directors. Remunerations and other terms of employment for other members of the management team are determined by the Remunerations Committee in consultation with the CEO. The Board of Directors is kept continuously up-to-date regarding remuneration levels for other senior executives.

The Board may decide to temporarily deviate from the guidelines in part or in whole if in an individual case special reason exists to do so and a deviation is necessary to provide for long-term interests, including sustainability, or to secure the Company's financial strength. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions in remuneration issues, which also include decisions on deviations from the guidelines.

Remuneration and other benefits

The following remunerations and other benefits were paid to senior executives over the year.

Remuneration and other benefits to the CEO and Group Management, SEK thousands	Group 2021				
	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Peter Åsberg, CEO	5,002	–	143	1,566	6,711
Group Management (5 individuals)	10,045	514	341	2,088	12,988
Total	**15,047**	**514**	**484**	**3,654**	**19,699**
	Group 2020				
Peter Åsberg, CEO	4,045	2,007	153	1,407	7,612
Group Management (5 individuals)	9,742	1,942	436	2,191	14,311
Total	**13,787**	**3,949**	**589**	**3,598**	**21,923**

Comments on the table

- For the 2021 financial year, no variable remuneration was paid to the CEO.
- For the 2021 financial year, variable remuneration of SEK 514 thousand was paid to the other members of Group Management, with SEK 514 thousand in the form of a stay-on bonus, which corresponded to 5 percent of base salary.
- For the 2020 financial year, variable remuneration amounting to SEK 2,007 thousand was paid to the CEO. The variable remuneration accounted for 50 percent of base salary.
- For the 2020 financial year, variable remuneration of SEK 1,942 thousand was paid to the other members of Group Management, which corresponded to 20 percent of base salary.
- Pension expenses refer to the expenses that affected profit for the year, excluding income tax.
- Other benefits primarily refer to company cars and telephones.

Share-related benefits

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, distributed equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. In September 2021, a total of 171,000 series TO2021/2024 warrants 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 2024 to 20 December 2024. The subscription price was SEK 75.85. 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. On the transaction date, the fair value per warrant was SEK 9.60. Because the average price for Series B shares was lower than the subscription price for TO2021/2024 on the balance sheet date, earnings per share after dilution were not calculated.

One further incentive programme was still outstanding at the end of the period, TO2019/2022. The series encompassed 148,000 outstanding warrants were and can provide a maximum of 150,960 new Series B shares on full conversion. On the transaction date, the fair value per warrant was SEK 6.30. The transfer of the warrants took place at market terms based on a calculation according to the Black & Scholes model. The subscription price for the option programme was recalculated in light of the dividend paid and was calculated at SEK 49.80 (previously SEK 50.20). On the balance sheet date, the average price for Series B shares exceeded the subscription price for TO2019/2022, and accordingly the earnings per share after full dilution were calculated.

Note 11 | Net financial items

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Result from participations				
Dividends from subsidiaries[1]			3	153
Impairment of shares in subsidiaries			–	–49
Result from participations in joint ventures	–	–8		
Total	**–**	**–8**	**3**	**104**
Financial income				
Interest income	0	0	0	0
Interest income, subsidiaries			30	28
Exchange rate gains	11	14	24	16
Other financial income	0	0	–	–
Total	**11**	**14**	**54**	**44**
Financial expenses				
Interest expenses	–38	–34	–31	–25
Interest expenses, subsidiaries			0	0
Exchange rate losses	–13	–18	–13	–40
Other financial expenses	–6	–7	–2	–4
Total	**–57**	**–59**	**–46**	**–69**
Total financial items	**–46**	**–53**	**11**	**79**

[1] The dividends from subsidiaries of SEK 3 million (153), include SEK 2 million (19) in anticipated dividends.

Not 12 | Allocations and untaxed reserves

SEK million	Parent Company	
	2021	2020
Allocations		
Change in excess depreciation	–5	–
Group contributions received	31	41
Total allocations	**26**	**41**
Untaxed reserves		
Excess depreciation	5	–
Total untaxed reserves	**5**	**–**

Note 13 | Taxes

Recognised in profit for the year, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Current tax				
Current tax	–19	–28	–	–
Adjustment of tax relating to previous years	0	1	–	–
	–19	**–27**	**–**	**–**
Deferred tax				
Deferred tax relating to temporary differences	–10	10	0	0
Deferred tax resulting from changes in tax rates	2	2	–	–
Deferred tax income in tax loss carryforwards capitalised during the year	23	2	–	–
Deferred tax expense resulting from utilisation of previously capitalised tax loss carryforwards	–22	–15	–	–
	–7	**–1**	**0**	**0**
Total	**–26**	**–28**	**0**	**0**

Current tax

Reconciliation of tax, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Profit/loss before tax	**115**	**204**	**13**	**102**
Tax at the applicable tax rate for the Parent Company of 20.6 % (21.4)	–24	–44	–3	–22
Non-taxable dividends from subsidiaries	–	–	1	33
Non-deductible impairment of shares in subsidiaries	–	–	–	–10
Other non-deductible expenses / Other non-taxable income	2	12	2	0
Effect of other tax rates on foreign subsidiaries	0	–3	–	–
Effect of changed tax rates	2	2	0	0
Increase in tax loss carryforwards without corresponding capitalisation of deferred tax	0	0	–	–
Decrease / Increase in deductible temporary differences without corresponding capitalisation of deferred tax	–6	4	–	–
Tax attributable to previous years	0	1	–	–1
Standard interest on tax allocation reserve	0	0	–	–
Total	**–26**	**–28**	**0**	**0**
Reported effective tax rate, %	22.6	13.8	–2.8	0.1

The applied corporate tax rate in Sweden was 20.6 percent. Foreign subsidiaries applied local tax rates. The reported effective tax rate was 22.6 percent (13.8) for the Group. The effective tax rate for the Parent Company was 2.8 percent (0.1). The negative effective tax rate was a consequence of non-taxable income.

Changed tax rates

In France, a decision was made to reduce the corporate tax rate from 26.5 percent to 25.0 percent as of 1 January 2022 and to reduce the corporate tax rate from 28.0 percent to 26.5 percent as of 1 January 2021. In line with these changes, deferred tax assets/liabilities were revalued in December 2021 and December 2020, respectively.

In Sweden the corporate tax rate was adjusted from 21.4 percent to 20.6 percent as of 1 January 2021. In line with this change, deferred tax assets/liabilities were revalued in December 2020.

Deferred tax

Changes in deferred tax in temporary differences and tax losses carry forwards, SEK Million	Group 2020						Parent Company 2020		
	Opening balance 1 Jan 2020	Other adjustments	Recognised in the income statement	Translation differences	Change through acquisition of operations	Closing balance 31 Dec 2020	Opening balance 1 Jan 2020	Recognised in the income statement	Closing balance 31 Dec 2020
Deferred tax liability									
Intangible assets	293	–	–9	–12	40	312	–	–	–
Tangible assets	8	–	–2	0	–	6	–	–	–
Inventories	0	–	1	0	–	1	–	–	–
Provisions	0	–4	4	0	–	0	–	–	–
Untaxed reserves	20	–	3	–	–	23	–	–	–
Total deferred tax liability	**321**	**–4**	**–3**	**–12**	**40**	**342**	**–**	**–**	**–**
Deferred tax assets									
Intangible assets	4	–	2	–1	7	12	–	–	–
Tangible assets	1	–	0	0	5	6	0	0	0
Inventories	0	–	0	0	0	0	–	–	–
Provisions	1	–	6	0	2	9	–	–	–
Tax loss carryforwards	65	–	–12	–1	6	58	2	0	2
Total deferred tax assets	**71**	**–**	**–4**	**–2**	**20**	**85**	**2**	**0**	**2**
Total net deferred tax liability	**250**	**–4**	**1**	**–10**	**20**	**257**	**–2**	**0**	**–2**

Changes in deferred tax in temporary differences and tax losses carry forwards, SEK Million	Group 2021						Parent Company 2021		
	Opening balance 1 Jan 2021	Other adjustments	Recognised in the income statement	Translation differences	Change through acquisition of operations	Closing balance 31 Dec 2021	Opening balance 1 Jan 2021	Recognised in the income statement	Closing balance 31 Dec 2021
Deferred tax liability									
Tangible assets	6	–	–1	0	–	5	–	–	–
Inventories	1	–	–1	0	–	0	–	–	–
Provisions	0	2	–2	0	0	0	–	–	–
Untaxed reserves	23	–	4	–	–	27	–	–	–
Total deferred tax liability	**342**	**2**	**–7**	**5**	**5**	**347**	**–**	**–**	**–**
Deferred tax assets									
Intangible assets	12	–	–3	0	0	9	–	–	–
Tangible assets	6	–	–4	0	0	2	0	0	0
Inventories	0	–	0	0	0	0	–	–	–
Provisions	9	–	–7	0	0	2	–	0	–
Tax loss carryforwards	58	–	0	0	20	78	2	–	2
Total deferred tax assets	**85**	**–**	**–14**	**0**	**20**	**91**	**2**	**0**	**2**
Total net deferred tax liability	**257**	**2**	**7**	**5**	**–15**	**256**	**–2**	**0**	**–2**

Deferred tax assets and deferred tax liabilities have been measured based on the nominal tax rate. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. The amounts in the table have been reported gross.

Temporary differences

Temporary differences arise in cases where the carrying amounts and taxable values of assets and liabilities differ. Temporary differences are attributable to the balance sheet and have resulted in deferred tax assets and liabilities.

No deferred tax is recognised regarding temporary differences attributable to investments in subsidiaries. Any future effects (withholding taxes and other deferred tax on profit taking within the Group) are recognised when Midsona is no longer able to control the reversal of such differences or it is for other reasons no longer probable that the reversal will occur in the foreseeable future.

Tax loss carryforwards

The total tax-loss carryforwards in the Group amounted to SEK 363 million (346) at 31 December 2021, of which SEK 363 million (271) was capitalised in the consolidated balance sheet. Capitalised tax-loss carry-forwards increased as a result of the previous year's non-capitalised tax-loss carry-forwards being judged to be offset against future taxable results. The maturities of the tax loss carryforwards were essentially indefinite.

Note 14 | Earnings and dividend per share

Earnings per share were calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of shares outstanding during the period.

	Group	
Earnings per share before and after dilution	2021	2020
Profit for the year, SEK million	89	176
Number of shares on balance sheet date, thousands	72,714	65,005
Average number of shares during the period, thousands	67,783	65,005
Average number of shares during the period, after dilution, thousands	67,932	65,364
Earnings per share, SEK	1.31	2.70
Earnings per share after dilution, SEK	1.30	2.69

The weighted average number of shares was 67,782,658 (65,004,608), with the change being affected by a new share issue. For further information on the new share issues, please see Note 25 *Equity* on page 156. The number of outstanding registered shares was 72,714,040 (65,004,608) at year-end.

Instruments that may result in future dilution and changes after the balance sheet date

On the balance sheet date, the average price for Series B shares exceeded the subscription price for one out of two outstanding warrant programme, and accordingly the earnings per share after dilution were calculated.

Dividend

The Board of Directors proposes that no dividend be paid for the 2021 financial year. For the 2020 financial year, a dividend of SEK 1.25 per share was paid, equivalent to SEK 86,019,986.

Note 15 | Intangible assets

	Group				Parent Company
SEK million	Goodwill	Brands	Other intangible assets	Total	Other intangible assets
Accumulated cost					
Opening balance 1 Jan 2020	1,966	1,206	216	3,388	65
Acquired through business combinations	147	155	41	343	–
Other acquisitions/investments	–	55	7	62	5
Sales/scrappings	–2	–	–3	–5	–
Reclassification	–	–	0	0	–
Translation difference for the year	–94	–35	–7	–136	–
Closing balance, 31 Dec 2020	**2,017**	**1,381**	**254**	**3,652**	**70**
Accumulated amortisation					
Opening balance 1 Jan 2020	–156	–125	–49	–330	–8
Acquired through business combinations	–	–	–14	–14	–
Amortisation for the year	–	–21	–27	–48	–7
Sales/scrappings	2	–	3	5	–
Reclassification	–	–	0	0	–
Translation difference for the year	17	4	3	24	–
Closing balance, 31 Dec 2020	**–137**	**–142**	**–84**	**–363**	**–15**
Carrying amount, 31 Dec 2020	**1,880**	**1,239**	**170**	**3,289**	**55**

	Group				Parent Company
SEK million	Goodwill	Brands	Other intangible assets	Total	Other intangible assets
Accumulated cost					
Opening balance, 1 Jan 2021	2,017	1,381	254	3,652	70
Acquired through business combinations	38	13	6	57	–
Other acquisitions/investments	–	–	5	5	5
Reclassification	–	–	0	0	–
Translation difference for the year	59	19	4	82	–
Closing balance, 31 Dec 2021	**2,114**	**1,413**	**269**	**3,796**	**75**
Accumulated amortisation					
Opening balance, 1 Jan 2021	–137	–142	–84	–363	–15
Acquired through business combinations	–	–	–1	–1	–
Amortisation for the year	–	–17	–30	–47	–9
Translation difference for the year	–9	–3	–1	–13	–
Closing balance, 31 Dec 2021	**–146**	**–162**	**–116**	**–424**	**–24**
Accumulated impairment					
Opening balance, 1 Jan 2021	–	–	–	–	–
Impairment for the year	–	–	–8	–8	–
Closing balance, 31 Dec 2021	**–**	**–**	**–8**	**–8**	**–**
Carrying amount, 31 Dec 2021	**1,968**	**1,251**	**145**	**3,364**	**51**

The carrying amount for the item other intangible assets included SEK 91 million (111) for customer relations and customer contracts and SEK 53 million (58) for software.

There were no internally generated intangible assets at year-end.

Asset acquisition, trademark rights to Gainomax

On 1 September 2020, the rights to the Gainomax brand were acquired. The purchase consideration amounted to SEK 60 million, including acquisition-related expenses, with SEK 55 million allocated for the brand and SEK 5 million for related brand profiled inventory. Acquired assets were financed with new loans of SEK 60 million within the agreed credit framework.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2021 or for 2020.

Amortisation

All intangible assets (other than goodwill and acquired brands that are considered to have an indefinite useful life) are amortised. Amortisation was included in the following items in the income statement.

Amortisation for the year included in the income statement, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Expenses for goods sold	–1	0	–	–
Selling expenses	–32	–38	–	–
Administrative expenses	–14	–10	–9	–7
Total	**–47**	**–48**	**–9**	**–7**

For information on depreciation, see Note 1 *Accounting principles*, pages 136–142.

Impairment testing

Impairment requirements on goodwill were tested in the third and fourth quarters of 2021. This must be done once a year or as soon as changes indicate that an impairment requirement exists, such as in changed market conditions, decisions on divestment or business closures. The impairment testing is done for both goodwill and brands jointly by calculating the recoverable amount for the cash-generating units to which goodwill and brands are allocated, as the cash flows attributable to brands cannot be distinguished from other cash flows in the respective cash-generating unit.

Brands that are deemed to have an indefinite useful life originate from acquisitions. The assessment that the useful life is indefinite is based on a number of circumstances presented in Note 1 *Accounting principles*, pages 136–142.

Identified cash generating units match the Group's operating segments of the Nordics, North Europe and South Europe. Intangible assets with indeterminable useful lives are allocated to cash-generating units according to the following at year-end.

Intangible assets with indefinite useful lives per cash-generating unit, SEK million.	Discount rate before tax, %	Group	
		2021	2020
Nordics	8.7 (9.6)		
Goodwill		1,444	1,366
Brand		826	821
North Europe	9.2 (10.1)		
Goodwill		221	217
Brand		118	116
South Europe	9.0 (10.0)		
Goodwill		303	297
Brand		107	105
Goodwill		**1,968**	**1,880**
Brand		**1,051**	**1,042**
Total		**3,019**	**2,922**

The recoverable amount was determined based on calculations of value in use. These calculations are based on internal forecasts in the business plan established by Group Management for the next five years. Management's assessments were based on both historical experience and current information on the market trend. The assumptions regarding net sales growth, raw material price trend, discount rate and efficiency gains in the supply chain organisation constituted important variables for estimated value in use. Assumptions on growth of sales volumes were made at 2–4 percent and the growth rate applied is consistent in all material respects with the forecasts included in sector reports on future market growth. The effects of expansion investments are excluded when testing for impairment. After the forecast period, the cash flows were extrapolated with an assumed sustained growth of 2 percent (2), which is in line with the assessed sustained growth rate for the respective cash-generating unit. Both operating capital changes and investments were taken into account in the extrapolated cash flows. Estimated future cash flows according to such assessments accordingly constituted the basis for estimated values in use. In the present value calculation of the future cash flows, a discount rate was applied before tax between 8.7–9.2 percent (9.6–10.1) depending on the cash-generating unit. The discount rate differed somewhat between them as the risk profile was not deemed to be the same.

Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total carrying amount.

Impairment

Impairment of SEK 8 million was recognised in intangible assets in the Group in connection with discontinued product development projects. The impairment was expensed under selling expenses in the income statement. No impairment was recognised in the Parent Company either in 2021 or 2020. For information on impairment, see Note 1 *Accounting principles*, pages 136–142.

Note 16 | Tangible assets

SEK million	Group						Parent Company
	Operating properties	Plant and equipment	Equipment, fixtures and fittings	Leasing[1]	Other tangible fixed assets	Total	Equipment, fixtures and fittings
Accumulated cost							
Opening balance 1 Jan 2020	186	412	155	357	31	1,141	8
Acquired through business combinations	–	60	12	33	18	123	–
Other acquisitions/investments	1	9	6	15	5	36	2
Sales/scrappings	–	0	–2	–19	–	–21	–
Reclassification	–6	18	0	0	–12	0	–
Translation difference for the year	–6	–19	–6	–16	0	–47	–
Closing balance, 31 Dec 2020	**175**	**480**	**165**	**370**	**42**	**1,232**	**10**
Accumulated depreciation							
Opening balance 1 Jan 2020	–78	–226	–113	–130	–9	–556	–5
Acquired through business combinations	–	–49	–12	–2	–14	–77	–
Depreciation for the year	–8	–28	–10	–51	–2	–99	–2
Sales/scrappings	–	0	2	19	–	21	–
Reclassification	3	–3	0	0	0	0	–
Translation difference for the year	3	11	5	8	0	27	–
Closing balance, 31 Dec 2020	**–80**	**–295**	**–128**	**–156**	**–25**	**–684**	**–7**
Carrying amount, 31 Dec 2020	**95**	**185**	**37**	**214**	**17**	**548**	**3**

SEK million	Group						Parent Company
	Operating properties	Plant and equipment	Equipment, tools, fixtures and fittings	Leasing[1]	Other tangible fixed assets	Total	Equipment, tools, fixtures and fittings
Accumulated cost							
Opening balance, 1 Jan 2021	175	480	165	370	42	1,232	10
Acquired through business combinations	15	7	1	0	2	25	–
Other acquisitions/investments	0	5	8	41	41	95	4
Sales/scrappings	–	–52	–23	–66	–15	–156	–
Reclassification	1	17	0	–26	–20	–28	–
Translation difference for the year	3	8	3	6	1	21	–
Closing balance, 31 Dec 2021	**194**	**465**	**154**	**325**	**51**	**1,189**	**14**
Accumulated depreciation							
Opening balance, 1 Jan 2021	–80	–295	–128	–156	–25	–684	–7
Acquired through business combinations	–4	–7	–1	0	–	–12	–
Depreciation for the year	–8	–28	–10	–61	–2	–109	–2
Sales/scrappings	–	51	23	66	15	155	–
Translation difference for the year	–2	–5	–2	–4	0	–13	–
Closing balance, 31 Dec 2021	**–94**	**–284**	**–118**	**–155**	**–12**	**–663**	**–9**
Accumulated impairment							
Opening balance, 1 Jan 2021	–	–	–	–	–	–	–
Impairment for the year	–3	–1	–	–	–	–4	–
Closing balance, 31 Dec 2021	**–3**	**–1**	**–**	**–**	**–**	**–4**	**–**
Carrying amount, 31 Dec 2021	**97**	**180**	**36**	**170**	**39**	**522**	**5**

[1] For more information on right of use assets, see Note 17 *Leasing*, on page 153.

The item other tangible fixed assets was essentially comprised of projects in progress and improvements to property owned by another.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2021 or for 2020.

Depreciation

All tangible fixed assets are depreciated. Depreciation was included in the following items in the income statement.

Depreciation for the year included in the income statement, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Expenses for goods sold	–81	–73	–	–
Selling expenses	–9	–6	–	–
Administrative expenses	–19	–20	–2	–2
Total	**–109**	**–99**	**–2**	**–2**

For information on depreciation, see Note 1 *Accounting principles*, pages 136–142.

Impairment

Tangible fixed assets in the Group were impairment by SEK –4 million due to a production facility being closed. The impairment was expensed under cost of goods sold in the income statement. No impairment was recognised in the Parent Company in neither 2021 nor 2020. For information on impairment, see Note 1 *Accounting principles* , pages 136–142.

Note 17 | Leasing

Recognised on the balance sheet

The Group recognises a right of use (ROU) asset and a corresponding lease liability for all leases in which the Group is the lessee, except for short-term leases and for leases where the underlying asset has a lesser value. The lease portfolio mainly comprises:

- office, factory and warehouse premises recognised in the asset class of *operating properties*,
- production equipment recognised in the asset class of *plant and machinery*, and
- forklifts, vehicles and IT-related equipment recognised in the asset class of *equipment, tools, fixtures and fittings*.

The most significant leases pertain to office, factory and warehouse premises.

ROU assets OB/CB per leasing class, SEK million	Group			
	Operating properties	Plant and equipment	Equipment, tools, fixtures and fittings	Total
Opening balance, 1 Jan 2020	189	18	20	227
Acquired through business combinations	21	4	6	31
Other acquisitions/investments	4	0	13	17
Amortisation/depreciation for the year	-34	-5	-12	-51
Concluded contracts	0	–	0	0
Reclassification	–	0	0	0
Translation difference for the year	-7	-2	-1	-10
Closing balance, 31 Dec 2020	**173**	**15**	**26**	**214**

ROU assets OB/CB per leasing class, SEK million	Group			
	Operating properties	Plant and equipment	Equipment, tools, fixtures and fittings	Total
Opening balance, 1 Jan 2021	173	15	26	214
Acquired through business combinations	–	–	0	0
Other acquisitions/investments	11	0	16	27
Amortisation/depreciation for the year	-40	-6	-15	-61
Concluded contracts	-11	–	-1	-12
Translation difference for the year	3	0	0	3
Closing balance, 31 Dec 2021	**136**	**9**	**26**	**171**

The ROU assets are included on the line tangible assets in the balance sheet.

The lease liability is initially measured at the present value of the future lease fees, which have not been paid as of the beginning date for the leases.

Lease liabilities recognised in the balance sheet, SEK million	Group	
	2021	2020
Current liabilities	56	55
Non-current liabilities	114	159
Total	**170**	**214**

Lease liabilities are included on the lines non-current interest-bearing liabilities and current interest-bearing liabilities in the balance sheet.

Recognised in the income statement

Recognition of depreciation of assets with ROU instead of lease fees entailed a less positive impact on consolidated operating profit. The following expenses are recognised in the consolidated income statement for leasing.

Amounts recognised in the income statement, SEK million	Group	
	2021	2020
Depreciation of ROU assets	-61	-51
Interest expenses for lease liabilities	-4	-5
Expenses attributable to short-term leases and leases of a low value	-5	-3
Expenses attributable to variable lease fees	-2	-2

The total cash flow for leased assets was SEK 64 million (58).

The future expected leasing payments were presented in the table with values that are not discounted.

Future lease payments, SEK million	Group	
	2021	2020
Due for payment within one year	58	60
Due for payment after more than one year but within two years	38	56
Due for payment after more than two years but within three years	25	36
Due for payment after more than three years but within four years	19	25
Due for payment after more than four years but within five years	19	20
Due for payment after more than five years	20	38
Total	**179**	**235**

Parent Company leasing expenses amounted to SEK 6 million (6) and future lease commitments amounted to SEK 12 million (18) at year-end. The most relevant leasing commitment for the Parent Company was premises rent for the head office in Malmö.

Qualitative disclosures

The lease portfolio for ROU assets contained 173 contracts (212) with an average remaining lease period of 43 months (46) at year-end. The majority of the contracts, 89 percent (85), were related to forklifts and company cars. In terms of amounts, the majority of the contracts, 80 percent (81), were attributable to office, warehouse and factory premises, however. In 2021, 8 contracts (15) were ended early. The majority of these contracts were company cars attributable to the sales organisation.

Leases contain no limitations in addition to collateral in the leased assets. The variable fees or potential residual value guarantees do not reach any material amounts. Insofar as the contracts are based on indexes, the lease fees in applicable cases are adjusted according to the rules in IFRS 16 and accordingly are taken into account in both ROU assets and lease liabilities at year-end.

There were no significant leases at year-end that were signed, but not commenced. Nor were there any significant sublets of ROU assets.

Note 18 | Participations in subsidiaries

	Corporate identity number	Domicile	Number of shares	Proportion of capital/ voting rights	Book value, SEK million
Alimentation Santé SAS	815,274,956	Lyon, France	50,000	100%	190
Celnat SAS	585,650,096	St-Germain-Laprade, France	–	100%	–
Anpartsselskabet Af 9 September 2010 A/S	33151705	Tilst, Denmark	665,100	100%	255
System Frugt A/S	13473498	Tilst, Denmark	–	100%	–
System Frugt Oy	2623432-3	Esbo, Finland	–	100%	–
Bioglan AS	970,968,660	Oslo, Norway	1,400	100%	433
Midsona Norge AS[1]	979,473,559	Oslo, Norway	–	100%	–
Midsona Deutschland GmbH	HRB 7603	Ascheberg, Germany	300,000	100%	339
Midsona Denmark A/S	31493994	Mariager, Denmark	6,000,000	100%	259
Midsona Finland Oy	1732881-1	Salo, Finland	16,000	100%	43
Rootval Oy	2750845-3	Helsinki, Finland	–	100%	–
Vitality and Oy	2750849-6	Helsinki, Finland	–	100%	–
Bertil's Health Oy	0183046-0	Jakobstad, Finland	–	100%	–
Oy Makrobios Ab	0772717-3	Helsinki, Finland	–	100%	–
Midsona Sverige AB	559037-5951	Malmö, Sweden	15,937,684	100%	859
ParadisetEMV AB	559208-5335	Malmö, Sweden	–	100%	–
System Frugt AB	556942-6587	Helsingborg, Sweden	–	100%	–
Trettiosjucorp AB	556480-0224	Malmö, Sweden	165,797	100%	–
Urtekram Sverige AB	556420-6646	Malmö, Sweden	2,000	100%	–
Vitalas AB	556572-5040	Malmö, Sweden	–	100%	–
Midsona Iberia SLU[2]	B59950097	Castellcir, Spain	3,494	100%	157
Total book value in the Parent Company					**2,535**

[1] On 1 January 2021, System Frugt Norge AS merged with Midsona Norge AS.
[2] In 2021, the Company's name was changed from Vegetalia SLU to Midsona Iberia SLU.

	Parent Company	
SEK million	**2021**	**2020**
Accumulated cost		
Opening balance	3,421	3,028
Acquisitions of subsidiaries	1	411
Divestments of subsidiaries	-287	–
Revaluation, purchase consideration	-12	-20
Shareholder contributions in subsidiaries	0	2
Closing balance	**3,123**	**3,421**
Accumulated impairment		
Opening balance	-875	-826
Impairment for the year on shares in subsidiaries	–	-49
Reversal of impairment on the year's divestments.	287	–
Closing balance	**-588**	**-875**
Book value	**2,535**	**2,546**

Impairment for the year on shares in subsidiaries is recognised in the income statement under "Result from participations in subsidiaries".

Note 19 | Participations in joint ventures

Paradiset EMV AB, corporate identity number 559208-5335, was reported as a collaborative arrangement in the form of a joint venture in accordance with the equity method in the financial statements until 6 May 2020, when the controlling influence in the Company was obtained, see Note 2 *Acquisitions of operations* on page 143 for acquisition analysis. The previous holding in Paradiset EMV AB was valued at fair value based on the transaction in which the controlling influence was obtained. This revaluation resulted in a loss as the previously recognised book value of participations in joint ventures in the consolidated accounts exceeded fair value. The capital loss amounted to SEK 8 million and was reported as earnings from participations in joint ventures in the profit for the year for 2020.

	Group	
SEK million	**2021**	**2020**
Accumulated cost		
Opening balance	–	26
Share in profits	–	–1
Shareholders' contribution in joint venture	–	0
Revaluation of conditional purchase considerations	–	–17
Closing balance	**–**	**8**
Divestment fair value	–	–8
Total	**–**	**–**

Note 20 | Receivables from, and liabilities to, subsidiaries

	Parent Company	
SEK million	**2021**	**2020**
Fixed assets		
Interest-bearing receivables	1,321	1,097
Total	**1,321**	**1,097**
Current assets		
Interest-bearing receivables[1]	67	–
Other receivables	50	57
Total	**117**	**57**
Total	**1,438**	**1,154**
Current liabilities		
Interest-bearing liabilities[1]	212	280
Other liabilities	–	1
Total	**212**	**281**

[1] Interest-bearing receivables and liabilities refer to the consolidated accounts with internal interest.

Note 21 | Other non-current receivables and other receivables

	Group		Parent Company	
SEK million	**2021**	**2020**	**2021**	**2020**
Other non-current receivables that are fixed assets				
Deposits	3	3	–	–
Other financial assets	1	1	–	–
Total	**4**	**4**	**–**	**–**
Other receivables that are current assets				
Receivables, factoring[1]	–	18	–	–
Receivables from suppliers	27	18	–	–
Other receivables	6	8	3	5
Total	**33**	**44**	**3**	**5**

[1] Factoring concluded in March 2021.

Note 22 | Inventories

	Group	
SEK million	**2021**	**2020**
Raw materials and consumables	337	239
Products in process	19	9
Completed products and goods for resale	427	395
Total	**783**	**643**

The consolidated income statement includes impairment of inventory items of SEK 23 million (8) in the item cost of goods sold. The comparative period also included impairment of inventory items of SEK 4 million in the item selling expenses. The increase was essentially attributable partly to the phasing out of packaging materials, and partly to problems with best before dates, both on finished goods and certain raw materials.

Note 23 | Accounts receivable

Customers are primarily chains in the pharmacy, grocery trade and healthfood retail trade and other specialist retailers, as well as actors in food service and the food industry. A large part of net sales, 66 percent (63), derive from sales to customers in the Nordic market. The Group's ten largest customers accounted for 43 percent (43) of net sales.

Sales are largely based on a framework agreement that specifies general delivery terms and discounts for a year at a time. Normally, assortment evaluations are performed a couple of times a year, in connection with which price levels can also be adjusted if there is evidence of this through, for example, large changes in commodity prices.

	Group	
Accounts receivable, SEK million	**2021**	**2020**
Accounts receivable, gross	405	292
Expected credit losses	–2	–2
Total	**403**	**290**

	Group	
Age analysis, accounts receivable, SEK million	**2021**	**2020**
Accounts receivable not past due	353	242
Past due 1-30 days	39	40
Past due 31-90 days	3	6
Past due > 91 days	8	2
Total	**403**	**290**

The average customer credit period was 38 days (34). The fair value of accounts receivable is consistent with the reported value.

The accounts receivable were included in a reserve for expected credit losses of SEK 2 million (2). Customer losses have historically been at a very low level over time. For information on customer credit risk, please see Note 31 *Financial risk management* on pages 158–160.

Note 24 | Prepaid expenses and accrued income

	Group		Parent Company	
SEK million	**2021**	**2020**	**2021**	**2020**
Prepaid rent	0	0	1	1
Prepaid insurance	1	2	1	1
Prepaid leasing expenses	0	0	0	0
Prepaid marketing expenses	0	0	–	–
Prepaid commission	0	0	–	–
Prepaid purchases of goods and services	12	12	6	4
Other prepaid expenses	3	4	1	1
Total	**16**	**18**	**9**	**7**

Note 25 | Shareholders' equity

Group

Share capital

Share capital consists of the Parent Company's share capital. See under Parent Company in this note.

Additional paid-up capital

Other capital consists of equity contributed by the owners. Includes share premium reserves transferred to the statutory reserve at 31 December 2005. Provision to the share premium reserve from 1 January 2006 and forward, are also recognised as paid-up capital.

Reserves

Reserves consist of a translation reserve, which comprises all exchange rate differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than that in which the consolidated financial statements are presented. This includes exchange differences on monetary items receivable from or payable to the foreign operations, for which settlement is neither planned nor likely in the foreseeable future.

Profit brought forward, including profit for the year

Profit brought forward/accumulated losses, including profit for the year consists of earned profits/accumulated losses in the Parent Company and its subsidiaries. Provisions to the statutory reserve, excluding transferred share premium reserves, were previously included in this item. Also included is the amount of reduction of share capital.

Parent Company

Restricted shareholders' equity

Share capital

At 31 December 2021, the number of registered shares amounted to 72,714,040, divided into 298,320 Series A shares and 72,415,720 Series B shares. Holders of shares are entitled to dividends as determined by the Annual General Meeting. A shareholding entitles voting rights at the Annual General Meeting of 10 votes for each series A share and one vote for each series B share. All shares convey equal rights to the Company's net assets and profits. The Articles of Association contain no restrictions on the transferability of shares. Upon written request from a holder of series A shares in the Company, conversion of specified Series A shares to Series B shares will be granted. In October 2021, 457,000 Series A shares were re-classified as Series B shares at the request of shareholders, bringing the total number of votes in the Company to 75,398,920.

Change in number of shares, count	Series A shares	Series B shares	Total
Number of shares, 1 Jan 2020	755,820	64,248,788	65,004,608
Number of shares, 31 Dec 2020	**755,820**	**64,248,788**	**65,004,608**
Number of shares, 1 Jan 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
Share reclassification	–457,500	457,500	0
Number of shares, 31 Dec 2021	**298,320**	**72,415,720**	**72,714,040**
Quota value per share, SEK			5.00
Share capital on the balance sheet date, SEK			363,570,200
Votes on the balance sheet date, number			75,398,920

No treasury shares were held by the Parent Company or its subsidiaries at year-end or during the financial year.

Statutory reserve

The statutory reserve consists of amounts that, prior to 1 January 2006, had been transferred to the share premium reserve when shares were issued at a premium, at an amount exceeding the quota value of the shares.

Completed issue of warrant programme, TO2017/2020

In January 2021, the number of shares and votes in Midsona AB (publ) changed as a result of a new share issue under way at the end of the year, which was concluded whereby 187,000 warrants were exercised in exchange for 213,180 Series B shares in the scope of the TO2017/2020 incentive programme, which was adopted at the Extraordinary General Meeting on 1 December 2017.

Unrestricted shareholders' equity

Share premium reserve

The item consists of amounts transferred to the share premium reserve as of 1 January 2006 when shares were issued at a premium, at an amount beyond the quota value of the shares.

Profit brought forward

Profit brought forward consists of profit brought forward from the previous year in the Parent Company Amounts are also included from impairment of share capital in 2016 and from a transferred fair value fund in 2016 in accordance with IAS 21. Retained earnings, together with the share premium reserve and the profit total unrestricted equity available for distribution to shareholders.

New share issue

On 24 August, supported by the authorisation granted by the Annual General Meeting on 5 May 2021, Midsona's Board of Directors approved a directed new share issue of 7,496,252 new Series B shares. The subscription price for the directed new share issue was set at SEK 66.70 per share through a so-called accelerated book-building procedure that was implemented by Danske Bank, targeting select Swedish and international investors. The new share issue brought Midsona SEK 500 million before issue expenses. Issue expenses amounted to SEK 6 million. For existing shareholders, the transaction caused a dilution effect of approximately 10.3 percent in the share capital and of approximately 9.4 percent in the number of votes based on the total number of shares and votes in Midsona AB following the transaction.

Warrants

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, distributed equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. In September 2021, a total of 171,000 series TO2021/2024 warrants 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 2024 to 20 December 2024. The subscription price was SEK 75.85. 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. On the transaction date, the fair value per warrant was SEK 9.60. Because the average price for Series B shares was lower than the subscription price for TO2021/2024 on the balance sheet date, earnings per share after dilution were not calculated.

An additional warrant programme was outstanding at the end of the period, the TO2019/2022 series, which can provide a maximum of 150,960 new Series B shares on full conversion. On the balance sheet date, the average price for Series B shares exceeded the subscription price for TO2019/2022, and accordingly the earnings per share after full dilution were calculated. For more information on TO2019/2022, see Note 10 *Employees, personnel expenses and remuneration to senior executives*, on pages 146–148.

Proposed appropriation of profit or loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 1,574,464,705
Profit brought forward	SEK 530,760,547
Profit for the year	SEK 12,886,438
Total	**2,118,111,690**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, amounting to SEK 2,118,111,690 be appropriated as follows:

Carried forward	SEK 2,118,111,690
Total	**SEK 2,118,111,690**

Note 26 | Liabilities to credit institutions

Interest-bearing liabilities, SEK million	Group		Parent Company	
	2021	2020	2021	2020
Non-current interest-bearing liabilities				
Bank loans	1,200	1,367	1,166	1,324
Lease liabilities	114	159	–	–
Total	**1,314**	**1,526**	**1,166**	**1,324**
Current interest-bearing liabilities				
Bank loans	119	198	107	98
Lease liabilities	56	55	–	–
Total	**175**	**253**	**107**	**98**
Total	**1,489**	**1,779**	**1,273**	**1,422**

The Group's external financing mainly comprises loans from Danske Bank A/S and Svensk Exportkredit (publ). The financing agreement extends until September 2024. As collateral for the facilities, the subsidiary shares are pledged, see Note 32 *Pledged assets and contingent liabilities* on page 160.

In connection with acquisitions of operations in 2018, investment and corporate loans were taken over in German banks, and in connection with acquisitions of operations in 2021, investment loans were taken over in Finnish banks.

For more information on the Company's financing, please see Note 31 *Financial risk management* on pages 158–160.

Credit terms interest-bearing liabilities, SEK million	Nominal amount	Utilised amount	Unutilised amount	Maturity
Bank loans				
Revolving credit, SEK	800	460	340	Sept 2019 – Sept 2024
Acquisition loan, SEK	271	271	0	Sept 2019 – Sept 2024
Acquisition loan, SEK	173	173	0	Sept 2019 – Sept 2024
Acquisition loan, EUR	111	111	0	Sept 2019 – Sept 2024
Acquisition loan, SEK	88	88	0	Oct 2020 – Sept 2024
Acquisition loan, DKK	85	85	0	Oct 2020 – Sept 2024
Acquisition loan, EUR	50	50	0	Apr 2021 – Sep 2024
Acquisition loan, EUR	41	41	0	Dec 2021 – Sep 2024
Corporate loan, EUR[1]	40	40	0	May 2018 – Sept 2027
Investment loan, EUR[1]	2	2	0	May 2018 – Dec 2022
Investment loan, EUR	1	1	0	Feb 2020 – Jun 2023
Investment loan, EUR[2]	2	2	0	Oct 2021 – Jun 2026
Total	**1,664**	**1,324**	**340**	
FINANCING COST				
Capitalised transaction costs for bank loans		–5		
Total		**–5**		
OVERDRAFTS				
Overdrafts, SEK	150	0	150	Oct 2021 – Sep 2022
Total	**150**	**0**	**150**	
Total	**1,814**	**1,319**	**490**	

[1] Corporate and investment loans assumed in business combination in 2018.
[2] Investment loan assumed in business combination in 2021.

Note 27 | Other non-current and current liabilities

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Other non-current liabilities				
Conditional purchase consideration, acquisition of operations	–	23	–	11
Other liabilities	1	0	–	–
Total	**1**	**23**	**–**	**11**
Other current liabilities				
Conditional purchase consideration, acquisition of operations	–	1	–	–
VAT liabilities	21	20	–	–
Settlement personnel taxes and fees	13	24	1	1
Other liabilities	6	14	0	3
Total	**40**	**59**	**1**	**4**

At the end of the period, the consolidated balance sheet included no conditional purchase considerations. The change of the conditional purchase considerations during the year is presented in the table below.

SEK million	Group		Parent Company	
	2021	2020	2021	2020
Conditional purchase considerations, acquisition of operations				
Opening balance	24	78	11	31
Paid conditional purchase considerations	–3	–	–	–
Exchange-rate change	–	–1	0	0
Revaluation of conditional purchase considerations	–21	–53	–11	–20
Closing balance	**–**	**24**	**–**	**11**
Expected disbursement 2021	–	1	–	0
Expected disbursement 2022	–	23	–	11
Total	**–**	**24**	**–**	**11**

Revaluations of contingent purchase considerations were made during the year, resulting in reversals of SEK 21 million (54) as a result of the target for 2021 not being achieved, see also Note 34 *Assessment of financial assets and liabilities at fair value and categorisation*, see pages 160–161 for a description of the valuation of contingent purchase considerations.

Note 28 | Provisions for pensions

Defined-benefit pension plans

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. According to statement UFR 10, from the Financial Reporting Board, this is a defined-benefit plan that covers several employers. For the 2021 financial year, the Group does not have access to information making it possible to report this as a defined-benefit plan. Pension in accordance with the ITP plan and secured through insurance with Alecta is consequently recognised as a defined-contribution plan.

The year's fees for pension insurance secured through Alecta amounted to SEK 4 thousand (4) in the Group, and SEK 0 thousand (0) in the Parent Company. For the next reporting period, the charges expected for ITP 2 insurance with Alecta amount to SEK 4 million for the Group and SEK 0 million for the Parent Company.

Alecta's surplus may be distributed to policyholders and/or the beneficiaries. At the end of 2021, Alecta's surplus in the form of the collective funding ratio was 172 percent (148). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

At the end of 2021, the Parent Company had one direct pension that was secured by a pledged endowment insurance. As this is a material amount, it is reported among the costs for defined-contribution pension plans.

Defined-contribution pension plans

For employees in Sweden, the Group has defined-contribution pension plans paid entirely by the Group companies. In other countries, there are defined-contribution plans that are paid partly by the subsidiaries and that are partly covered by fees paid by the employees. Payments to these plans are on-going, in accordance with the regulations for each of the plans.

	Group		Parent Company	
SEK million	2021	2020	2021	2020
Expenses for defined-contribution plans[1]	−37	−38	−7	−4

[1] The ITP plan funded in Alecta is included as an expense of SEK 4 million (4) for the Group and SEK 0 million (0) for the Parent Company. A non-material direct pension solution is reported here, both in the Group and the Parent Company.

Note 29 | Other provisions

	Group	
SEK million	2021	2020
Provisions that are non-current		
Restructuring programme	1	1
Other provisions	9	14
Total	**10**	**15**
Provisions that are current		
Restructuring programme	1	21
Total	**1**	**21**
Total	**11**	**36**
Restructuring programme		
Carrying amount at beginning of period	22	6
Provisions made during the year	5	25
Amounts utilised during the year	−25	−9
Total	**2**	**22**
Other provisions		
Carrying amount at beginning of period	14	15
Provisions assumed upon acquisition	0	–
Provisions made during the year	1	0
Amounts utilised during the year	−6	−1
Total	**9**	**14**
Total provisions		
Carrying amount at beginning of period	36	21
Provisions assumed upon acquisition	0	–
Provisions made during the year	6	25
Amounts utilised during the year	−31	−10
Total	**11**	**36**

Restructuring programme

To all intents and purposes, the restructuring programme pertained to the decision to close a small production plant in Jerez, Spain as a measure to strengthen competitiveness.

Other provisions

Other provisions mainly pertain to guarantee commitments and subsidies for investment projects.

Note 30 | Accrued expenses and deferred income

	Group		Parent Company	
SEK million	2021	2020	2021	2020
Accrued expenses for goods	26	16	–	–
Accrued personnel expenses	61	76	7	8
Accrued marketing and sales costs	3	17	–	–
Accrued customer bonus expenses	36	27	–	–
Other accrued expenses	41	34	1	2
Total	**167**	**170**	**8**	**10**

Note 31 | Financial risk management

The Group's operations are exposed it to a variety of financial risks. These financial risks are primarily comprised of financing, liquidity, currency, interest rate and credit risk.

The financial risk work is governed at an overall level by the Board, which sets financial policy, which includes the overarching risk management and ensures that it is followed. The operational responsibility for financial risk management is centralised to the Parent Company's finance function to take advantage of economies of scale and synergies. The Parent Company acts as the Group's internal bank, ensures that the right financing is in place through loans and credit facilities, and manages and governs financial risk exposure and manoeuvres the liquidity in line with the set financial policy. The financial risk exposure is reported to the Board of Directors on an ongoing basis.

Capital management

The Group's objective with its capital management is to safeguard the capacity to continue the operations to generate reasonable returns for shareholders and benefit for other stakeholders. The target is to pay a dividend of >30 percent of profit for the year over time. The Board of Directors proposes no dividend for 2021. In the preceding year, the dividend corresponded to 46.4 percent of the profit for the year.

The Group reviews its capital structure based on a ratio of net debt/EBITDA corresponding to a multiple of 3-4. The target, which has been set to define a reasonable risk level in the Group, links borrowing to the capacity for earnings. At the end of the financial year, the ratio between net debt and EBITDA on a rolling 12-month basis was a multiple of 4.4 (3.9) and the ratio between net debt and adjusted EBITDA on a rolling 12-month basis was a multiple of 4.4 (4.2).

The Group's financing agreement contains customary loan terms (covenants) related to the relationship between EBITDA and net debt.

Financing risk

Financing risk refers to the risk that future capital procurement and refinancing of loans could be difficult or costly.

The ensure that the Group always has access to necessary external financing at a reasonable expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months. The Group's external financing mainly comprises loans from Danske Bank A/S and Svensk Exportkredit (publ). The financing agreement extends until September 2024.

- In September 2019, Midsona AB entered a financing agreement regarding long-term loans and overdraft facilities with Danske Bank A/S and AB Svensk Exportkredit (publ) totalling SEK 2,125 million, where SEK 625 million in bridge financing for business combinations was repaid in November 2019 after a completed new share issue.
- In October 2020, an agreement was reached supplementing an existing financing agreement with Danske Bank and Svensk Exportkredit with an extended credit limit to partly finance the acquisition of System Frugt A/S.
- In April 2021, an addition to an existing financing agreement, an extended credit line was agreed with Danske Bank in the amount of SEK 200 million to ensure flexibility, and an additional EUR 5 million in acquisition loans to repay existing local loans in Germany.
- In December 2021, an addition to the existing financing agreement was agreed for an additional EUR 4 million in acquisition loans to replace an existing local loan in Germany.

At the end of the year, the average remaining maturity on confirmed loan commitments was 28 months (35).

Two financial covenants are linked to the financing agreement, which must be met during the maturity of the contract.

For more information on utilised loans, maturity periods and available credit facilities, see Note 26 *Liabilities to credit institutions*, page 157. For a description of the Group's lease liabilities, refer to Note 17 *Leasing*, on page 153 and for a description of the Group's other financial liabilities, refer to Note 27 *Other non-current and current liabilities*, on page 157.

Liquidity risk

Liquidity risk means the risk that the Group cannot meet its payment obligations as a consequence of inadequate access to cash and equivalents.

In order to control and plan the Group's cash requirements, the finance function uses liquidity forecasts that the Group's subsidiaries report in on a monthly basis for the ensuing six months.

The Group has a multi-currency cash pool with the ambition of connecting all of the subsidiaries, as far as possible. Through the cash pool, excess liquidity from the subsidiaries, repayments on internal loans and dividends, are to be concentrated to the Parent Company for loan and credit repayments.

The table below presents the undiscounted cash flows that come from the Group's liabilities in the form of financial instruments, including principal and interest payments, based on the contracted remaining durations at year-end. Current accounts payable are countered by a positive cash flow from accounts receivable. The loans' maturity is handled through available liquidity, unutilised credit facilities and refinancing.

	0-6 months		7-12 months	
Nominal amounts, SEK million	**2021**	**2020**	**2021**	**2020**
Bank loans	72	116	71	105
Lease liabilities	29	30	29	30
Accounts payable	342	405	–	–
Other liabilities	–	4	–	2
Total	**443**	**555**	**100**	**137**

	1-5 years		5 years <	
Nominal amounts, SEK million	**2021**	**2020**	**2021**	**2020**
Bank loans	1,237	1,407	5	12
Lease liabilities	101	136	20	38
Accounts payable	–	–	–	–
Other liabilities	–	23	–	–
Total	**1,338**	**1,566**	**25**	**50**

Midsona shall maintain a financial preparedness in the form of a liquidity reserve, comprising cash and cash equivalents and unutilised credit commitments, corresponding to at least 7.5 percent of the Group's forecast annual sales. The liquidity reserve shall, at all times, also exceed the sum of the Group's loan maturity for the next six months.

Liquidity reserve, SEK million	2021	2020
Unutilised credit facilities	490	150
Cash and cash equivalents	53	195
Total	**543**	**345**

Foreign exchange risk

Foreign exchange risk refers to the risk that changes in exchange rates affect the Group's income statement, balance sheet and/or cash flows negatively. Foreign exchange risk arises in the form of both transaction and translation exposure.

Transaction exposure

Transaction exposure is the risk that affects the Group's earnings and cash flow through the operational and financial transactions that take place in other currencies than the functional currency of each Group company. The Group's sales of goods mainly occur in the companies' local currencies, although the currency flows arising from purchases, primarily of goods, in other currencies give rise to the Group's current transaction exposure.

The finance function in the Parent Company assesses future currency exposure based on cash flow forecasts that are reported in. The estimated transaction exposure for 2022, for the currencies with the largest net exposure, is shown in the table below, where significant foreign exchange risk can be observed in the USD/EUR, USD/DKK as well as the EUR/SEK and DKK/SEK exchange rates.

	Group	
Amounts are in millions in each currency[3]	**2021[1]**	**2020[2]**
USD/EUR	–28	–22
USD/DKK	–19	–19
EUR/SEK	–44	–44
DKK/SEK	–20	0
EUR/NOK	–9	–8
SEK/NOK	–72	–81

[1] Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2022.
[2] Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2021.
[3] A negative net flow means that the outflow in each currency exceeds the inflow and a positive net flow means that the inflow in each currency exceeds the outflow.

With other variables unchanged, an isolated exchange rate change of +/-5 percent for each exposure would affect earnings before tax by the amount below.

	Group	
Sensitivity analysis, SEK million	**2021**	**2020**
USD/EUR	+/–13	+/–9
USD/DKK	+/–8	+/–8
EUR/SEK	+/–23	+/–22
DKK/SEK	+/–1	+/–0
EUR/NOK	+/–4	+/–4
SEK/NOK	+/–4	+/–4

In line with applicable policy, forecast currency exposure is not hedged. Instead, such foreign exchange risks shall be managed in the respective supplier and customer agreement through currency clauses. With the aim of reducing the earnings impact of changed exchange rates, Midsona works continuously with price adjustments to customers and suppliers based on the exchange rate development primarily tied to EUR.

Translation exposure – income statement

Exchange rate changes affect the Group's earnings when translating the foreign subsidiaries' income statements to SEK. In 2021, approximately 10 percent (50) of the Group's earnings were in currencies other than SEK. When translating the earnings for 2021 at 2020 exchange rates, the currency effect will be as shown below.

SEK million	Net sales	EBITDA	Profit/loss after tax
DKK	25	1	0
EUR	50	3	0
NOK	–8	–1	–1
Total	**67**	**3**	**–1**

Translation exposure – balance sheet

The Parent Company has holdings in foreign subsidiaries, whose net assets are exposed to currency translation risk upon consolidation. This exposure affects the Group's comprehensive income and shareholders' equity. The table below shows the net investments per currency and the impact that an exchange rate change of +/–5 percent would have.

SEK million	Net assets	Currency impact
DKK	556	+/–28
EUR	783	+/–39
NOK	615	+/–31

The translation exposure also exists in individual companies, where the companies' balance sheet items are in a currency other than the Company's functional currency. The companies' financial balance sheet items are addressed by matching assets and liabilities in the same currency, with this being administrated by the Parent Company. Internal loans to subsidiaries are always provided in the company's local currency and external borrowing is then arranged, as far as possible, in the exposed foreign currencies. Translation exposure in individual companies' operating balance sheet items is shown in the table below.

	Group	
Amounts are in millions in each currency	**2021**	**2020**
USD/EUR	–2	–2
USD/DKK	–2	–2
EUR/SEK	–4	–4
DKK/SEK	–2	0
EUR/NOK	–1	–1
SEK/NOK	–6	–7

With other variables unchanged, an isolated exchange rate change of +/-5 percent for each exposure would affect earnings before tax by the amount below.

	Group	
Sensitivity analysis, SEK million	**2021**	**2020**
USD/EUR	+/–1	+/–1
USD/DKK	+/–1	+/–1
EUR/SEK	+/–2	+/–2
DKK/SEK	+/–0	+/–0
EUR/NOK	+/–0	+/–0
SEK/NOK	+/–0	+/–0

Interest rate risk

Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the periods of fixed interest on credit and investments. Since the Group is a net borrower and does not invest funds in listed instruments, it is primarily the Group's liabilities to credit institutions that are affected by changes in interest rates. Most of the Group's liabilities to credit institutions are in the Parent Company. These mature at a variable interest rate comprising IBOR plus a margin and have a zero interest rate floor. The interest on the facilities taken over in connection with the business combination in 2018 is fixed over the term. The interest on facilities taken over in connection with business combinations in 2021 is variable. The tables below present the loan debt by currency and the effect on the Group's interest expense in the event of a 1 percentage point increase in market interest rates.

Loan debt broken down by currency	2021	2020
SEK	531	1,206
EUR	664	127
DKK	85	93
Fixed interest rate	44	142
Total	**1,324**	**1,568**

Interest rate change of 1 percentage point	2021	2020
SEK	5	12
EUR	7	1
DKK	1	1
Total	**13**	**14**

The guideline is that the average period of fixed interest for interest-bearing liabilities to credit institutions should be three months. The average period of fixed interest for the Parent Company's interest-bearing liabilities to credit institutions was three months (3) at the end of the year.

The Group strives for a consideration between a reasonable running expense for its borrowing and the risk of having a significant negative impact on earnings in the event of a larger interest rate change. At present, the guideline is to not hedge for interest-rate risks in the Group. The average interest on the Group's bank loans and overdrafts amounted to 1.9 percent (1.7) for 2021.

The majority of the Group's lease liabilities are attributable to leases for properties. In these agreements, the interest component is an effect of the dissolution of discounting. Interest changes entail no changes in the cash flows for these agreements. Other leases carry fixed or variable interest over the lease term. For the agreements that carry variable interest, future cash flows are affected by changes to the variable interest rate. An interest rate change of +/-1 percentage point for the part of the lease liability that carries variable interest is deemed to entail an immaterial earnings effect for the Group.

Credit risk

There is a risk that the counterparties with whom the Group has cash and cash equivalents, or financial investments or entered derivatives with cannot fulfil their obligations, a so-called financial credit risk. There is also a risk that customers cannot fulfil their payment commitments, a so-called customer credit risk.

Financial credit risk

How surplus liquidity is to be placed is set in policy. The Group is a net borrower and surplus liquidity shall be used to reduce loans from credit institutions. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the Group finance function. The Group's counterparties in financial transactions are credit institutions with good credit ratings.

The financial credit risk for cash and cash equivalents in bank account amounted to SEK 53 million (195) at year-end. Cash and cash equivalents are covered by the general model for impairments. For cash and cash equivalents, the exception is applied for low credit risk.

Customer credit risk

Customer credit risk is managed on an on-going basis by each Group company through credit checks and internal credit limits for each customer. Bank guarantees or other sureties are required for customers with low creditworthiness or insufficient credit history.

The Group's accounts receivable are covered by the simplified model for impairments. The expected credit losses for accounts receivable are estimated using a matrix, which is based on earlier events, current circumstances and forecasts of future financial circumstances. A loss provision is recognised in the simplified model for the accounts receivable expected remaining maturity period. The Group's credit exposure is presented by the following table:

Number of days in interval	Default probability, %	Expectation adjustments, %	Future bankruptcy probability, %	Recognised accounts receivable gross, SEK million	Expected credit losses, SEK million	Recognised accounts receivable net, SEK million
Not past due	0.30	0.00	0.30	354	–1	353
1–30	1.00	0.30	1.30	39	0	39
31–60	2.00	2.25	4.25	3	0	3
61–90	3.50	3.25	6.75	0	0	0
>91	5.50	5.00	10.50	9	–1	8
Total				**405**	**–2**	**403**

Note 32 | Pledged assets and contingent liabilities

	Group		Parent Company	
SEK million	**2021**	**2020**	**2021**	**2020**
Pledged assets				
Blocked bank balances	1	17	–	–
Shares in subsidiaries	–	–	1,741	1,741
Net assets in subsidiaries	2,418	2,292	–	–
Others	320	282	–	–
Total	**2,739**	**2,591**	**1,741**	**1,741**
Contingent liabilities				
Guarantees, external	8	11	–	0
General guarantee for subsidiaries	–	–	1	1
Parent Company guarantees	–	–	1	1
Total	**8**	**11**	**2**	**2**

Shares in subsidiaries have been pledged as collateral for overdrafts and bank loans. Liabilities to credit institutions are shown in Note 26 *Liabilities to credit institutions*, page 157. Net assets in subsidiaries pertain to shares in subsidiaries that are stated at amounts equivalent to the consolidated net assets.

Note 33 | Closely-related parties

Related party relations

The Parent Company has a close relationship with its subsidiaries; see Note 18 *Participations in subsidiaries*, on page 154.

Related party transactions

For the Parent Company, SEK 64 million (59), equivalent to 100 percent (100) of sales for the period and SEK 1 million (1), corresponding to 4 percent (2) of purchases for the period pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries mainly pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

The Parent Company has receivables from, and liabilities to, subsidiaries, see Note 20 *Receivables from, and liabilities, to subsidiaries*, page 155.

Related persons or companies

Salaries and remuneration of the Board and other senior executives are detailed in Note 10 *Employees, personnel expenses and senior executives' remuneration*, pages 146–148.

CEO, Peter Åsberg, sold 35,150 Series B shares in Midsona AB to the main owner Stena Adactum AB in the first quarter of 2021. The transaction was carried out at market price.

In November 2016, the main owner Stena Adactum AB issued 100,000 call options to Chairman of the Board Ola Erici with its own holding in shares as a guarantee. The options were converted to 100,000 Series B shares in Midsona in the second quarter of 2021. The transaction was carried out at market price. It did not affect the Midsona Group's financial position or performance as it was not a party to the transaction.

In September 2021, warrants were transferred to senior executives on market terms. For more information, please see Note 25 *Shareholders' equity* on page 156.

Beyond the aforementioned transactions, there have been no loans, purchases or sales involving members of the Board or senior executives.

Note 34 | Assessment of financial assets and liabilities at fair value and categorisation

Fair value

The carrying amount on accounts receivable, other receivables, cash and cash equivalents and other liabilities constitutes a reasonable approximation of fair value.

Fair value and carrying amount in the balance sheet, SEK million	Group 2021			
	Measured at amortised cost	At fair value through profit or loss	Total carrying amount	Fair value
Non-current receivables	4	–	4	4
Accounts receivable	403	–	403	403
Other receivables	33	–	33	33
Cash and cash equivalents	53	–	53	53
Total	**493**	**–**	**493**	**493**
Non-current interest-bearing liabilities	1,314	–	1,314	1,314
Other non-current liabilities	1	–	1	1
Current interest-bearing liabilities	175	–	175	175
Accounts payable	342	–	342	342
Other current liabilities	40	–	40	40
Total	**1,872**	**–**	**1,872**	**1,872**

Fair value and carrying amount in the balance sheet, SEK million	Group 2020			
	Measured at amortised cost	At fair value through profit or loss[1]	Total carrying amount	Fair value
Non-current receivables	4	–	4	4
Accounts receivable	290	–	290	290
Other receivables	44	–	44	44
Cash and cash equivalents	195	–	195	195
Total	**533**	**–**	**533**	**533**
Non-current interest-bearing liabilities	1,526	–	1,526	1,526
Other non-current liabilities	0	23	23	23
Current interest-bearing liabilities	253	–	253	253
Accounts payable	405	–	405	405
Other current liabilities	53	6	59	59
Total	**2,237**	**29**	**2,266**	**2,266**

[1] Other non-current and current liabilities measured at fair value via profit or loss consist of derivative instruments of SEK 5 million and conditional purchase considerations of SEK 24 million.

Fair value and carrying amount in the balance sheet, SEK million	Parent Company 2021			
	Measured at amortised cost	At fair value through profit or loss	Total carrying amount	Fair value
Other receivables	3	–	3	3
Total	**3**	**–**	**3**	**3**
Liabilities to credit institutions	1,273	–	1,273	1,273
Accounts payable	6	–	6	6
Other current liabilities	1	–	1	1
Total	**1,280**	**–**	**1,280**	**1,280**

Fair value and carrying amount in the balance sheet, SEK million	Parent Company 2020			
	Measured at amortised cost	At fair value through profit or loss[1]	Total carrying amount	Fair value
Other receivables	5	–	5	5
Total	**5**	**–**	**5**	**5**
Liabilities to credit institutions	1,422	–	1,422	1,422
Other non-current liabilities	–	11	11	11
Accounts payable	7	–	7	7
Other current liabilities	4	–	4	4
Total	**1,433**	**11**	**1,444**	**1,444**

[1] Other non-current liabilities measured at fair value via profit or loss consist of conditional purchase considerations of SEK 11 million.

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

At the end of the period, the consolidated balance sheet included no financial instruments recognised at fair value. The comparison period included financial instruments in the form of currency swaps and currency options recorded at fair value in the consolidated balance sheet. That valuation was at level 2, according to IFRS 13 *Fair Value Measurement*. A market approach was used and fair value was based on brokers' listings. Similar contracts were traded on an active market and the rates reflected actual transactions on comparable instruments.

At the end of the period, the consolidated balance sheet included no conditional purchase considerations. The comparison period included conditional purchase considerations measured at fair value in the consolidated balance sheet. The valuation was at level 3, according to IFRS 13 *Fair Value Measurement*. Fair value of supplementary purchase considerations was calculated by discounting the present value of the expected cash flows with an adjusted discount rate. Expected cash flows were determined based on likely scenarios for future gross profit, amounts that will be payable in the event of respective outcomes and the probability of the respective outcome. The fair value of the supplementary purchase considerations can change if the underlying assumptions for valuation change.

Netting agreements and similar agreements

The Group has no net reported balance sheet items. For derivative counterparties, there are ISDA agreements, which mean that derivative items can be reported net under certain conditions. The Group held no financial instruments in the balance sheet at the end of the period that were covered by legally enforceable master netting agreements or similar agreements. In the comparison period, recognised financial liabilities attributable to derivative instruments amounted to SEK 5 million.

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 liabilities, no discount is applied and the fair value corresponds, in all material respects, to the carrying amount. For a maturity analysis, see Note 31 *Financial risk management*, pages 158–160.

Note 35 | Significant estimates and assumptions

In preparing the financial statements, management makes estimates and judgements that affect the amounts of assets, liabilities, income and expenses. The estimates and assumptions that involve a risk of significant adjustments to the carrying amounts of assets and liabilities within the next financial year and critical judgements in applying the Group's accounting policies discussed below. Reported estimates regarded as reasonable under the circumstances.

Valuation of brands

The carrying value of brands is contingent upon the future profitability of the products connected to the brands, and the value is tested annually. If it has not been possible to impairment testing for an individual mark has recoverable amount calculated on the cash-generating unit to which the trademarks are allocated. Several assumptions about future conditions and parameter estimates are made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of goodwill and brands with indeterminate useful lives. Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total carrying amount.

During the year, one business combination was carried out. At the time of the acquisition analysis, the fair values of the acquired brands were estimated at about SEK 19 million, where all were estimated to have a useful life of ten years.

During the year, a new assessment was made of the fair value of identified assets and liabilities related to the acquisition of System Frugt, whereby some items in the acquisition analysis were revised; see Note 2 *Acquisitions of operations* on page 143. The revision resulted in SEK 149 million being allocated to brands instead of SEK 155 million as in the preliminary acquisition analysis. A brand with a fair value of SEK 147 million was deemed to continue to have an indefinite useful life, while a brand with a fair value of SEK 2 million was deemed to still have a useful life of five years.

The carrying amount for the brands amounted to SEK 1,251 million (1,239) at year-end, of which SEK 1,051 million (1,042) had an indefinite useful life. For further information, please see Note 15 *Intangible assets*, pages 150-151.

Valuation of goodwill

The carrying value of goodwill is contingent upon the future profitability of the cash-generating unit to which the goodwill is allocated to goodwill annually. Several assumptions about future conditions and parameter estimates are made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of goodwill and brands with indeterminate useful lives. Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total carrying amount.

The prepared acquisition analysis for the business combination implemented during the year resulted in a goodwill of SEK 52 million attributable to future income and expense synergies.

A revision of the acquisition analysis for System Frugt resulted in SEK 136 million being allocated to goodwill instead of SEK 149 million as in the preliminary acquisition analysis, see Note 2 *Acquisitions of operations* on page 143.

The carrying amount of goodwill amounted to SEK 1,968 million (1,880) at the end of the year. For further information, please see Note 15 *Intangible assets*, pages 150–151.

Valuation of taxes

To determine the current tax liabilities and current tax assets, as well as provisions for deferred tax liabilities and deferred tax assets, management is required to make assumptions, particularly in the valuation of deferred tax assets. This process includes the tax outcome being assessed in each country in which the Group operates. The process includes assessing the actual current tax exposure and assessing the temporary differences that arise as a consequence of certain assets and liabilities being valued differently in the accounts as compared to income tax returns. Management must also assess the likelihood that deferred tax assets will be recovered from future taxable income.

In the preparation of the acquisition analysis for the business combination implemented during year, deferred tax liabilities were estimated at SEK 7 million.

A revision of the acquisition analysis for System Frugt resulted in SEK 36 million being allocated to deferred tax liabilities instead of SEK 38 million as previously, and SEK 40 million being allocated to deferred tax assets rather than SEK 20 million as previously, see Note 2 *Acquisitions of operations* on page 143.

The total tax-loss carryforwards in the Group amounted to SEK 363 million (346) at 31 December 2021, of which SEK 363 million (271) was capitalised in the consolidated balance sheet. Capitalised tax-loss carry-forwards increased as a result of the previous year's non-capitalised tax-loss carry-forwards being judged to be offset against future taxable results.

Management believes that, given the Group's current and future structure, the opportunities to utilise capitalised tax loss carryforwards is well founded. The carrying amount of deferred tax assets amounted to SEK 91 million (85) at the end of the period while the carrying amount of deferred tax liabilities was SEK 347 million (342). For further information, see Note 13 *Taxes*, pages 148–149.

Note 36 | Supplementary disclosures to cash flow statements

	Group		Parent Company	
SEK million	**2021**	**2020**	**2021**	**2020**
Interest paid				
Interest received	0	0	31	28
Interest paid	–38	–34	–31	–24
Adjustment for items not included in cash flow				
Dividend	–	–	–3	–29
Amortisation/depreciation	156	147	11	9
Impairment	37	14	–	49
Unrealised exchange rate differences	0	7	–15	30
Capital gain on sale of fixed assets	0	6	–	–
Pension provisions	0	0	0	–
Other provisions and items not included in cash flow	–52	–19	–4	3
Total	**141**	**155**	**–11**	**62**
Acquisitions of companies or operations				
Intangible fixed assets	27	183	–	–
Tangible fixed assets	14	48	–	–
Financial fixed assets	–	–	–	255
Deferred tax assets	1	21	–	–
Inventories	26	119	–	–
Trade and other receivables	18	29	–	–
Cash and cash equivalents	11	5	–	–
Deferred tax liabilities	–7	–40	–	–
Non-current interest-bearing liabilities	–32	–20	–	–
Other non-current liabilities	–	–	–	–
Current interest-bearing liabilities	–2	–58	–	–
Accounts payable and other liabilities	–18	–180	–	–
Net assets and liabilities	**38**	**107**	**–**	**255**
Negative consolidated goodwill	–	–8	–	–
Consolidated goodwill	52	149	–	–
Purchase consideration paid	**–90**	**–248**	**–**	**–255**
Less: Cash and equivalents in acquired operations	11	5	–	–
In addition: Repayment of loans in the acquired operations	–32	–	–	–
Effect on cash and equivalents from acquisitions during the year	**–111**	**–243**	**–**	**–255**
Payment of additional purchase consideration related to prior years' acquisitions	–3	–35	–	–35
Effect on cash and equivalents of acquisitions	**–114**	**–278**	**–**	**–290**

Cash and cash equivalents

Cash and equivalents in both the Group and the Parent Company consist solely of cash and bank balances. Consequently, there are no current investments equivalent to cash and equivalents.

Changes in liabilities whose cash flow is reported in the financing activities

Liabilities attributable to financing activities consist of non-current interest-bearing liabilities and current interest-bearing liabilities for the Group. For the Parent Company, liabilities are attributable to financing activities involving non-current liabilities to credit institutions, current liabilities to credit institutions, non-current interest-bearing liabilities to subsidiaries and current interest-bearing liabilities to subsidiaries.

		Changes affecting cash flow	Changes not affecting cash flow					Group
Compilation of liabilities attributable to financial cash flows, SEK million 2021	**At beginning of year**	**Financial cash flow**	**New leases**	**Terminated leases**	**Acquired through business combinations**	**Exchange rate change**	**Reclassification**	**At the end of the year**
Non-current liabilities to credit institutions	1,367	–176	–	–	–	9	–	1,200
Lease liabilities	159	–58	21	–9	0	1	–	114
Non-current interest-bearing liabilities	**1,526**	**–234**	**21**	**–9**	**0**	**10**	**–**	**1,314**
Current liabilities to credit institutions	198	–82	–	–	2	1	–	119
Lease liabilities	55	0	3	–3	0	1	–	56
Current interest-bearing liabilities	**253**	**–82**	**3**	**–3**	**2**	**2**	**–**	**175**
Total	**1,779**	**–316**	**24**	**–12**	**2**	**12**	**–**	**1,489**

		Changes affecting cash flow	Changes not affecting cash flow					Group
Compilation of liabilities attributable to financial cash flows, SEK million 2020	**At beginning of year**	**Financial cash flow**	**New leases**	**Terminated leases**	**Acquired through business combinations**	**Exchange rate change**	**Reclassification**	**At the end of the year**
Non-current liabilities to credit institutions	1,229	245	–	–		–17	–90	1,367
Lease liabilities	179	–50	14	–	20	–4	–	159
Non-current interest-bearing liabilities	**1,408**	**195**	**14**	**–**	**20**	**–21**	**–90**	**1,526**
Current liabilities to credit institutions	71	–6	–	–	46	–3	90	198
Lease liabilities	47	0	3	–5	12	–2	–	55
Current interest-bearing liabilities	**118**	**–6**	**3**	**–5**	**58**	**–5**	**90**	**253**
Total	**1,526**	**189**	**17**	**–5**	**78**	**–26**	**–**	**1,779**

		Changes affecting cash flow	Changes not affecting cash flow	Parent Company
Compilation of liabilities attributable to financial cash flows, SEK million 2021	**At beginning of year**	**Financial cash flows**	**Exchange rate change**	**At the end of the year**
Non-current liabilities to credit institutions	1,324	–166	8	1,166
Non-current interest-bearing liabilities	**1,324**	**–166**	**8**	**1,166**
Current liabilities to credit institutions	98	8	1	107
Current liabilities to subsidiaries	281	–69	0	212
Current interest-bearing liabilities	**378**	**–61**	**1**	**319**
Total	**1,702**	**–227**	**9**	**1,485**

		Changes affecting cash flow	Changes not affecting cash flow	Parent Company
Compilation of liabilities attributable to financial cash flows, SEK million 2020	**At beginning of year**	**Financial cash flows**	**Exchange rate change**	**At the end of the year**
Non-current liabilities to credit institutions	1,066	271	–13	1,324
Non-current interest-bearing liabilities	**1,066**	**271**	**–13**	**1,324**
Current liabilities to credit institutions	55	44	–1	98
Current liabilities to subsidiaries	389	–108	0	281
Current interest-bearing liabilities	**444**	**–64**	**–1**	**379**
Total	**1,510**	**207**	**–14**	**1,703**

Note 37 | Events after the balance sheet date

Market information

Midsona notified the market of lower than anticipated net sales and EBITDA before items affecting comparability for the fourth quarter – this being due to increased costs for input goods and delivery disruptions, for example.

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 direct customer or supplier exposure in Ukraine, Russia or Belarus. The events in Ukraine are, however, expected to have indirectly negative consequences for the Group through higher prices for finished goods, raw materials, inputs and energy, which will lead to announced price increases for customers. We are also preparing for shortages of certain raw materials and inputs, as well as continued transport problems. We continue to follow developments very closely and are taking prompt action when necessary.

Note 38 | Information about the Parent Company

Midsona AB (publ), corporate identity number 556241-5322, is a Swedish limited company domiciled in Malmö. The visiting address for the head office is Dockplatsen 16 in Malmö and the postal address is PO Box 210 09, SE-200 21 Malmö, Sweden. The Company's shares are listed on the Nasdaq Stockholm, Mid Cap list.

The consolidated financial accounts for 2021 comprise the Parent Company and its subsidiaries; jointly referred to as "the Group".

Board of Directors' statement of assurance

The Board of Directors and the CEO certify that the consolidated and annual accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles and give a true and fair view of the financial position and results of the Group and the Parent Company. The Directors' Report for the Group and Parent Company gives a true and fair view of the Group and Parent Company's financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, 7 April 2022

Ola Erici
Chairman of the Board

Heli Arantola
Board Member

Sandra Kottenauer
Board Member

Henrik Stenqvist
Board Member

Peter Wahlberg
Board Member

Johan Wester
Board Member

Peter Åsberg
President and CEO

The consolidated income statement, statement of comprehensive income and balance sheet, and the Parent Company's income statement, statement of comprehensive income and balance sheet will be submitted for approval at the Annual General Meeting on 5 May 2022.

Our audit report was submitted on 7 April 2022.
Deloitte AB

Jeanette Roosberg
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Midsona AB (publ)
corporate identity number 556241-5322

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Midsona AB (publ) for the financial year 2021-01-01 - 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 126-165 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Acquisitions and identification of surplus values

Description of risk

- In 2021, Midsona acquired Vitality and Oy for a total purchase consideration of SEK 79 million.
- The reporting of acquisitions entails significant estimates and assessments being made by management to determine the fair value of the acquired assets and liabilities and allocating these to the appropriate cash-generating units.

For further information please refer to the Group´s accounting policies in Note 1 on pages 136–142, Note 35 on significant estimates and assessments on page 162, Note 15 on intangible assets on pages 150–151 and in Note 2 of the acquisition on pages 143 in the Annual Report.

Our audit procedures

- Review of acquisition calculation including the Group's assumptions and assessments in the valuation of acquired assets and liabilities with the aid of accounting experts.
- We have examined the accuracy and completeness of the relevant notes to the financial statements.

Valuation of goodwill and trademarks with indefinite useful lives

Description of risk

- In its balance sheet as per December 31 2021, Midsona reported goodwill of SEK 1 968 million (1 880) and trademarks with indefinite useful lives for SEK 1 051 million (1 042). These pertain to surplus values arising in connection with acquisitions.
- The value of the reported assets is dependent on future profitability and viability of the cash generated unit that the assets relate to and is tested at least annually. Impairment trial based on several assumptions including future cash flows, discount rate and growth.
- Inaccurate estimats an assumptions may have a significant impact on the Group's earnings and financial position.

For further information, please refer to the Group's accounting policies in Note 1 on pages 136–142, Note 35 on *significant estimates and assessments* on page 162 and Note 15 on *intangible assets* on pages 150–151 in the Annual Report.

Our audit procedures

- We have reviewed and assessed Midsona's procedures for impairment testing of the relevant cash generating units to ensure that the reported values of the assets are defensible and that the assumptions are reasonable, that the routines are consistently applied and that there is integrity in the estimates made.
- We have examined the accuracy and completeness of the relevant notes to the financial statements.

When performing the audit procedures our valuation experts have been involved.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–125 and 169–190. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: *www.revisorsinspektionen.se/revisornsansvar*. This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Midsona AB (publ) for the financial year 2021-01-01 – 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: *www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf*. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Midsona AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[932027d28b758b4fa5ac7d9273f9b2b079f9d47 11d053df78901533606e069d4] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Midsona AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB, was appointed auditor of Midsona AB (publ) by the general meeting of the shareholders on the 2021-05-05 and has been the company's auditor since 2014-04-29.

Malmö April 7, 2022
Deloitte AB

Jeanette Roosberg
Authorised public accountant

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Continued focus on efficiency and organic growth through strong brands

Midsona is positioned in attractive product categories and the Company has successfully converted the market in the Nordic region from niche distribution, such as through healthfood retailers, to the mass market in the grocery trade. This work is now continuing in large parts of Europe following the Company's acquisition-driven growth in recent years, which has been a strategy stated by the Board of Directors. Strategic platform acquisitions have been implemented, as well as a number of smaller supplementary acquisitions that are often quick to yield clear synergies. The Company is now in a consolidation phase, entailing a gradual reallocation of resources from acquisitions to organic growth, while it is also necessary to connect and optimise factories and processing chains. Capacity utilisation and debt maturity are important key figures in this regard. In 2021, the pandemic and its associated restrictions were a challenge for these efforts, as was the supply of raw materials. Furthermore, one of the Group's principal areas, organic food, did not develop as expected over the past year, and the Company is therefore gradually strengthening its position in plant-based foods, a segment with attractive growth.

Focus on fewer and even stronger brands

The product portfolio contains many brands, and the Board of Directors' ambition is to generate higher sales of fewer brands. This will be done by increasing the power of the priority brands, having them serve as important flagships for Midsona. Friggs is a good example of how to successfully reposition a brand, loading it with new products and flavours. At the same time, work will continue to move products from specialist retailers to the grocery trade. The breakthrough that has now been achieved with Mercadona, Spain's largest grocery chain, is a good example of this and a door opener in the Spanish market.

New system for assessment of the Board of Directors

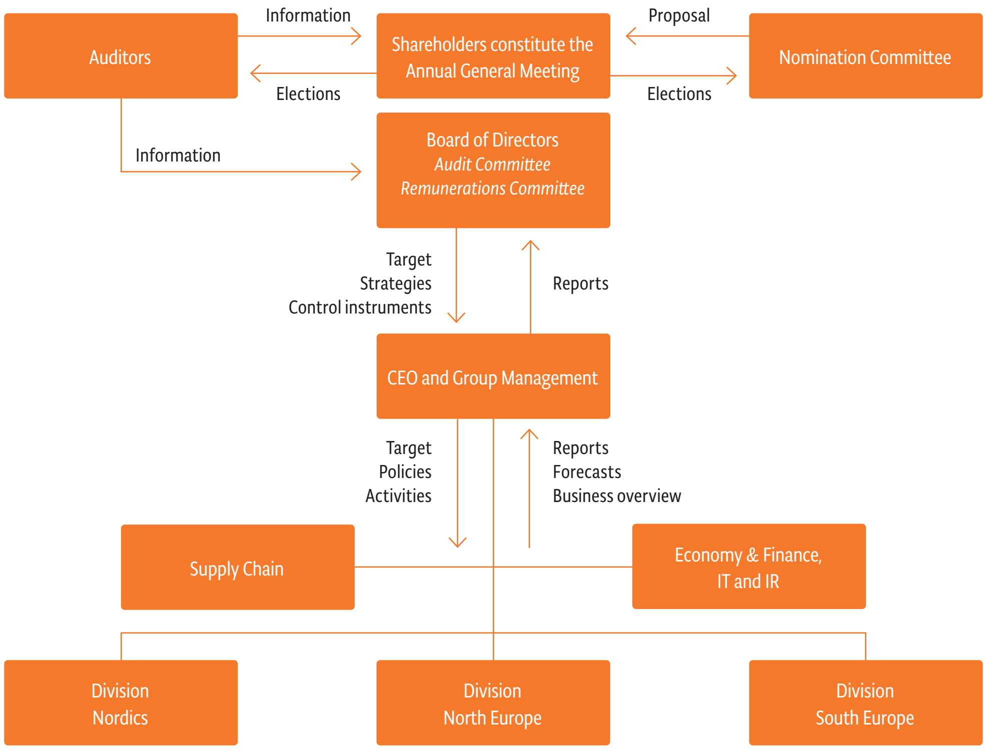
In the autumn of 2021, we changed the system for the assessment of the Board of Directors. The assessment shows that the Board of Directors functions well, including in comparison with other companies. It also shows that there is scope for wide ranging and creative discussions in the boardroom, which is gratifying. An open climate is important, while discussions must be factual and relevant and the Board of Directors also has the capacity to challenge company management. In 2020, the Board of Directors received two new members, which has increased the dynamics of the work of the Board of Directors. However, it is important that the composition of the Board of Directors is continuously reviewed and adapted to the needs of the operations.

Malmö, April 2022

Ola Erici
Chairman

Corporate Governance Report

Midsona AB (publ) (below "Midsona") is a Swedish public company listed on the Nasdaq Stockholm, Mid Cap list. Midsona applies the Swedish Code of Corporate Governance and hereby presents its Corporate Governance Report for 2021. The Group has two outstanding warrant programs, TO2019/2022 and TO2021/2024 in accordance with which options have been transferred to eligible parties, particularly targeting senior executives,. In 2021, for both of the warrant programmes, Midsona deviated from rule 9.7 in the Code that sets a vesting period of at least three years for incentive programmes based on warrants, which are directed at senior executives. The issued programmes have a slightly shorter vesting period than three years, which the Board found suitable. The report has been prepared by the Company's Board of Directors and the Company's has issued an opinion.



Control instruments

The external governance instruments forming the framework of Midsona's corporate governance include:

- Legislation
- International Financing Reporting Standards (IFRS)
- Nasdaq Stockholm's Rules for Issuers
- Swedish Code of Corporate Governance

Midsona also has a number of internal governance instruments, including:

- Articles of Association
- Midsona's Code of Conduct
- Midsona's Supplier Code of Conduct
- Formal work plan and instructions for the Board, committees, CEO and financial reporting to the Board
- Internal governance documents, such as policy documents, procedures and instructions

Copies of Midsona's Articles of Association and Code of Conduct are available for download at *www.midsona.com.*

Annual General Meeting

Midsona's Annual General Meeting is highest decision-making body at which shareholders exercise their voting rights.

The Annual General Meeting makes decisions regarding amendments to the Articles of Association and the Annual General Meeting which is the annual, ordinary General Meeting, shareholders make decisions on matters including the approval of the income statement and balance sheet, the appropriation of earnings, the discharge of the Board and CEO from liability, the election of Board members, the Chairman of the Board and auditor, and approval of remuneration of the Board and the auditor. The Annual General Meeting also decides in principles for the appointment of the Nomination Committee and work, as well as guidelines for remuneration of the CEO and other senior executives. The Annual General Meeting also approves the Remuneration Report, which is presented annually by the Board of Directors. The Annual General Meeting usually takes place in April or May. Following the meeting, decisions made at the Annual General Meeting are published in a press release. The minutes of the Meeting are published at *www.midsona.com.*

Shareholders

For further information on the share and shareholders, please see pages 113–115 and *www.midsona.com.*

Annual General Meeting 2021

The 2021 Annual General Meeting was held on 5 May 2021. Supported by the act on temporary exemptions to facilitate the conduct of general meetings (2020:198), the meeting was conducted solely through postal voting. Shareholders representing 65 percent of the total number of votes in the Company were represented at the Meeting. Among other matters, the Annual General Meeting approved the Board's request to decide to issue new shares on one or more occasions prior to the next Annual General Meeting, with or without deviating from existing shareholders' preferential rights. Issue shall be able to take place against cash payment, payment in kind, offset or with terms. The number of shares that can be issued with the support of this authorisation shall be limited to 20 percent of the number of shares of each class of shares outstanding at the time of convening the Annual General Meeting. The minutes of the 2021 Annual General Meeting are available at *www.midsona.com*.

Annual General Meeting 2022

The 2021 Annual General Meeting will take place on 5 May 2022 in Malmö, as was announced in a press release on 27 September 2021. The complete announcement of the 2022 Annual General Meeting, including information about registration for participation at the Meeting was published in a press release on 1 April 2022 and is available at *www.midsona.com*.

Nomination Committee

It is the shareholders who at the Annual General Meeting appoint the members of the Nomination Committee or specify how the members of the Nomination Committee are to be appointed. The Nomination Committee represents the Company's shareholders. Most of the members shall be independent in relation to the Company and its management. The task of the Nomination Committee is to prepare and submit proposals to the Annual General Meeting regarding elections and fees.

Nomination Committee for the 2022 Annual General Meeting

According to the current instructions for the Nomination Committee of Midsona AB, the members of the Nomination Committee, in addition to the Chairman of the Board, were to be appointed by the three largest shareholders in the Company by the last banking day in August 2021. It also follows from the current instructions that if any of the three largest shareholders waives their right to appoint a member to the Nomination Committee, the next shareholder in the order of size shall be given the opportunity to appoint a member.

Name/Representing, %	Percentage of votes 31 August 2021
Henrik Munthe/Stena Adactum AB	28.8
Bo Lundgren/Swedbank Robur Fonder	7.6
Jan Särlvik/Nordea Fonder	2.8
Total	**39.2**

In preparation for the 2022 Annual General Meeting, the Nomination Committee held two minuted meetings and members have also maintained ongoing contacts. The Nomination Committee has interviewed all Board Members and received a presentation of Midsonas' operations by the CEO. The Nomination Committee has addressed the issues it is required to consider in accordance with the decisions of the Annual General Meeting and in accordance with the Swedish Code of Corporate Governance. Among other matters, the Committee has discussed and considered the extent to which the current Board of Directors meets the demands imposed on a listed company and otherwise as a consequence of the Company's operations. In addition, the Nomination Committee has discussed the Board's gender distribution, size, competence, experience and diversity, as well as how well the Board functions, taking into account aspects including the outcome of the Board's own assessment of its work. The election of auditors and remuneration of Board Members and auditors have also been discussed. The Nomination Committee has received information from the Audit Committee on the work of the auditors. The Nomination Committee applied Midsona's Board's diversity policy and Rule 4.1 of the Swedish Code of Corporate Governance in preparing its proposal for the election of Board Members.

The convener of the Nomination Committee was the Chairman of the Board, Ola Erici. The composition of the Committee was published in a press release 27 October 2021 and at *www.midsona.com*. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. Information on how shareholders can submit proposals to the Nomination Committee is provided at *www.midsona.com*.

The Nomination Committee's proposal, and reasoned opinion, is published in connection with the announcement of the 2022 Annual General Meeting at the latest.

Members do not receive any fees or remuneration for their work on the Committee.

Proposal to the 2022 Annual General Meeting

The Nomination Committee proposes that the 2022 Annual General Meeting resolves

- to elect Ola Erici as chairman of the Annual General Meeting,
- to elect seven ordinary Board Members and no deputies,
- to choose a registered auditing company as auditor and no deputies,
- that Board fees shall be paid in the amount of SEK 600,000 to the Chairman of the Board, SEK 260,000 each to of the other members and SEK 75,000 to the chairman of the Audit Committee, SEK 40,000 to each other Board Member included in the Audit Committee, SEK 45,000 to the chairman of the Remuneration Committee and SEK 25,000 to each of the other Board Members who are members of the Remuneration Committee, the proposal does not involve any changes in relation to the previous year's remuneration levels,
- that auditors' fees shall be paid in accordance with approved invoicing,
- that Board Members Ola Erici, Johan Wester, Peter Wahlberg, Henrik Stenqvist, Heli Arantola and Sandra Kottenauer be re-elected
- that Jari Latvanen be newly elected as a regular Board Member,
- that Ola Erici be re-elected as Chairman of the Board, and
- that Deloitte AB be re-elected as auditor (Deloitte has stated that Authorised Public Accountant Jeanette Roosberg would be appointed as the principal auditor if the Meeting resolves in accordance with the proposal)..

The Nomination Committee's complete proposals are included in the announcement of the Annual General Meeting.

The Nomination Committee considers that the expertise that exists in the proposed Board meets the Company's current needs well.

Board of Directors

Work and responsibilities of the Board

The Board of Directors is the highest management body beneath the Annual General Meeting and is responsible for the organisation and management of the Company's affairs. It shall primarily engage in more overarching and long-term issues that are of substantial significance for the Group's future focus.

The work of the Board follows written rules governing its practices and responsibilities, the division of work between the Board and its committees, as well as the role of the Chairman. Also regulated is the framework for the Board meetings, including their convening, agenda and minutes, as well as how the Board is to be supplied with comprehensive information for its work. The Board has also decided on the introduction of general policies for the operations and other central governance documents for the regulation of responsibilities, guidelines, procedures, values and targets.

The work of the Board is normally cyclical in nature. At the beginning of the year, the year-end and annual reports are addressed, as are the matters to be presented at the Annual General Meeting. After the summer, the Group's long-term strategic plan and focus are addressed. At the end of the year, the budget for the coming year is addressed. Each quarter, financial reporting is reviewed and the interim reports are approved for publication. In connection with the Annual General Meeting, an inaugural Board meeting is held, at which Committee members and signatories are determined, among other things.

According to the Articles of Association, the Board of Directors shall consist of at least three members and not more than nine and that no deputies shall be appointed. Members of the Board are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. There are no rules about how long a member may serve on the Board.

Composition of the Board in 2021

At the 2021 Annual General Meeting, the following six Board members were elected: Ola Erici (Chairman of the Board), Heli Arantola, Sandra Kottenauer, Henrik Stenqvist, Peter Wahlberg and Johan Wester. Board composition complies with the Swedish Code of Corporate Governance with regard to its independence in relation to both

Work of the Board in 2021

the Company and its management and major shareholders. The gender distribution is two women and four men, which corresponds to a percentage of women of just over 33 percent. For information regarding the Board members' independence, other assignments and shareholdings in the Company, see pages 178–179 or Midsona's website *www.midsona.com*.

The CEO, the CFO and the General Counsel, who is also the Board's secretary, participate in Board meetings. When necessary, other officials participate in Board meetings to report on particular matters.

Work of the Board in 2021

In 2021, the Board held 10 meetings (14). For information on members' attendance, please see pages 178-179.

The Board regularly reviews the strategic issues affecting the Group's operations and general direction. This year's work has largely focused on structural and growth issues, as well as on as sustainability strategy and strategic plan, raising capital for the purpose of conducting corporate acquisitions, acquiring Vitality and Oy, follow-ups of the acquisitions of System Frugt A/S and the Gainomax brand and follow-up of the expansion of the Castellcir production unit.

Board meetings follow a pre-approved agenda, to which specific issues will be added as necessary. The agenda, together with documentation for each of its items, is distributed to all Board Members approximately one week before the meeting. Each Board meeting commences with the minutes of the previous meeting and a review of any open matters. The CEO then provides an account of the Group's sales, earnings and business situation, including important external factors. Normally, the CFO then accounts for the Group's financial position in greater detail, together with any necessary analyses, reports are made regarding outstanding questions from earlier Board meetings, and plans and proposals are presented. All divisions present their operations at Board meetings according to a predetermined plan. In addition to the information provided in connection with Board meetings, the CEO distributes a monthly report to Board members. Minutes are kept for all Board meetings and sent to the members assigned to check the minutes for approval. One Board meeting is normally held every year at one of the Group's facilities.

Chairman of the Board

The Chairman organises and directs the work of the Board, represents the Company on ownership issues and is responsible for evaluating the Board's work. The Chairman is also responsible for the on-going dialogue with the CEO regarding operations and for the Board's fulfilment of its duties.

Evaluation of the Board's work

The Chairman of the Board is responsible for evaluating the Board's work, including the assessment of individual Board members' performance in accordance with an established digital process. The evaluation is reported to the Nomination Committee and forms the part of the basis for the Committee's proposals to the AGM regarding the composition of the Board and its fees.

Board Committees

The Board has appointed an Audit Committee and a Remunerations Committee. The members of the committees and their chairpersons are appointed at the inaugural Board meeting for one year at a time. The work of the committees is mainly of a preparatory and advisory nature, although the Board may, in individual cases, delegate the right to determine specific issues to the committees. The matters addressed at committee meetings are minuted and reported to the Board at the next Board meeting.

Audit Committee

The Audit Committee's main task is to oversee the financial reporting and ensure that the adopted principles for financial reporting, internal controls, internal audit and risk assessment are adhered to and applied. Its mission is to support the Nomination Committee with proposals for the election of auditor and audit fees.

In 2021, the Audit Committee consisted of Henrik Stenqvist (chairman), Peter Wahlberg and Johan Wester. The Committee met three times in 2021. For information on members' attendance, please see pages 178-179. The CEO and the CFO, who is also the Committee's secretary, and the principal auditor responsible participate in the Committee's meetings.

Remunerations Committee

The Remunerations Committee's main task is to prepare business for decision by the Board relating to terms of remuneration and employment for the CEO and other senior executives on the basis of principles established by the Annual General Meeting. It is also tasked with proposing guidelines for remuneration to the CEO and other senior executives, and with monitoring and evaluating the objectives and principles for variable compensation.

In 2021, the Remuneration Committee consisted of Ola Erici (chairman), Heli Arantola and Johan Wester. The Committee met once (1) in 2021. For information on members' attendance, please see pages 178–179.

CEO and Group Management

The President of the Company, who is also the CEO of the Group, is appointed by the Board of Directors. Peter Åsberg is the CEO and is responsible for on-going management in accordance with the Board's guidelines and instructions. In consultation with the Chairman of the Board, the CEO prepares the information the Board needs to conduct its work, presents matters and proposals for decisions and keeps the Board informed of the Company's development. The CEO leads the work of Group Management and makes decisions in consultation with other members of Group Management. In addition to the CEO, Group Management includes the Chief Financial Officer, the Division Director Nordics, the Division Director North Europe, Division Director South Europe and Director Operations.

In 2021, the Group Management met six times. Meetings focus primarily on the Group's strategic and operational development and reviewing performance. Operations are organised into three divisions.

Group structure

Instructions for the CEO

The Board adopts written instructions for the work of the President that, among other things, clarify responsibilities for day-to-day management, the division of duties between the Board and the CEO, as well cooperation with, and the information to, the Board.

Evaluation of the CEO

The Board continuously evaluates the CEO's work and expertise. The evaluation is made once a year without his presence.

Guidelines for remunerations to senior executives

For information on the guidelines for remuneration of senior executives adopted by the 2020 Annual General Meeting, please see pages 146-148 and *www.midsona.com*

Regulations regarding share trading

Board members, the CEO and other members of Group Management are registered as individuals in senior positions who may trade in Midsona's shares in accordance with applicable legislation and regulations. Beyond these, there are no specific internal regulations.

Insider information

Midsona is covered by the stipulations in the EU Market Abuse Regulation No 596/2014 (MAR) that sets requirements on how insider information is handled and the manner in which Midsona is obliged to keep a so-called log book.

Midsona uses the digital tool InsiderLog to ensure the handling of insider information. Only authorised individuals in Midsona have access to the tool.

External auditor

Deloitte AB, with authorised public accountant Jeanette Roosberg as the principal auditor responsible, was elected by the 2021 Annual General Meeting for a period of one year. For information on fees and remuneration of audit firms, please see Note 9 *Fees and remuneration to auditors* on page 146.

Audit assignment

The audit assignment includes an audit of the annual and consolidated financial statements. An audit is also performed of the administration by the Board of Directors and the CEO, of the proposal for appropriation of the Company's profit or loss and an opinion is expressed regarding the ESEF report. Statements are also issued regarding the Corporate Governance Report and the Sustainability Report. Statutory reviews are also conducted of the interim reports for the periods 1 January–30 September and for the period 1 January–31 December within the framework of the audit assignment.

The principal auditor responsible participates in Audit Committee meetings and reports in an on-going manner to the Chairman of the Audit Committee as necessary. The Board meets with the principal auditor responsible in connection with its handling of the year-end report. The principal auditor responsible participates at the Annual General Meeting, outlining there the audit and presenting the Audit Report.

Additional information

At *www.midsona.com* , there are an overview of the Company's application of the Swedish Code of Corporate Governance, the Articles of Association, the Code of Conduct, information from previous Annual General Meetings and previous Corporate Governance Reports.

Information on the laws and practices of Swedish corporate governance can be found at the Swedish Corporate Governance Board (www.bolagsstyrning.se), Nasdaq Stockholm (www.nasdaqomxnordic.com) and the Swedish Financial Supervisory Authority (www.fi.se).

Internal control of financial reporting

The report on internal control of financial reporting has been prepared by the Board of Directors in accordance with the Swedish Code of Corporate Governance and the guidelines issued by the Confederation of Swedish Enterprise and FAR. It describes how internal control is organised to manage and minimise the risk of errors in financial reporting.

Internal control

Within the Company, the following targets have been set with regard to internal control.

- It shall ensure compliance with the framework of applicable laws, regulations, rules and standards to which we are subject.
- It shall ensure that financial reporting is reliable and provides shareholders, the Board of Directors, management and other stakeholders adequate information on which to assess performance and development.
- It shall ensure that business operations are appropriately organised and conducted in such a manner that risks are continuously assessed, managed and minimised to meet financial and operational targets. On-going efforts to meet these targets involves a process building on a framework for internal control in which there is a particularly crucial interplay between control activities and the development of an effective control environment whereby responsibilities are assumed within the organisation.

The description of how internal controls are organised is limited to the internal control of financial reporting and follows a framework developed by "The Committee of Sponsoring Organisations of the Treadway Commission" (COSO). The framework consists of five components: control environment, risk assessment, control activities, information and communication, and review.

Control environment

The control environment forms the basis for the internal control of financial reporting. An important part of the control environment is that decision-making paths, authorisations and responsibilities are clearly defined-and communicated between different parts of the organisation and that control documents in the form of policies, procedures, instructions and manuals are in place. Consequently, an important part of the Board's work is to develop and approve a number of basic policies, guidelines and frameworks. These include the Board's formal work plan, the instructions to the CEO, regulations regarding investments, a financial policy and an insider policy. The purpose of these documents is to establish a basis for good internal control. The Board also works to ensure that the organisational structure provides clear roles, responsibilities and processes, facilitating effective management of operational risks and enabling the achievement of targets.

As part of the responsibility structure, each month, the Board evaluates business performance and results through an appropriate package of reports containing income statements and balance sheets, analyses of key performance indicators, comments regarding the business situation of each operation and, on a quarterly basis, also forecasts for future periods. As part of efforts to strengthen the internal control, policies, regulations and procedures are in place that provide a clear picture of the economic situation. These are living documents that are updated regularly and adapted to changes in the operations. In addition to this there are procedures and instructions that provide guidance in the day-to-day work of the organisation.

Risk assessment

An on-going process is underway to map the Group's risks. In this process, a number of income statement and balance sheet items are identified where the risk of errors in financial reports is elevated. the Company makes continuous efforts to strengthen controls around these risks.

Control activities

The Group's control structure is designed to manage risks that the Board deems relevant in the internal control of financial reporting. The purpose of control activities is to detect, prevent and correct errors and inconsistencies in reporting. Control activities include, for example, processes and procedures for the making of important decisions, earnings analyses and other analytical follow-ups, reconciliations, stock-taking procedures and controls in IT systems.

Information and communication

the Company's governing documents, including policies, procedures and manuals/ instructions are continuously updated and communicated through the appropriate channels, primarily via e-mail, internal meetings and the intranet.

Follow-up

The Board continuously evaluates the information provided by the Audit Committee, Group Management and the external auditor. The CEO and CFO hold frequent briefings with each of the division managers regarding the business situation, performance, financial position and forecasts. In addition, the accounting and finance function at the Group level maintains close cooperation with finance managers and controllers at the division and company level with regard to reporting and closing the accounts. Follow-up and feedback on any problems arising in the internal controls form a central component in the internal control processes.

Financial reporting

Financial data are reported monthly from all reporting units, in accordance with standardised reporting procedures as documented in the Group's accounting manual. This reporting forms the basis of the Group's consolidated financial reporting. The consolidation, which is performed centrally, culminates in complete income statements and balance sheets for each company and for the Group as a whole. Reported financial data are stored in a central database from which it is retrieved for analysis and review at the Group, division and company levels.

Assessment of the need for a special review function

The Group currently has no separate review function (internal audit). In light of the existing process for self-assessment and objective testing by an independent party, the view is taken that there is currently no need for a special review function to perform effective monitoring of internal control.

Operational improvements in 2021

The level at which review and evaluation should be performed is assessed continuously. This assessment also takes into account what systems should be implemented or updated and when.

A BI system was put into operation at Group level as part of improving the analysis of sales and margin development for product groups.

A number of security improvements were implemented for IT systems and the IT environment to increase information security in and between internal systems.

Auditor's report on the Corporate Governance Report

To the General Meeting of Shareholders in Midsona AB (publ)
corporate identity number 556241-5322

Assignment and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 1 January 2021 – 31 December 2021 on pages 170–174 and for it being prepared in accordance with the Annual Accounts Act.

Review focus and scope

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statements.

Statement

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, Items 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act are consistent with the financial statements and are in accordance with the Annual Accounts Act.

Malmö April 7, 2022
Deloitte AB

Jeanette Roosberg
Authorised public accountant

Remuneration report

Introduction

This report describes how the guidelines for remuneration of senior executives in Midsona AB, adopted by the 2020 Annual General Meeting, were applied in 2021. The report also contains about remuneration of the CEO and a summary of the Company's outstanding share-based incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board *Rules on remuneration of senior executives and on incentive programmes*.

Further information on remuneration of senior executives is in Note 10 *Employees, personnel expenses and senior executives' remuneration*, pages 146–148, in the 2021 Annual Report. Information on the Remuneration Committee's work in 2021 is in the Corporate Governance Report, pages 170-174, in the Annual Report 2021.

Board fees are not covered by this report. Such fees are decided on annually by the Annual General Meeting and presented in Note 10 *Employees, personnel expenses and senior executives' remuneration*, pages 146–148, and in the Corporate Governance Report, pages 170–174, in the Annual Report 2021.

Significant events

The CEO summarises the Company's overall results in his statement Comment by the CEO, pages 6–7, in the Annual Report 2021. In addition, other significant events are summarised in the following sections of the Administration Report, Significant events during the financial year, Significant events after the end of the financial year, and Risks and uncertainties, on pages 127–128.

Guidelines for remunerations to senior executives

Midsona has a clear strategy for driving profitable growth and creating shareholder value. A successful implementation of the business strategy and safeguarding long-term interests, including sustainability, presupposes that employees with the right qualifications can be recruited, retained and motivated. This requires a competitive remuneration to be able to be offered to senior executives in the country where he or she is employed. The remuneration guidelines mean that senior executives can be offered competitive overall compensation. For more information on the strategy, please see the website www.midsona.com.

The terms of remuneration shall emphasise rewards after performance and vary in relation to the individual's performance and the Group's results. The total remuneration of senior executives shall be market based and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. The variable remuneration is to be linked to financial or non-financial criteria. They can be comprised of individually adapted quantitative or qualitative goals. The criteria are to be formulated so that they promote the business strategy and long-term interest, including sustainability, through a clear connection to the business strategy or promote the executive's long-term development.

Guidelines for remuneration of senior executives are in Note 10 *Employees, personnel expenses and senior executives' remuneration*, pages 146–148, in the 2021 Annual Report. The applicable remuneration guidelines adopted by the 2020 Annual General Meeting were followed during the year. No deviations from the guidelines were made and no deviations have been made from the decision-making process, which according to the guidelines shall be applied to determine the remuneration. The auditor's opinion on compliance with the guidelines is available on the website *www.midsona.com*. No remuneration has been reclaimed. In addition to the remuneration covered by the remuneration guidelines, Annual General Meetings have resolved to introduce long-term incentive programmes, in which senior executives have been offered to buy warrants on market terms.

Total remuneration of the CEO, Peter Åsberg, earned in 2021 (SEK thousand unless otherwise stated)					
Basic salary[1]	Other benefits[2]	Variable remuneration[3, 4]	Pension expense[5]	Total remuneration	Proportion fixed/variable remuneration, %
5,002	143	–	1,566	6,711	100.0/0.0

Total remuneration of the CEO, Peter Åsberg, earned in 2020 (SEK thousand unless otherwise stated)					
Basic salary[1]	Other benefits[2]	Variable remuneration[3, 4]	Pension expense[5]	Total remuneration	Percentage fixed/variable remuneration, %
4,045	153	2,007	1,407	7,612	73.6/26.4

[1] Includes holiday pay and salary deduction for company car.
[2] Includes benefits, such as medical benefit and mileage allowance.
[3] The variable remuneration is for one year at a time.
[4] The variable remuneration is paid out the year after vesting.
[5] The pension is defined-contribution with a premium of 25 percent of the pensionable salary.

Share-based payment

There are no outstanding share-based incentive programmes according to IFRS 2 *Share-based Payment*, where senior executives are allocated options or the like free of charge. There were, however, two other outstanding warrant programs, TO2019/2022 and TO2021/2024, at the end of 2021.

In December 2019, a total of 148,000 warrants were transferred to senior executives in the TO2019/2022 series, the third and final part of the warrant programme that was decided on in 2017. The CEO acquired 60,000 warrants while the other senior executives subscribed for a total of 88,000 warrants. Each warrant entitles the holder to subscribe for 1.02 Series B shares in Midsona after recalculation. The period during which the warrants may be exercised will be from 1 August 2022 to 20 December 2022. The subscription price was SEK 49.80 after recalculation. The transfer of the warrants took place at market terms in December 2019 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 the Company. On the transaction date, the fair value per warrant was SEK 6.30.

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, distributed equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. In September 2021, a total of 171,000 series TO2021/2024 warrants were transferred to senior executives. The CEO acquired 30,000 warrants, other members of Group Management acquired 86,000 warrants and other senior executives and key personnel subscribed for a total of 55,000 warrants. 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 2024 to 20 December 2024. The subscription price was SEK 75.85. 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. On the transaction date, the fair value per warrant was SEK 9.60.

Further information on long-term incentive programmes, where senior executives were offered to buy warrants at market-based terms, is in Note 10 *Employees*, personnel expenses and senior executives' remuneration, pages 146–148, in the Annual Report 2021.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realise the Company's strategy and to encourage actions that are in its long-term interest. In the selection of performance criteria, the strategic goals and short- and long-term business priorities for 2021 were taken into account. The non-financial performance criteria also contribute to the adaptation to sustainability and the Company's values.

CEO Peter Åsberg's, performance for variable remuneration earned in 2021		
Criteria attributable to the remuneration component	**Relative weighting of performance criteria**	**1) Measured performance 2) Actual allocation/remuneration outcome**
EBITDA, before items affecting comparability, SEK million	60 percent	1) 0 percent 2) SEK 0 thousand
Creating growth opportunities	40 percent	1) 0 percent 2) SEK 0 thousand

The CEO's, Peter Åsberg's, performance for variable remuneration earned in 2020		
Criteria attributable to the remuneration component	**Relative weighting of performance criteria**	**1) Measured performance 2) Actual allocation/remuneration outcome**
EBITDA, before items affecting comparability, SEK million	60 percent	1) 82 percent 2) SEK 1,107 thousand
Organisation and sustainability development	20 percent	1) 100 percent 2) SEK 450 thousand
Creating growth opportunities	20 percent	1) 100 percent 2) SEK 450 thousand

Comparative information regarding changes in remuneration and the Company's earnings

Remuneration and company's earnings[1]											
	Change 2017/2016		Change 2018/2017		Change 2019/2018		Change 2020/2019		Change 2021/2020		2021
Remuneration of the CEO, SEK thousand	632	13.2%	1,026	18.9%	−670	−10.4%	1,839	31.9%	−901	−11.8%	6,711
Consolidated EBITDA, before items affecting comparability, SEK million	56	41.8%	51	26.8%	49	20.3%	100	34.5%	−77	−19.7%	313
Average remuneration based on the number of full-time equivalent employees in Midsona AB[2], SEK thousand	97	14.0%	−151	−19.2%	60	9.5%	100	14.5%	43	5.4%	837

[1] Includes remuneration earned in the respective year.
[2] Members of Group Management are excluded.

Board of Directors




	Ola Erici	Heli Arantola	Sandra Kottenauer	Henrik Stenqvist
Born	1960	1969	1972	1967
Position on the Board/attendance	Chairman – 10/10	Member – 10/10	Member – 10/10	Member – 10/10
Elected, year	2012	2020	2020	2017
Position	Industrial advisor	Managing Director Leipurin Abp Member of Executive Management Team, Aspo Abp	Chief Marketing and Product Officer Non Food, Manor AG, Switzerland	CFO Sobi
Previous experience	CEO of Ferrosan and Skånemejerier and several executive positions in the Tetra Laval Group and Gambro	Executive Vice President Categories & Concepts, Head of Strategy in HK Scan Oyj, Senior Vice President Fazer Group and President of Fazer Mills BU	Various positions in Procter & Gamble Europe, including as Global Brand Director	CFO Recipharm and Meda AB and management positions within the AstraZeneca Group. Board Member of MedCap AB
Education	MSc in Economics, Stockholm School of Economics and HEC in Paris	MSc, Economic Sciences, Helsinki School of Economics, and Doctor of Science, Economic Sciences, Hanken School of Economics	MSc, Marketing & International Business, Stockholm School of Economics	MBA, Linköping University
Other assignments	Chairman of the Board of Geveko AB, Dynsafe AB, Solix Group AB and Finqr AB and Board Member of Tresu A/S	Board member of Tobii AB and S-Banken Abp	–	–
Dependent on the Company and its shareholders	No	No	No	No
Own holding and through closely-related parties, 2021[2]	199,415 Series B shares (own holding and through closely-related parties)	0	0	38,059 series B shares
Own holding and through closely-related parties, 2020	99,415 Series B shares (own holding and through closely-related parties)	0	0	28,059 Series B shares
Audit Committee/attendance				Chairman – 3/3
Remunerations Committee/attendance	Chairman – 1/1	Member – 1/1		
Remuneration 2021[3]	Board fees SEK 600,000, Committee fees SEK 45,000, Total SEK 645,000	Board fees SEK 260,000, Committee fees SEK 25,000, Total SEK 285,000	Board fees SEK 260,000 Total SEK 260,000	Board fees SEK 260,000, Committee fees SEK 75,000, Total SEK 335,000

[1] Johan Wester conducts assignments on behalf of Stena Adactum AB.
[2] Shareholding as of 28 February 2022. For updated shareholding, please see *www.midsona.com/Bolagsstyrning.*
[3] Remuneration of the Board of Directors for the period June 2021 to May 2022. Remuneration of Board members elected by the 2021 Annual General Meeting following a proposal from the Nomination Committee. For more information, see Note 10 *Employees, personnel expenses and senior executives' remuneration*, pages 146-148.

Peter Wahlberg	Johan Wester
1962	1966
Member – 10/10	Member – 10/10
2015	2009
Self-employed	Senior Vice President Stena Adactum AB
Stockbroker Penser Fondkommission and Matteus Fondkommission	CEO Mediatec Group, Partner at Arthur D. Little and member of the Boards of Ballingslöv International AB and Personec Oy
Economics studies at Lund University	Graduate engineer, Chalmers Institute of Technology
Chairman of the Board of Wallhouse AB. Member of the Boards of Hestermus, AB Nolefo, Wahlbergs Drycker AB, Data Doc Holding AB and Pudelqvist	Chairman of the Board of S-Invest Trading Aktiebolag, Captum Group AB and SR Energy AB. Chairman of the Board of S&L Access Systems AB and Beijer Electronics Group AB
No	Yes[1]
3,237,885 Series B shares (closely-related parties and through companies), of which 1,665,719 is via endowment insurance.	92,195 Series B shares (own holding and through closely-related parties)
3,237,885 Series B shares (closely-related parties and through companies), of which 1,665,719 is via endowment insurance.	78,045 Series B shares (own holding and through closely-related parties)
Member – 3/3	Member – 3/3
	Member – 1/1
Board fees SEK 260,000 Committee fees SEK 40,000 Total SEK 300,000	Board fees SEK 260,000 Committee fees SEK 65,000 Total SEK 325,000

Auditor

Jeanette Roosberg.
Authorised Public Accountant with Deloitte AB and member of FAR.

Group Management




	Peter Åsberg	Max Bokander	Tobias Traneborn	Ulrika Palm
Born	1966	1973	1975	1973
Employed	2007	2021	2017	2016
In current position	2007	2021	2017	2018
Position	President and CEO	CFO	Director Operations	Division Director Nordics
previous positions:	President of Cloetta Fazer, Sverige. Various positions at Procter & Gamble and Coca-Cola	VP Finance and Business Control at the Trelleborg Group and senior positions at ST-Ericsson, Skanska and Tetra Pak.	Positions as Chief Operating Officer at CDON.COM, Operations Manager at HKC and as Logistics Manager at both Lantmännen Cerealia and Kjell & Company	CEO Lager 157, Director of Marketing and Innovation for Lantmännen Cerealia and various positions at Procter & Gamble, Wella and Unilever
Education	MSc Economics, Lund University	MSc Economics, Lund University	BSc Engineering, University of Borås	MSc, School of Business, Economics and Law, University of Gothenburg
Own holding and through closely-related parties, 2021[1]	570,984 Series B shares (own holding) and 450 Series B shares (closely-related parties) and 60,000 warrants (2019/2022) and 30,000 warrants (2021/2024)	5,000 Series B shares and 13,000 warrants (2021/2024)	8,468 Series B shares, 16,000 warrants (2021/2022) and 15,000 warrants (2021/2024)	10,000 Series B shares, 18,000 warrants (2019/2022) and 18,000 warrants (2021/2024)
Own holding and through closely-related parties, 2020	606,134 Series B shares (own holding), 450 Series B shares (closely-related parties) and 60,000 warrants (2019/2022)	3,000 Series B shares	8,468 Series B shares and 16,000 warrants (2019/2022)	10,000 Series B shares and 18,000 warrants (2019/2022)

[1] Shareholding as of 28 February 2022. For updated shareholding, please see *www.midsona.com/Bolagsstyrning*.

Principles for remuneration

Principles for remunerations to senior executives are determined by the Annual General Meeting. Senior executives are considered to be the CEO and other members of the management team. The 2020 Annual General Meeting approved guidelines for remuneration to senior executives with the following main wording (complete guidelines are available at*www.midsona.com*).

Midsona will offer a market-based and competitive total compensation. The remuneration may consist of fixed salary, a possibility of variable remuneration in the form of bonus, insurance policies, pension benefits, severance pay and other benefits. The Annual General Meeting may in addition – and independently of these guidelines – decide on share-based payments. Fixed salary shall be based on the individual employee's position, expertise, experience and performance The fixed salary shall be subject to an annual review. Variable remuneration shall be tied to predetermined and measurable criteria with the aim of promoting the Company's long-term value creation, business strategy and sustainable long-term interests. The CEO shall have the option of a variable bonus corresponding to a maximum amount which for a one-year period shall not exceed 50 percent of the CEO's basic salary. Others in Group Management shall have the option of a variable bonus corresponding to a maximum amount that, for a one-year period, shall not exceed 30 percent of the executive's basic salary.

Pension terms must be market-based in relation to what applies for corresponding executives in the market. Pension benefits shall be defined-contribution benefits and normally entitle the individual to pension from the age of 65. For all senior executives, pension benefits can amount to a maximum of 25 percent of the pensionable salary. All executives, including the CEO, can terminate their employment at six (6) months' notice. Upon termination by Midsona, a period of notice of a maximum

Marjolaine Cevoz Goyat

Erk Schuchhardt

Marjolaine Cevoz Goyat	Erk Schuchhardt
1975	1969
2010	2013
2019	2018
Division Director South Europe	Division Director North Europe
Former marketing manager at the Panzani Group and brand manager at Procter & Gamble	Senior positions in Weleda Germany, Weleda North America and Weleda Argentina
Master degree from École des hautes études commerciale, Paris	Master degree from London School of Economics
18,000 warrants (2019/2022) and 20,000 warrants (2021/2024)	18,000 warrants (2019/2022) and 20,000 warrants (2021/2024)
18,000 warrants (2019/2022)	18,000 warrants (2019/2022)

Remuneration and other benefits to Group Management, 2021

Group Management (6 individuals)1	SEK thousand
Basic salary	15,047
Variable remuneration	514
Other benefits	484
Pension expense	3,654
Total	**19,699**

[1]Group Management comprises those who, together with the CEO Peter Åsberg, were included in Group Management during all or part of the year. These senior executives were Lennart Svensson, Ulrika Palm, Tobias Traneborn, Erk Schuchhardt and Marjolaine Cevoz-Goyat. For more information on remuneration and other benefits to Group Management, see Note 10 *Employees, personnel expenses and senior executives' remuneration,* pages 146–148.

of 12 months applies. If the CEO's employment ends on the Midsona's initiative, a severance pay of six (6) months' salary will be payable in addition to salary during the period of notice. Fixed salary during the period of notice and severance pay combined may not exceed an amount equivalent to the senior executive's fixed salary for 24 months.

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board's decisions regarding remuneration and terms of employment for the CEO and other senior executives in Midsona based on these principles. The Committee is also tasked with proposing guidelines for remuneration to the CEO and other senior executives, and with monitoring and evaluating the objectives and principles for variable compensation. The Board of Directors must draw up proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Board may decide to temporarily deviate from the guidelines in part or in whole if in an individual case special reason exists to do so and a deviation is necessary to provide for long-term interests, including sustainability, or to secure the Midsona's financial strength. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions in remuneration issues, which also include decisions on deviations from the guidelines.

For the 2021 financial year, no variable remuneration was paid to the CEO. For the 2021 financial year, variable remuneration of SEK 514 thousand was paid to the other members of Group Management, which corresponded to 5 percent of base salary.

Five-year summary

Excerpts from income statements

SEK million	2021	2020	2019	2018	2017
Net sales	3,773	3,709	3,081	2,852	2,146
Expenses for goods sold	–2,758	–2,672	–2,178	–1,980	–1,435
Gross profit	**1,015**	**1,037**	**903**	**872**	**711**
Selling expenses	–592	–542	–505	–473	–393
Administrative expenses	–289	–284	–240	–212	–179
Other operating income	35	52	37	7	3
Other operating expenses	–8	–6	–25	–16	–8
Operating profit	**161**	**257**	**170**	**178**	**134**
Result from participations in joint ventures	–	–8	–1	–	–
Financial income	11	14	0	16	0
Financial expenses	–57	–59	–53	–31	–22
Profit/loss before tax	**115**	**204**	**116**	**163**	**112**
Tax	–26	–28	–19	–34	–28
Profit for the year	**89**	**176**	**97**	**129**	**84**
Depreciation/amortisation and impairment					
Depreciation/amortisation and impairment included in operating income	168	147	114	52	35
EBITDA	**329**	**404**	**284**	**230**	**169**
Items affecting comparability					
Items affecting comparability included in operating profit	–4	–14	6	11	21
Operating profit, before items affecting comparability	**157**	**243**	**176**	**189**	**155**
Depreciation/amortisation, impairment and items affecting comparability					
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	152	133	120	63	56
EBITDA, before items affecting comparability	**313**	**390**	**290**	**241**	**190**
Pro forma adjustment and acquisition-related restructuring and transaction expenses					
Pro forma adjustment and acquisition-related restructuring and transaction expenses affecting EBITDA	**–5**	**–30**	**21**	**24**	**11**
Adjusted EBITDA	**324**	**374**	**305**	**254**	**180**

Excerpts from balance sheets

SEK million	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Intangible fixed assets	3,364	3,289	3,058	2,466	2,129
Other fixed assets	617	637	686	332	160
Inventories	783	643	529	482	272
Other current assets	470	363	334	318	242
Cash and cash equivalents	53	195	173	101	54
Total assets	**5,287**	**5,127**	**4,780**	**3,699**	**2,857**
Shareholders' equity	2,875	2,313	2,322	1,630	1,550
Non-current interest-bearing liabilities	1,314	1,526	1,408	1,124	665
Other non-current liabilities	358	380	413	354	226
Current interest-bearing liabilities	175	253	118	93	41
Other current liabilities	565	655	519	498	375
Total shareholders' equity and liabilities	**5,287**	**5,127**	**4,780**	**3,699**	**2,857**

Excerpts from cash flow statements

SEK million	2021	2020	2019	2018	2017
Cash flow from operating activities before changes in working capital	244	319	221	182	146
Changes in working capital	–308	–36	–23	30	6
Cash flow from operating activities	**–64**	**283**	**198**	**212**	**152**
Cash flow from investing activities	–175	–369	–712	–357	–91
Cash flow after investing activities	**–239**	**–86**	**–514**	**–145**	**61**
Cash flow from financing activities	94	117	589	189	–69
Cash flow for the year	**–145**	**31**	**75**	**44**	**–8**
Cash and cash equivalents at beginning of the year	195	173	101	54	65
Exchange-rate difference in cash and cash equivalents	3	–9	–3	3	–3
Cash and cash equivalents at end of the year	**53**	**195**	**173**	**101**	**54**

Key figures[1]

		2021	2020	2019	2018	2017
Income and expense						
Net sales growth	%	1.7	20.4	8.0	32.9	23.1
Organic change, net sales	%	–6.0	3.9	–6.1	3.0	–4.2
Selling expenses/net sales	%	15.7	14.6	16.4	16.6	18.3
Administrative expenses/net sales	%	7.7	7.7	7.8	7.4	8.3
Margin						
Gross margin	%	26.9	28.0	29.3	30.6	33.1
Gross margin, before items affecting comparability	%	27.0	28.1	29.5	30.6	33.1
EBITDA margin	%	8.7	10.9	9.2	8.1	7.9
EBITDA-margin, before items affecting comparability	%	8.3	10.5	9.4	8.5	8.9
Operating margin	%	4.3	6.9	5.5	6.2	6.2
Operating margin, before items affecting comparability	%	4.2	6.6	5.7	6.6	7.2
Profit margin	%	3.0	5.5	3.8	5.7	5.2
Capital						
Average capital employed	SEK million	4,228	3,970	3,348	2,552	2,166
Return on capital employed	%	4.1	6.6	5.0	7.6	6.2
Return on shareholders' equity	%	3.4	7.6	4.9	8.1	5.8
Equity/assets ratio	%	54.4	45.1	48.6	44.1	54.3
Liquidity						
Net debt	SEK million	1,436	1,584	1,353	1,116	652
Net debt/EBITDA	Multiple	4.4	3.9	4.8	4.9	3.9
Net debt / Adjusted EBITDA	Multiple	4.4	4.2	4.4	4.4	3.6
Net debt/equity ratio	Multiple	0.5	0.7	0.6	0.7	0.4
Interest coverage ratio	Multiple	3.9	7.0	4.2	7.3	7.2
Cash flow						
Cash flow from operating activities	SEK million	–64	283	198	212	152
Free cash flow	SEK million	–94	252	155	176	125
Employees						
Average number of employees	number	832	747	581	473	353
Number of employees at the end of the year	number	849	834	721	525	384
Shares and market capitalisation						
Average number of shares during the year	thousand	67,783	65,005	48,179	46,008	44,141
Number of shares at end of year	thousand	72,714	65,005	65,005	46,008	46,008
Market capitalisation	SEK million	3,938	5,057	3,212	2,834	2,691
Number of unregistered shares at end of year[3]	thousand	–	213	–	–	–
Per share data						
Profit attributable to Parent Company shareholders	SEK	1.31	2.70	2.02	2.80	1.91
Shareholders' equity	SEK	39.54	35.58	35.72	35.43	33.69
Cash flow from operating activities	SEK	–0.94	4.35	4.11	4.61	3.44
Free cash flow	SEK	–1.39	3.88	3.22	3.83	2.83
Share price on balance sheet date (Series B shares)	SEK	54.10	77.80	49.40	61.60	58.50
Dividend[2]	SEK	–	1.25	1.25	1.25	1.25
Yield	%	–	1.6	2.5	2.0	2.1
Payout ratio[4]	%	–	46.4	83.6	45.1	68.2
P/E ratio	Multiple	41.2	28.8	24.5	22.0	30.6

[1] Midsona presents certain financial measures in the Year-end report that are not defined under IFRS. For definitions and reconciliation to IFRS, see pages 184–188.
[2] Dividend for 2021 refers to the proposal by the Board of Directors.
[3] Unregistered shares at end of 2020 registered 29 January 2021 and subject to dividend decided on at the 2021 Annual General Meeting.
[4] Figures for 2020 adjusted for unregistered shares at the end of the year.

Definitions

Midsona presents certain financial measures in the Annual Report that are not defined under IFRS. Midsona considers these measures to provide useful supplemental information to investors and the Company's management as they facilitate the evaluation of the Company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Accordingly, these financial measures should not be considered a substitute for measurements as defined under IFRS. The table below presents measures not defined under IFRS, unless otherwise stated. The purpose of each measure is presented in italics.

Return on Equity Profit for the year in relation to average shareholders' equity. *For assessing the Company's ability to reach an industry-rate reasonable level of return on the total capital of the owners made available.*

Return on capital employed – Profit before tax plus financial expenses in relation to average capital employed. *For assessing the Company's ability to reach an industry-rate reasonable level of return on the total capital of the owners and lenders made available.*

Gross margin Gross profit in relation to net sales. *Relevant for assessing the Company's ability to reach an industry-rate level of profitability*.

Market capitalisation Number of shares at year-end multiplied by the price quoted for Series B share on the balance sheet date. *To assess the Company's market value.*

Yield Dividend in relation to the price quoted for Series B share on the balance sheet date. *Yield is one central financial measure for determining the share of earnings for the year that the Company distributes to its shareholders.*

EBITDA Operating profit before depreciation/amortisation and impairment of tangible and intangible assets.. *EBITDA is a key performance measure for assessing the earnings trend of the Company over time.*

EBITDA, before items affecting comparability adjusted for IFRS 16 effects Operating profit before depreciation/amortisation and impairment of tangible and intangible assets adjusted for lease fees on ROU assets as a result of the introduction of IFRS 16. *EBITDA before items affecting comparability adjusted for IFRS 16 effects is a relevant results measurement with the aim of improving comparability to assess earnings development with the comparison year to show what the earnings would have been if IAS 17 still applied.*

EBITDA margin EBITDA in relation to net sales. *EBITDA margin is a key figure for assessing the Company's ability to reach a level of profitability by segment as well as one of the Company's financial goal of an EBITDA margin in excess of 12 percent is met.*

Shareholders' equity per share Shareholders' equity divided by the number of shares outstanding at the end of the year. *Is a measurement that measures the Company's net asset value per share and allows assessment if the Company increases shareholder wealth over time.*

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, as well as expansion investments. *Is a measure of the Company's underlying cash flow*.

Free cash flow per share Free cash flow in relation to the average number of shares. *Is a measure of the Company's underlying cash flow per share.*

Average number of shares Average number of shares outstanding during the year. *Financial measure defined under IFRS.*

Adjusted EBITDA EBITDA, rolling 12 months pro forma, excluding acquisition-related restructuring and transaction expenses *Is a relevant measure to increase the comparability of EBITDA over time.*

Items affecting comparability Significant items that are presented separately due to their size or frequency, such as restructuring costs, acquisition-related income and acquisition-related costs. *This is a measure of operating items not normally included in the Company's operating activities. Relevant for assessing the Company's operating profit growth eliminated for those non-recurring operating items.*

Customer credit period Accounts receivable adjusted for VAT in relation to net sales. *Is a relevant measure to assess how quickly the Company gets paid by its customers.*

Net sales growth Net sales for the year less the preceding year's net sales in relation to the preceding year's net sales. *Net sales growth is a key to determine whether the Company's growth strategy and the fulfilment of one of the Company's financial target of an average growth of at least 15 percent of the time met.*

Net debt Interest-bearing provisions and liabilities at the end of the year less cash and cash equivalents. *Net debt is a measure that the Company regards as relevant to creditors and credit rating agencies.*

Net debt/EBITDA Net debt in relation to EBITDA. *Net debt/EBITDA is a figure that Midsona regards as relevant to investors who want to assess the Company's opportunities to implement strategic investments, to meet its financial obligations, and to meet one of its financial targets of net debt/EBITDA of a multiple of 3-4.*

Net debt/Adjusted EBITDA Net debt in relation to Adjusted EBITDA. *Net debt/Adjusted EBITDA is a figure that Midsona regards as relevant to investors who want to assess the Company's opportunities to implement strategic investments, to meet its financial obligations, and to meet one of its financial targets of net debt/EBITDA of a multiple of 3-4. This key figures increase the comparability of Net debt/EBITDA over time.*

Net debt/equity ratio Net debt in relation to shareholders' equity. *Net debt/equity ratio is a key figure for assessing a company's capital structure.*

Organic change, net sales Net change in sales between years adjusted for translation effects on consolidation and for changes in the Group structure *Organic change, net sales is a key figure determining whether the Company's growth strategy is met, adjusted for currency effects on consolidation as well as acquisitions and divestments of operations.*

P/E ratio Share price on the balance sheet date in relation to earnings per share. *Is a key figure that is considered relevant to assess whether the Company's stock is worth buying or not.*

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

Interest coverage ratio Profit before tax plus interest expenses in relation to interest expenses. *Interest coverage is relevant for assessing the Company's ability to execute strategic investments and assess the Company's ability to meet its financial commitments.*

Working capital Non-interest-bearing current assets less non-current non-interest-bearing liabilities. *Working capital is a key performance indicator for assessing the Company's ability to meet short-term capital.*

Operating margin Operating profit in relation to net sales. *The perating margin is relevant for assessing the Company's ability to reach an industry-based level of profitability.*

Equity/assets ratio Shareholders' equity at the end of the year in relation to total assets.*The equity/assets ratio shows the proportion of the balance sheet total represented by shareholders' equity and has been included to gain a view of the Company's capital structure.*

Structural changes Changes in net sales due to changes in the Group structure. *Structural changes measure how changes in the Group structure contribute to changes in net sales.*

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

Pay-out ratio Proposed/approved dividend in relation to net income. *Pay-out ratio is relevant for assessing whether the Company meets one of its financial objectives of having a long-term pay-out ratio exceeding 30 percent.*

Profit margin Profit before tax in relation to net sales. *The profit margin is relevant for assessing the Company's ability to reach an industry-based level of profitability.*

IFRS reconciliations, Group

EBITDA

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

SEK million	2021	2020	2019	2018	2017
Operating profit, before items affecting comparability	**157**	**243**	**176**	**189**	**155**
Items affecting comparability included in operating profit[1,2]	4	14	–6	–11	–21
Operating profit	**161**	**257**	**170**	**178**	**134**
Amortisation of intangible assets	47	48	36	31	24
Impairment of intangible assets	8	–	–	–	–
Depreciation of tangible fixed assets	109	99	78	21	11
Impairment of tangible fixed assets	4	–	–	–	–
EBITDA	**329**	**404**	**284**	**230**	**169**
Items affecting comparability included in EBITDA[1,2]	–16	–14	6	11	21
EBITDA, before items affecting comparability	**313**	**390**	**290**	**241**	**190**
Net sales	3,773	3,709	3,081	2,852	2,146
EBITDA-Margin, before items affecting comparability	**8.3%**	**10.5%**	**9.4%**	**8.5%**	**8.9%**

[1] Specification of items affecting comparability

SEK million	2021	2020	2019	2018	2017
Restructuring costs	0	25	15	2	16
Acquisition-related costs	5	5	17	10	5
Revalued conditional purchase consideration	–21	–36	–26	–1	–
Acquisition-related revenues (negative consolidated goodwill)	–	–8	–	–	–
Impairment of intangible and tangible assets	12	–	–	–	–
Items affecting comparability included in operating profit	**–4**	**–14**	**6**	**11**	**21**
Impairment of intangible and tangible assets	–12	–	–	–	–
Items affecting comparability included in EBITDA	**–16**	**–14**	**6**	**11**	**21**

[2] Corresponding line in the consolidated income statement

SEK million	2021	2020	2019	2018	2017
Expenses for goods sold	4	5	7	2	–
Selling expenses	8	5	5	–1	4
Administrative expenses	0	15	2	1	12
Other operating income	–21	–44	–26	–1	–
Other operating expenses	5	5	18	10	5
Items affecting comparability included in operating profit	**–4**	**–14**	**6**	**11**	**21**
Expenses for goods sold	–4	–	–	–	–
Selling expenses	–8	–	–	–	–
Items affecting comparability included in EBITDA	**–16**	**–14**	**6**	**11**	**21**

Adjusted EBITDA

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

SEK million	2021	2020	2019	2018	2017
EBITDA	**329**	**404**	**284**	**230**	**169**
Acquisition-related restructuring expenses	–	–	–	1	16
Acquisition-related transaction expenses	–16	–39	–11	9	5
Pro forma adjustment	11	9	32	14	–10
Adjusted EBITDA	**324**	**374**	**305**	**254**	**180**

Net debt

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

SEK million	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Non-current interest-bearing liabilities	1,314	1,526	1408	1,124	665
Current interest-bearing liabilities	175	253	118	93	41
Cash and cash equivalents[1]	–53	–195	–173	–101	–54
Net debt	**1,436**	**1,584**	**1,353**	**1,116**	**652**

[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	2021	2020	2019	2018	2017
Equity and liabilities	**5,287**	**5,127**	**4,780**	**3,699**	**2,857**
Other non-current liabilities	–11	–38	–92	–83	–5
Deferred tax liabilities	–347	–342	–321	–271	–221
Accounts payable	–342	–405	–288	–357	–220
Other current liabilities	–56	–80	–91	–33	–50
Accrued expenses and prepaid income	–167	–170	–140	–108	–105
Capital employed	**4,364**	**4,092**	**3,848**	**2,847**	**2,256**
Capital employed at the beginning of the period	4,092	3,848	2,847	2,256	2,076
Average capital employed	**4,228**	**3,970**	**3,348**	**2,552**	**2,166**

Return on capital employed

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

SEK million	2021	2020	2019	2018	2017
Profit/loss before tax	**115**	**204**	**116**	**163**	**112**
Financial expenses	57	59	54	31	22
Profit before taxes, excluding financial expenses	**172**	**263**	**170**	**194**	**134**
Average capital employed	4,228	3,970	3,348	2,552	2,166
Return on capital employed, %	**4.1**	**6.6**	**5.1**	**7.6**	**6.2**

Average shareholders' equity

Total shareholders' equity at the end of the period plus total shareholders' equity at the beginning of the period divided by 2.

SEK million	2021	2020	2019	2018	2017
shareholders' equity	**2,875**	**2,313**	**2,322**	**1,630**	**1,550**
shareholders' equity at the beginning of the period	2,313	2,322	1,630	1,550	1,349
Average shareholders' equity	**2,594**	**2,318**	**1,976**	**1,590**	**1,450**

Return on shareholders' equity

Profit for the period in relation to average shareholders' equity.

SEK million	2021	2020	2019	2018	2017
Profit for the year	**89**	**176**	**97**	**129**	**84**
Average shareholders' equity	2,594	2,318	1,976	1,590	1,450
Return on equity, %	**3.4**	**7.6**	**4.9**	**8.1**	**5.8**

Free cash flow

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

SEK million	2021	2020	2019	2018	2017
Cash flow from operating activities	**–64**	**283**	**198**	**212**	**152**
Cash flow from investing activities	–175	–369	–712	–357	–91
Acquisitions of companies or operations	114	278	659	295	64
Expansion investment in a new production line	31	–	2	26	–
Acquisition of joint venture	–	–	8	–	–
Acquisitions of brands and product rights	–	60	–	–	–
Free cash flow	**–94**	**252**	**155**	**176**	**125**

Organic change, net sales

Change in net sales between years adjusted for translation effects on consolidation and for changes in the Group structure.

SEK million	2021	2020	2019	2018	2017
Net sales	**3,773**	**3,709**	**3,081**	**2,852**	**2,146**
Net sales compared with the corresponding period in the preceding year	–3,709	–3,081	–2,852	–2,146	–1,744
Net sales, change	**64**	**628**	**229**	**706**	**402**
Structural changes	–355	–574	–355	–557	–457
Exchange rate changes	67	65	–48	–85	–18
Organic change	**–224**	**119**	**–174**	**64**	**–73**
Organic change, %	–6.0%	3.9%	–6.1%	3.0%	–4.2%
Structural changes, %	9.5%	18.6%	12.4%	26.0%	26.2%
Exchange rate changes, %	–1.8%	–2.1%	1.7%	4.0%	1.0%

EBITDA, before items affecting comparability and adjusted for the IFRS 16 effect

EBITDA before items affecting comparability adjusted for the effect of lease fees on ROU assets as a result of the introduction of IFRS 16, i.e. as it would have looked if IAS 17 had still applied.

SEK million	2021	2020	2019	2018	2017
EBITDA, before items affecting comparability	**313**	**390**	**290**	**241**	**190**
Leasing fees on ROU assets with application of IFRS 16	–58	–50	–44	–	–
EBITDA, before items affecting comparability and adjusted for the IFRS 16 effect	**255**	**340**	**246**	**241**	**190**

Glossary

Agenda 2030 In 2015, the UN countries decided on a common vision to achieve sustainable development for all. Agenda 2030 comprises 17 targets and 169 sub-targets that, among other things, aim to eradicate extreme poverty, counteract injustices and solve the climate crisis.

Audit Third-party review of suppliers through announced or unannounced visits with follow-up of requirements in the Supplier Code of Conduct.

Biological wealth and biodiversity describe the variation that exists between species, within species and between habitats here on Earth.

BSCI (Business Social Compliance Initiative) A member-driven corporate initiative for responsible supply chains.

CDP (formerly Carbon Disclosure Project) Global non-profit organisation that operates the world's environmental accounting system for companies, cities, states and regions. The CDP grades companies on their transparency and to guide, stimulate and assess environmental measures. The grades range from A to D–.

DLF Trade association for companies that sell convenience goods to retailers, restaurants and institutional catering in Sweden.

Ecological products Products grown without pesticides or chemical fertilisers. Those seeking to sell products as organic within the EU must comply with the EU regulations for organic production.

EU Regulation 2018/848[1] Establishes principles and rules for organic production and associated certification. It also determines the use of data in the marketing of organic products.

FTI (Packaging and Newspaper Collection) provides a nationwide collection system for packaging in Sweden. the Company is responsible for the collection and recycling of packaging from the country's households via recycling stations and collection sites close to properties.

GFSI (Global Food Safety Initiative) A corporate initiative for auditing, comparing and recognising voluntary certification programmes for food safety.

Global Compact UN initiative combining companies and community institutions with some ten principles on the environment and society.

GRI (Global Reporting Initiative) Issues guidelines for sustainability reporting that can be used on a voluntary basis by organisations to report environmental, social and economic aspects of their activities, products and services.

Green Deal The EU plan to become the world's first climate neutral continent before 2050 through some 50 action programmes that affect different parts of the European economy.

Sustainable development (sustainability) Development that meets today's needs without jeopardizing future generations' ability to satisfy their needs.

Healthfoods Food that may be good for our health and our well-being.

IEA (International Energy Agency) is the OECD countries' co-operation body for energy issues and has 30 member countries.

ILO (International Labour Organisation) is the UN's specialist body for working life issues. The ILO's fundamental goal is to fight poverty and promote social justice.

IPCC (Intergovernmental Panel on Climate Change) is the UN's scientific climate panel and is tasked with assessing the state of research on climate change caused by humans. The IPCC does not conduct its own research, but compiles the world's leading climate research aided by experts from a large part of the world as reviewers.

Kodiak A quality and sustainability risk assessment system that rates and monitors suppliers.

Consumer health Various product categories consisting of healthy nutritional supplements that contribute to good health and well-being, such as natural and herbal medicines, dietary supplements and supplement-like medical aids.

Contract manufacturing Entails that a company engages another company to help with the production. This may involve everything from not having expertise in a special field to wanting help with the entire production line. Sometimes called subcontracting work.

Nutritional supplements These are classified as foods and serve as supplements to normal foodstuffs. They may contain vitamins and minerals or other nutrients such as omega-3.

Licensed brands Other companys' products that are marketed by Midsona.

Pharmaceutical – According to the law, pharmaceuticals are all substances allegedly able to detect, prevent, treat or cure disease or disease symptoms.

Low Carbon Transition Plan (LCT plan)[2] Is a timed action plan that clearly describes how an organisation should restructure its operations to limit global warming to 1.5°C.

Net-Zero (net-zero emissions or climate neutral) means that a business achieves a balance between greenhouse gas emissions and uptake of greenhouse gases through climate financing. In climate compensation projects involving greenhouse gases being taken up over a long period of time, they may be used, for example through tree planting or direct capture of carbon dioxide from the air.

Minerals The body comprises some 20 different minerals. They make up about 4 percent of bodyweight. Minerals are needed in small amounts but are vital because our bodies cannot produce them.

Omega-3 A number of polyunsaturated and beneficial fatty acids are referred to as omega-3. They are essential fatty acids, meaning the body cannot produce them itself and must instead obtain them through diet. The longer polyunsaturated fatty acids EPA and DHA from fish and fish oil in particular have been found to have additional health-beneficial effects.

Private label Midsona's production of other brands as a contract supplier.

RSPO Round Table on Sustainable Palm Oil International round table process to develop criteria for sustainable palm oil. The standard is a tool to ensure that palm oil does not contribute to deforestation, expansion on peatlands, exploitation of labour or the use of fire for clearing.

Seitan A gluten-based food used as a base in various vegetarian meat replacement products.

Science Based Target Initiative A collaboration between the UN Global Compact, WRI, the World Wide Fund and the Carbon Disclosure Project. The initiative provides support to companies to set climate targets in line with certain scientific models. To be able to set a Science Based Target, the Company needs to go through its entire greenhouse gas emissions throughout the value chain.

GHG Protocol (Scopes 1, 2 and 3) is the generally accepted standard for reporting greenhouse gas emissions and divides corporate emissions into three different Scopes. Scope 1 comprise the emissions incurred directly within the operations. Scope 2 concerns energy purchased for the operations. Scope 3 consists of 15 emission areas that can be significant for companies to report on.

Sports nutrition Nutritional and dietary supplements that cater to athletes.

Taxonomy Joint classification system for environmentally sustainable investments and financial products, part of the EU's Green Deal. The taxonomy enables investors to focus their investments on more sustainable technology and sustainable companies and thus contribute to making Europe climate-neutral by 2050.

TCFD (Task Force on Climate Related Financial Disclosure) Framework aimed at guiding organisations in the work of identifying their climate-related financial risks and opportunities.

Tempeh Natural vegetarian product used in food preparation. Made by cooking beans, usually soy beans, undergoes a fermentation process.

Tofu Fresh cheese-like product made of soy beans with neutral flavour, which means that it can be used in ice cream and vegetarian meat alternatives, to name a few. Often used by vegans and the lactose intolerant.

Dry goods Semi-durable goods such as preserves, spices, cereal flakes, flour and nuts. They have in common a long shelf life.

Vegetarian Refraining from food from the animal kingdom. The reasons for choosing vegetarian food vary, for example for environmental or health reasons, for ethical or religious reasons, or simply because people prefer vegetarian foods.

Veganism Taking a position against the use of animals in any form. Accordingly, vegans refrain completely from animal products including all kinds of meat and foods produced by animals, such as milk, cheese, eggs and honey. Vegans also refrain from using animals in, for example, fashion and furnishings.

Vitamins Vitamins are organic substances. Their effect and appearance varies. Common to all of them is that they must be supplied from outside the body. Vitamins are needed in very small amounts but are vital because our bodies cannot produce them. Deficiencies may lead cause disease.

Plant-based diet In a plant-based diet, preferably 2/3 is comprised of plant-based food. Animal products normally do not need to be excluded entirely, but rather the proportions change.

Greenhouse gases The gases in the Earth's atmosphere that capture thermal radiation and thereby contribute to the greenhouse effect. The most important of these are water vapour (H_2O), carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4) and ozone (O_3).

Code of Conduct Guidelines for how a company or organisation should conduct its business in an ethical and responsible manner.

[1] https://eur-lex.europa.eu/legal-content/SV/TXT/PDF/?uri=CELEX:02018R0848-20220101&qid=1641797905414&from=SV[2] https://www.cdp.net/en/guidance/guidance-for-companies/climate-transition-plans

Sales channels

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

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

Food service Actors that prepare finished meals, such as restaurants, catering, food industry, hospitals, schools and other institutions, as well as wholesalers that provide such actors with products.

Healthfood retailers Retailers specialised in health and personal care, or only organically certified products and those conducting wholesale operations specialised in sales to retailers specialised in health and personal care or organically certified products.

Other specialist retailers Actors conducting other specialist retailing. This channel includes sports and leisure shops, health clubs, perfume shops, baby shops, clothing shops and bakeries.

Other sales channels Those who trade in ways other than those that can be classified under the other sales channels.

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