
Annual and
Sustainability Report
2023
Midsona AB (publ) 556241-5322
About us
We provide healthy food for people and planet 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.
midsona

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

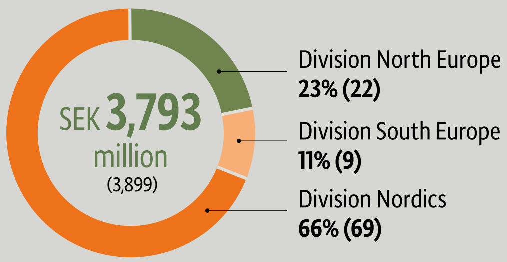
Midsona's brands

Midsona's strategy is to build leading positions in selected product categories, which are based on strong brands in health and well-being. To get there, Midsona continuously focuses on developing its brands to effectively address existing and new trends. This strategy has contributed to Midsona's leading position in the Nordic region, and the objective now is to adopt a similar approach to become a leader in Europe.

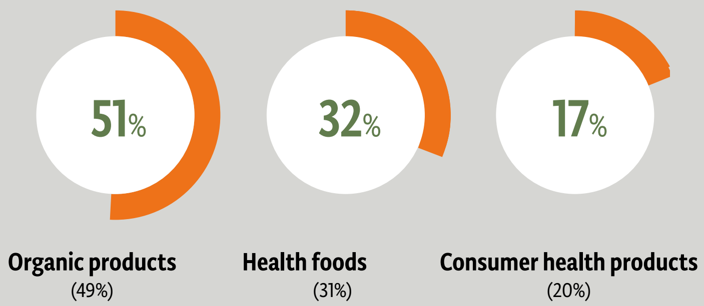
Midsona's wide-ranging portfolio includes strong brands such as Friggs, Urtekram, Kung Markatta, Helios, Davert, Happy Bio, Celnat, Vegetalia and Earth Control.

This is Midsona

Net sales



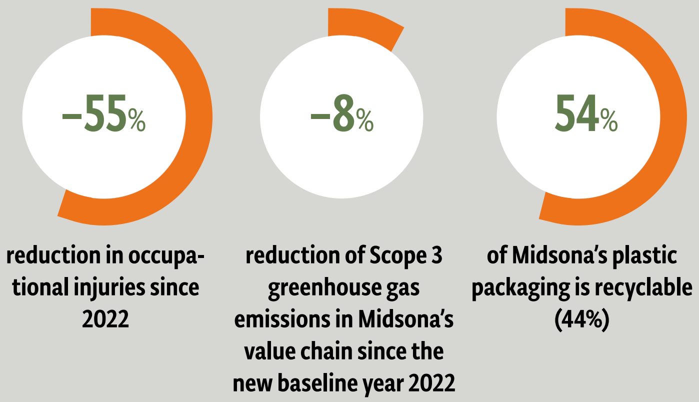
Our product categories



Clear objectives produce results

Midsona continues to strive to up the pace in reducing the climate impact of the business, with the target of achieving net-zero emissions by no later than 2045.

Some of the milestones in the Company's sustainability work in 2023:

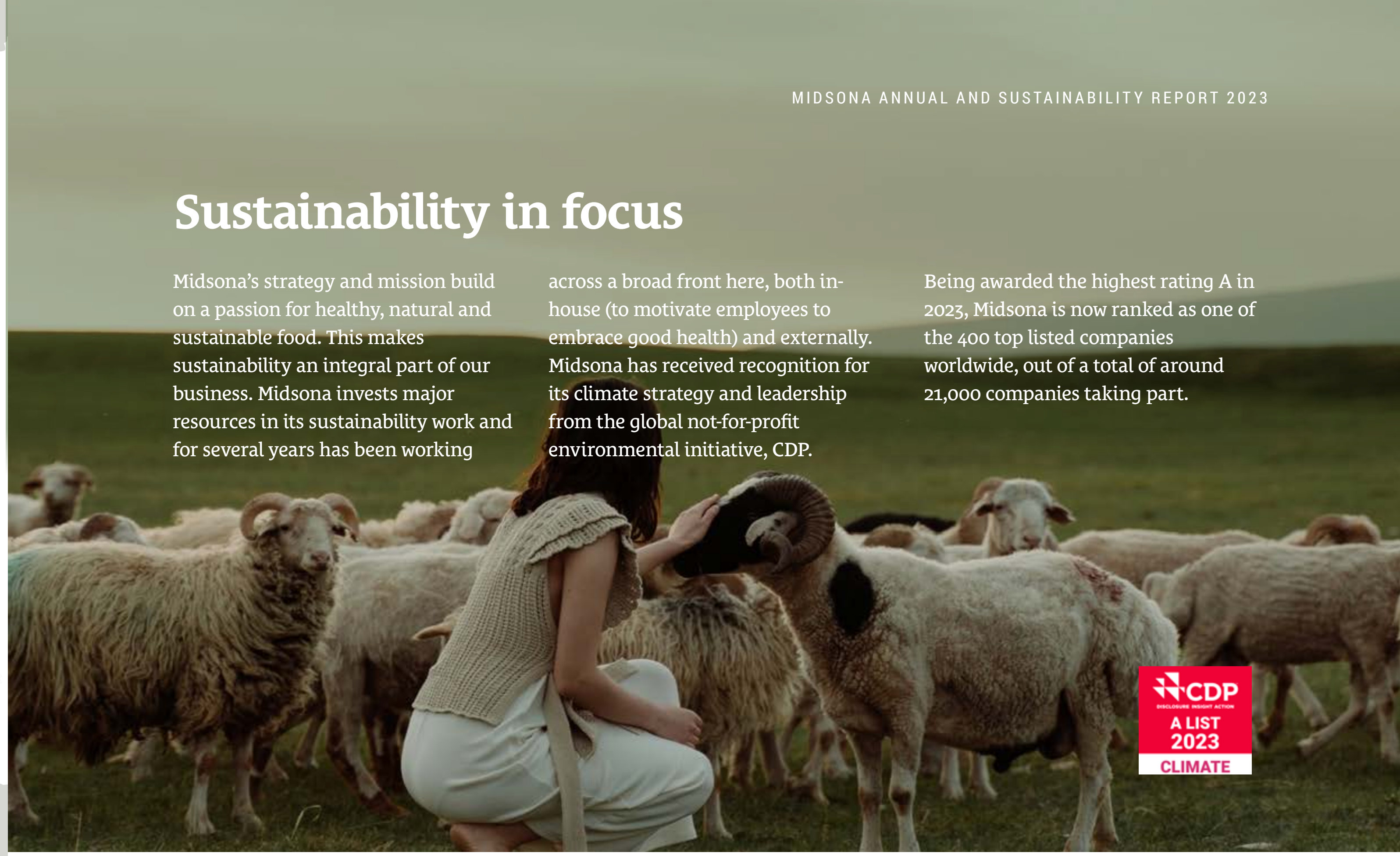


▶ Read more about the Group's sustainability targets on page 9.

Sustainability in focus

Midsona's strategy and mission build on a passion for healthy, natural and sustainable food. This makes sustainability an integral part of our business. Midsona invests major resources in its sustainability work and for several years has been working across a broad front here, both in-house (to motivate employees to embrace good health) and externally. Midsona has received recognition for its climate strategy and leadership from the global not-for-profit environmental initiative, CDP.

Being awarded the highest rating A in 2023, Midsona is now ranked as one of the 400 top listed companies worldwide, out of a total of around 21,000 companies taking part.



Our strong brands

Vision: European leader in healthy and sustainable foods.

Midsona will lead the market by continuously developing our own brands and bringing in new ones so that we can address existing and new trends even more effectively. This is how Midsona has become a leader in the Nordic region and the aim now is to use a similar strategy to become a leader in Europe. A vital part of becoming a leader in Europe is to take the role of a driving force in the consolidation of these markets – and Midsona has taken key and noteworthy steps towards this aim, in the form of platform and supplementary acquisitions in Germany, France and Spain.

Mission: We provide healthy food for people and planet.

We provide healthy food for people and planet 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.

Contents

Annual Report and consolidated accounts

The Annual Report and consolidated accounts are included on pages 140–177 of this document and include the Auditor's review report. The consolidated accounts have been prepared in accordance with IFRS. Unless otherwise indicated, all figures are in millions of Swedish kronor (SEK million). Unless otherwise indicated, figures in parentheses refer to the previous financial year. If no other source is stated, information regarding the market is based on Midsona's own assessment. Assessments are based on the best available data.

Annual General Meeting (AGM)

Midsona's Annual General Meeting will be held at 3.00 p.m. CEST. on 7 May 2024 at High Court, Malmöhusvägen 1, SE-211 18 Malmö, Sweden. Registration of voting rights will commence at 2.00 p.m. and will close when the AGM opens. For more information, see the separate notice convening the AGM.

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 AGM by postal ballot. Accordingly, shareholders may choose to exercise their voting rights at the AGM by attending in person, via a proxy or by postal voting.

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

- be recorded in the share register maintained by Euroclear Sweden AB ("Euroclear") as of 26 April 2024; and
- notify the Company of their intention to attend the AGM in accordance with the instructions in the full notice convening the AGM no later than 30 April 2024.

Shareholders whose shares are nominee-registered through a bank or other nominee, with shares held in a custody 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 26 April 2024. Such registration may be temporary (as for "voting rights registration") and should be requested from the trustee in accordance with the trustee's routines, and in advance in such time as is 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 30 April 2024 will be taken into account in production of the share register.

Dividend

The Board of Directors proposes to the 2024 Annual General Meeting resolve that no dividend be paid for the 2023 financial year.

Framework for sustainability accounting

Statutory Sustainability Report

Midsona's statutory Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act and is included as part of the Annual Report on pages 32–125.

General
Business model

Environmental issues
Policy and risks
Targets and relevant data

Social conditions and personnel-related issues
Policy
Risks
Targets and relevant data

Respect for human rights
Policy
Risks
Targets and relevant data

Combating corruption
Policy
Risks
Targets and relevant data

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

Additional structures 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, both work and reporting are performed 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 Company's Code of Conduct, Supplier Code of Conduct and Sustainability Policy.

The year in brief

EVENTS IN 2023

Record-breaking free cash flow and improved margins

During 2023, Midsona continued to take important steps in the right direction and results are clear, above all in improved margins and record-breaking free cash flow. As a result Midsona enters 2024 in a position of greater strength.

Most sustainable listed company in the grocery category

Midsona won an award as the most sustainable listed company in the grocery category and shared second place overall across all categories in the annual Sustainable Company rankings for 2023. The rankings were produced by Lund University, the *Dagens industri* and the *Aktuell Hållbarhet*, which reviewed the sustainability work of in all 130 Swedish listed companies, with the focus on biodiversity, CSRD/ESRS, and EU's taxonomy.

Midsona recognised by CDP for its climate strategy

Midsona was recognised for its climate strategy and leadership by the global environmental disclosure system, CDP. Being awarded the highest rating A in 2023, Midsona is now ranked as one of the 400 top listed companies worldwide, out of a total of around 21,000 companies taking part.

Changes on the Board of Directors

At the 2023 Annual General Meeting, held on 4 May, Anna-Karin Falk was elected as a new Board member as proposed by the Nomination Committee.

Changes in Group Management

Erk Schuchhardt, Director of Division North Europe, chose to leave Midsona. Heiko Hintze was appointed as new Director of Division North Europe. He took up the position in early December 2023 and has been a member of Group Management since then.

EVENTS AFTER YEAR-END

New strategy and new financial targets

In early 2024, Midsona launched its new strategy to develop the Group's strong brands based on the Group's passion for a healthy lifestyle and mindful consumption. Read more about the new strategy on page 12. At the same time, new financial targets for the business were set. Read more about the new financial targets on page 8.

Work in the divisions

During the year, Midsona's three divisions carried out a number of initiatives to develop the offering and the business, including:

- A reduction in the inventory value has boosted efficiency and lowered emissions.
- Investments to improve efficiency and safety, including a new district heating plant in Jakobstad, Finland, and a system to reduce water consumption in Spain.
- Work on streamlining the organic range and production was initiated.
- Work on basic commodities began across the divisions to identify synergies in the value chain.
- Upscaled co-operation with key suppliers of rice and corn cakes, as well as of sports nutrition products.
- Development of new recyclable packaging for rice and corn cakes.
- Midsona's vegan hair and skin care products continued to grow in the Nordic region and Europe.
- New communication concept for organic brands launched in the Nordic region.
- Helios continued to expand in the Norwegian market, marking up an all-time high.
- Friggs made record sales and launched a new flavour in Sweden.

Financial targets

Midsona Group's financial targets are a means by which Midsona's management can manage the Group, but they also serve to enable the financial market to clearly monitor the Group's development. The targets illustrate how the Group is developing in the long term, irrespective of the economy and what phase the Group is in. The degree to which certain targets are achieved may deviate from one year to another. In the course of its strategy review, Midsona updated those of the Group's financial targets that apply until 2027.

Profitable growth

Target:
Organic sales growth[1]
3-5%

- ✓ Own brands >5%
- ✓ Midsona's consumer brands account for ~60 percent of Group sales (2023)
- ✓ Selective growth for private label and licensed brands

Outcome 2023:
Organic sales growth
-6.6%

Higher margins

Target:
>8%
Group's EBIT[2] margin 2027

- ✓ Higher share of sales from own brands
- ✓ Strong cost synergies from Group-wide sourcing and specialised production
- ✓ Profitability before volume for private label and licensed brands

Outcome 2023:
EBIT margin
1.6%

Capital structure

Target:
<2.5x
Net debt/EBITDA[3]

Outcome 2023:
<2.7x
Net debt/EBITDA

1 Change in net sales in local currency, excluding acquired and/or businesses and/or brands,
2 EBIT/Operating profit margin, before items affecting comparability.
3 EBITDA, rolling 12 months including pro forma EBITDA from acquisitions and excluding acquisition related costs.

Sustainability targets

Midsona's sustainability targets are based on the Group's strategy and mission to offer healthy and sustainable products. The sustainability targets help Midsona to reduce the greatest sustainability risks identified and to sharpen its focus on the biggest opportunities. In 2023, Midsona continued to make progress. Regarding the status of Midsona's target achievement, see pages 38–39 of the Sustainability Report.

Sustainable brands

Plant-based/vegetarian range

Target 2030: 100%
Outcome 2023: 98%
Outcome priority brands 2023: 99%

Recyclable plastic packaging

Target 2025: 100%
Outcome 2023: 54%

Responsible sourcing

Classified suppliers in accordance with sustainable guidelines

Target 2025: 100%
Outcome 2023: 54%

Palm oil free brands

Target 2025: 100%
Outcome 2023: 99.9%

Efficient use of resources

Reduced emissions in accordance with Science Based Targets, 1.5°C target from baseline year 2022

Target 2045: Net-Zero
Target Scopes 1, 2 and 3 by 2030: -42%
Outcomes, Scopes 1, 2 and 3, 2023: -8%

Target 70% of Midsona's suppliers (ranked by cost) are to be aligned with SBT in 2028
Outcome 2023: 7.2%

Target FLAG*: -30.3% 2030
Outcome 2023: -16%

Target no deforestation by 2025

Reduce consumption and introduce renewable energy

Target renewable, 2028: 100 %
Outcome 2023: 34%
Outcome, reduction: -12%

Recycled waste and re-use of food waste

Target waste, 2025: 90%
Outcome 2023: 77%

Target food waste, 2025: 100%
Outcome 2023: 79%

Reduced water consumption per tonne produced

Target Spain, 2023: -20%
Outcome 2023: -16%

Target 2030: -10%
Outcome 2023: +16%

Healthy work environment

No occupational injuries

Target: 0 cases
Outcome 2023: 17 cases

Gender distribution in management positions

Target: 50/50
Outcome 2023:
48% women/52% men

Safe products

Risk-classified suppliers, as per safe products

Target 2025: 100%
Outcome 2023: 54%

Certification of own production units

Target 2025: 100%
Outcome 2023: 100%

Fossil-free transports

Introduction of fossil-free transports in line with customers' expectations and targets/Reduced emissions per tonne produced

Target Nordics, 2025: 100%
Outcome 2023: +16%**

Target Europe, 2030: 100%
Outcome 2023: +20%

* Forest, Land and Agriculture (FLAG): The SBTi's FLAG Guidance provides the world's first framework for companies in land-intensive sectors to set science-based targets that include land-based emission reductions and removals: https://sciencebasedtargets.org/sectors/forest-land-and-agriculture
**Emission intensity from transports increased in 2023 compared to the new baseline year 2022. This is because the share of tonnes produced decreased relative to the new baseline year 2022 – it is not because we increased the intensity per tonne transported. Due inadequate data quality regarding tonnes transported, transport intensity is calculated as tCO_2e/tonne produced and not tCO_2e/tonne transported, which is the target. This creates a considerable margin of error. This will be changed in the next year financial year. However, Midsona has already taken major actions, considerably reducing its transport-related emissions compared to the former baseline year, 2019.

Focus on change and profitable growth

Midsona can summarise its year as one of extensive strategic adjustments to strengthen profitability and lay foundations for the future. These actions have already begun to produce results, in the form of improved margins, stronger cash flow and lower indebtedness. Although various external factors negatively affected demand for Midsona's products during the year, the underlying strong positive drivers in the market remain.

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The long-term drivers behind Midsona's growth journey are intact and robust: the desire to invest in a healthy lifestyle is growing throughout the West. Healthy products are important to people in their day-to-day lives. We also recognise a growing awareness about what we eat and how it affects both ourselves and our planet. Interest in organic and sustainable products remains strong, despite the fact that many consumers had to prioritise their day-to-day purchases differently in 2023 for financial reasons. Long-term trends in society clearly indicate a shift in our consumption, with one sign of the times being the new Nordic nutritional recommendations to eat more plant-based foods. Now that signs of a brighter economic outlook are starting to emerge, Midsona is poised to meet the demand for healthy, high-quality food.

Midsona's vision is to become a European leader in healthy and sustainable foods. We have made good progress towards this long-term goal. By playing an active role in consolidation and professionalisation of first the Nordic and then the European market, Midsona has contributed to making healthy and sustainable foods widely available in the grocery sector for the consumer.

New strategy to increase profitability

During the past year, we conducted a review of Midsona's strategy and a new strategy was presented early in 2024. Midsona's new strategy is built on three pillars:

1. First, Midsona is working to further strengthen our position, drive growth and develop our offering in organic food by working across markets through production, purchasing, innovation and communication. This is based on leveraging synergies between brands to make it easier for consumers to navigate our offering.
2. Second, Midsona will continue to grow via its strong health brands in both existing and new markets. Overall, this means that going forward, we will focus on profitable organic growth in selected markets our three prioritised brands where we see great potential – Friggs, Earth Control and Gainomax.
3. Third, Midsona intends to streamline the value chain and harmonise the range so as to develop an offering that corresponds to the market's needs. We strive for high efficiency in everything we do, from sourcing and branding to production and logistics.

In the course of the Company's strategy review, Midsona also updated those of the Group's financial targets that apply until 2027. Midsona's new financial targets are:

- Organic sales growth averaging 3–5% annually
- EBIT margin (before items affecting comparability) to exceed 8% by 2027
- Net debt/adjusted EBITDA of up to 2.5 times

Change management in a challenging market

At Midsona, 2023 was characterised by continued cost increases, which combined with weakened consumer purchasing power in our most important markets and unfavourable exchange rate developments, made for another tough year. During the year, the Group focused on simplifying and optimising the product portfolio and raising prices to create a more robust business. The measures taken, which will continue during the current year, have gradually borne fruit in the form of improved margins, record free cash flow and lower indebtedness. For the full year 2023, Midsona posted net sales of SEK 3,793 million (3,899) with an operating profit (EBITDA) of SEK 217 million (191) and an operating margin of 5.7 percent (4.9).

The Division Nordics was the growth engine, with good profitability and positive sales growth, following the launch of a new marketing concept for Kung Markatta and Urtekram. However, weakness of the Swedish krona had the effect of dampening developments. At Division North Europe, the main developments over the year were growing sales and actions to strengthen profitability, which have gradually taken effect. In Division South Europe, the challenges encountered at the production facility in Spain have improved and we now see stabilisation.

Sustainability lies at the heart of Midsona's business concept and is an integral element of our business strategy. The rising awareness and growing demands that are evident in this area favour organisations that actively strive to be at the forefront. During the year and in early 2024, more evidence of the Group's strong position has emerged. The non-profit organisation CDP (formerly the Carbon Disclosure Project) – which helps companies to make their environmental impact visible – ranks Midsona as one of the 400 top companies globally (category A) among a total of 21,000 businesses assessed. In 2023, Midsona also came in a respectable second place in Sweden's annual Sustainable Companies ranking. I would like to thank every one of our employees who, through their efforts, have played their part in our success!

Our outlook

Midsona's journey of transformation continues in 2024 in line with our updated strategy. We have work to do in further increasing our efficiency and focusing our business on the markets, brands and products that are best placed to grow profitably. The European market remains characterised by uncertainty, although there are now signs of a brighter outlook. More stability in price movements and declining inflation, combined with hopes of future interest rate cuts, are helping to increase consumer confidence and in the long term boost purchasing power. Overall, I am cautiously optimistic about the general market situation and Midsona's prospects for 2024. In a longer-term perspective, I am convinced that the position we are now building is necessary to provide for the food market of the future and the needs of our customers.

Malmö, Sweden, April 2024

Peter Åsberg
President and CEO

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Midsona's new strategy

After year-end, Midsona launched its new strategy, based on the Group's passion for a healthy lifestyle and mindful consumption. By improving the brands' offering in food and health food products, Midsona will be first choice for consumers who prioritise their own health and who want to eat more organically. With natural ingredients and eco-friendly production processes, Midsona's brands are to be aligned with the values of health-conscious individuals seeking responsible consumption. After a phase of acquisition-driven growth, Midsona will going forward focus more on consolidation and efficiency improvements based on strong brands.

The foundations for the Midsona of today was laid back in 2011 when the business was streamlined and renamed. The Group built a strong platform for acquisition and development of strong brands. At the time, the market was not only highly fragmented with many family-owned businesses, but also characterised by an outmoded industry where sales were largely focused on specialist retailers. Midsona has played a part in consolidating, developing and professionalising the market for sustainable and healthy food.

Midsona's journey began in the fragmented Nordic market, where the Group acquired stable, well-established business while continuing to develop its own brands. After the Nordics, the consolidation journey continued in Europe with acquisitions such as Davert, Alimentation Santé and the supplementary acquisition Eisblümerl. Midsona's focus is now on developing the platform that has been built up over the years to extract maximum benefit from the Group's strong brand positions, on which the new strategy is based.

In early 2024, Midsona launched its new strategy, which is a natural response to a strong underlying need among consumers to eat more healthily and organically. The vision is to be a leading player in sustainable and healthy food, an area that is expected to continue to show strong growth. The food industry in general is subject to a variety of external factors, including cost inflation, climate change and geopolitical uncertainties, which puts pressure on the ability of businesses to execute their strategies. Trends in the market are paving the way for a more stable situation for organic food with increased demand, which Midsona will capitalise on with its new strategy. Midsona's ambition is to strengthen existing businesses and optimise operations to enable it to make new acquisitions in the long term when the conditions are right.

Our active organisation building in recent years has created a good set of brands in the Midsona portfolio, brands that today are positioned in attractive categories. These brands form the core of Midsona's new strategy, which establishes favourable conditions for continuing to build a strong organisation that is responsive to customer needs. The strategy has based on potential identified in the organisation, driven by the following factors:

Interest in healthy food and consumer health products is judged to be as high today as before. There is also a broad underlying awareness that we all need to eat more sustainably for the sake of the climate. However, today's high food prices represent a threshold that makes customers act and prioritise their purchases differently. Sweden's high prices are linked to weakness in the Swedish currency, which ultimately affects prices in stores. To the consumer, what is important is the overall state of the household economy, with factors such as interest rates, electricity bills and much more all influencing the consumer's decision.

In Midsona's view, the market for health foods and consumer health products will return within the next few years, on the basis that current prices to consumers are slowly beginning to normalise. In five to ten years' time, the food industry will not look the same as it does today. The wave of consolidation has slowed, but the view is that in the long run consolidation will continue. Midsona will capitalise on opportunities that arise in any such situation, if the conditions and need are in line with the strategy.

One organic powerhouse

The organic offering is a crucial part of Midsona's business that needs to be developed in order to meet the underlying drive for a healthier and more sustainable diet. Through innovation, communication, production and sourcing across markets, the Group will further optimise its offering and by doing so ensure strong brand positioning.

An attractive offer encourages more people to choose organic

Just over half of Midsona's assortment is organic, with seven leading brands: Kung Markatta, Urtekam, Helios, Davert, Happy Bio, Celnat and Vegetalia. Each brand is based on offering consumers the best in the organic sector. The brands also hold strong positions in the markets where they operate. Midsona's offering in the organic segment is both broadly-based and specialised to enable more target groups to be reached, including those seeking plant-based products and products without additives. Because each brand in the segment continues to evolve and satisfy local demand, Midsona is taking more steps towards its vision of becoming a leader in Europe in health and sustainability. Simultaneously, Midsona has identified untapped potential in better capitalisation on common points of contact between the brands, such as innovation, communication and assortment, to strengthen the offering and build stability and profitability going forward.

Midsona constantly strives to offer a fit-for-purpose assortment to meet the needs of customers and consumers. As a result, the Group is continuously developing its brands and products by creating exciting new flavours and new ingredients. Midsona's strategy to further strengthen the organic portfolio is therefore based on the Group prioritising foods that clearly meets the needs of several different target groups. One phase of the process will be to increase the knowledge sharing between Midsona's various markets and divisions. This involves, for example, sharing trend analyses that can help to develop the organic range in a more targeted way.

Midsona also wants to capitalise on each brand's insights into in-store consumer priorities to identify even more sales opportunities. To this end, the Group will work across the market, with Kung Markatta and Urtekam at the forefront, in leading the drive to gain a more in-depth understanding of consumers and their needs. This work also includes identifying more situations in the daily life of consumers when the products may be consumed. For example, products that generally are used for dinner are also becoming a natural part of breakfast or snacks.

In addition to increasing knowledge sharing within the Group to strengthen the Company's offering, Midsona is conducting a review into how the organic messages can be emphasized and so be made more cohesive among the Group's brands. Consumers today are faced with a large number of often ambiguous sustainability labels in stores, making the right choice difficult. By clarifying and refining the organic messages, Midsona wants to make it even simpler for consumers to choose the Group's products, which are good for both the planet and well-being. On that basis, Midsona has started work on developing a common communication platform for the Group's organic brands. Midsona wants to make it easy for consumers to make the right choice, while helping to streamline communication and campaigns.

Harmonisation of assortments and production for greater efficiency

To make Midsona's own production of organic food more profitable, the Group identifies a need to harmonise the composition of the product portfolio. Going forward, Midsona will focus on harmonising the product portfolio and the use of basic commodities, such as rice, grains, beans and lentils. The intention is to use the same raw materials and specifications across brands to a greater extent than before.

By securing joint and larger quantities of raw material purchases, Midsona can lower the average cost and streamline the production chain, while ensuring that the raw materials continue to meet the Group's high demands as to sustainability and quality. In addition, Midsona will continue to serve as a contracted supplier to private label customers. The customer segment is to serve as a capacity filler for the Group, whereby any raw material surplus can be used for production and distribution to private label customers. In this way, Midsona can maximise value of its purchases and its production capacity.

51% of the Group's total sales were of Midsona's organic products

Midsona's European production structure

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 account 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 health foods category.

Urtekram

Urtekram is a brand in organic food and vegan beauty products. This broad range of products is sold primarily through grocery retailers. Urtekram offers a wide range of dried fruits, nuts, oils, spices, fruit cream, muesli, rice and pasta. Urtekram offers several ranges of hair and body care products with contemporary fragrances, as well as vegan face care products. The constantly expanding assortment is sold for export to some 30 countries.

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 sourcing 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 organic foods brand. With a broad range of food products for all kinds of cooking and baking, such as oils, grains, pasta, stocks and various types of flour, Kung Markatta offers food that both tastes good and does good. Sold in supermarkets.

Celnat

Celnat is a pioneer in organic and plant-based products in France, operating since the 1970s. It is a well-established actor in the production of roasted grain and cereals in its own production unit. The products are primarily sold in special stores for organic products and in supermarkets.

Helios

A well-known organic food brand, 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 in 1969 as Norway's first organic food brand. Today, Helios' products are available in grocers throughout Norway.

Vegetalia

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

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 sector in France and Belgium, and with growth ambitions in Spain.

Friggs

Friggs is a broadly based health brand that focuses on the latest trends and is classified in the health foods product category. The assortment is mainly available in the grocery sector. Friggs holds a leading position in the corn and rice cakes markets and regularly launches new flavours. Friggs' range of teas focuses on good flavour, with ingredients that are strongly associated with health benefits. The brands' dietary supplements hold a leading position in the Swedish market.

Grow and expand our health brands

In order to create growth going forward, Midsona is focusing on organic growth and geographical expansion via its strong brands Friggs, Earth Control and Gainomax. By combining proven market strategies with innovative approaches, the Group aims to meet customer and consumer needs in the field of healthy food products.

Increased penetration to strengthen Friggs

Friggs' product portfolio includes a wide range of corn and rice cakes but also teas and food supplements that focus on good flavour and health benefits. By consistently offering high-quality products that resonate with both customer and consumer needs and demands, the brand has established itself as a leader in the Nordic region. In view of Frigg's excellent growth journey and high level of public recognition, Midsona sees great potential in further expansion and development of the brand.

The strategy is to increase penetration in existing markets through effective and apposite marketing. By expanding the brand's in-store presence, with the aid of suitable campaigns, Frigg will be able to develop its customer base and increase sales. For example, Midsona aims to intensify marketing and work more on campaigns to increase the number of occasions for consumption and thus reach new consumer groups. An important element of the strategy is to continuously review the assortment and continue to develop and innovate products in each category offered by the brand.

If the corn and rice cakes category continues to make positive progress in current markets, expansion into other divisions and markets may also become possible.

Earth Control investing in product development

Earth Control is a premium brand of plant-based foods consisting of carefully selected and natural products, such as nuts, seeds, dried fruits and berries. In Earth Control, Midsona has built a strong position in the health food category in the Nordic region, with Denmark standing out as the brand's most established market. In view of the brand's success in Denmark, Midsona sees good potential for developing its position in other markets.

The strategy for expansion builds on identifying the situations and occasions when the brand's products can be used, and on that basis developing a wider variety of in-store placements. At the same time, Midsona is also focusing on development of the brand's assortment to meet consumers' future needs for healthy and sustainable food products.

Renewal of the product offering to boost Gainomax

Gainomax is one of Sweden's best-known sports nutrition brands. The products are designed for exercise recovery and as functional snacks, in the form of milk-based sports drinks and protein bars. Since Midsona acquired the company in 2020, the brand has shown the potential for continuing a good growth journey.

To ensure Gainomax's continued competitiveness and profitability, Midsona aims to optimise the brand's assortment based on the needs of the target groups. A first step will be to review of the range to adapt and, where necessary, to update the products. Co-operation with suppliers has been stepped up to ensure that the quality of the products is maintained. The overall goal for the near term is to continue to strengthen the brand above all in Sweden and Finland. If the initiatives prove profitable in the long term, Midsona will consider further expansion in the Nordic region.

Efficiency and harmonisation

Ensuring a consumer offering that is attractive and sustainable for the future demands an organisation that is resource efficient and focused. Midsona focuses on developing a more streamlined assortment that meets the market's need for healthy products with a distinct sustainability profile.

Efficient value chain

Fewer but better variations

Midsona currently operates with a broad product base based on a large number of variants. To better meet consumer demand, the assortment needs to be streamlined and simplified. The aim is to reduce the complexity of the offering by focusing on the development of fewer but larger product categories and brands. The way forward for Midsona will be to streamline product variants by consolidating similar products and reducing the number of product variants, while maintaining the diversity of the range.

Harmonisation of Midona's assortment involves sourcing and using raw materials that could be used in the same factory for different brands in the Group. This essentially concerns achieving economies of scale, but without compromising the profile of the brands or the nature of the products that have given them a strong position in their respective markets over the years. The recipe for success involves developing products that meet consumer preferences, improve customer satisfaction and build long-term loyalty.

Operational Excellence

Operational Excellence is Midsona's operational umbrella for driving improvement in the production and warehouse structure. This means cost efficiency and flexibility through staffing and managing Midsona's production facilities as cost-effectively and flexibly as possible. The turbulence in the world in recent years highlights the importance of a proactive focus on production and inventory to avoid ending up in situations that negatively impact on delivery capacity or financial results.

In its production facilities, Midsona continuously engages in initiatives aimed at streamlining the value chain, for example, shortening changeover times. There are still many challenges in the world that are making cost efficiency a challenge, but overall the cost picture has improved in 2023 compared to the peak in 2021 and 2022.

Sourcing Excellence

Sourcing the right raw materials and products at the best possible price is key to ensuring a profitable product portfolio. Midsona's strategy is to consolidate volume to within fewer suppliers, to get better at coordinating sourcing of raw materials between different brands and to raise the level of overall purchasing expertise at Midsona.

To incorporate a sustainability focus in sourcing in an even better way , Midsona hired a resource during the year dedicated to working on Group-wide sustainability issues in sourcing and resource issues regarding our raw materials vis-à-vis our suppliers. A relatively minor amount of the emissions relating to Midsona's products is generated from the Company's own operations (Scope 2). Against that background, the Group's ambition is to actively work closely with suppliers for increased efficiency in other parts of the value chain, with the focus on sustainability.

Efficient capital allocation

More efficient inventory and product management

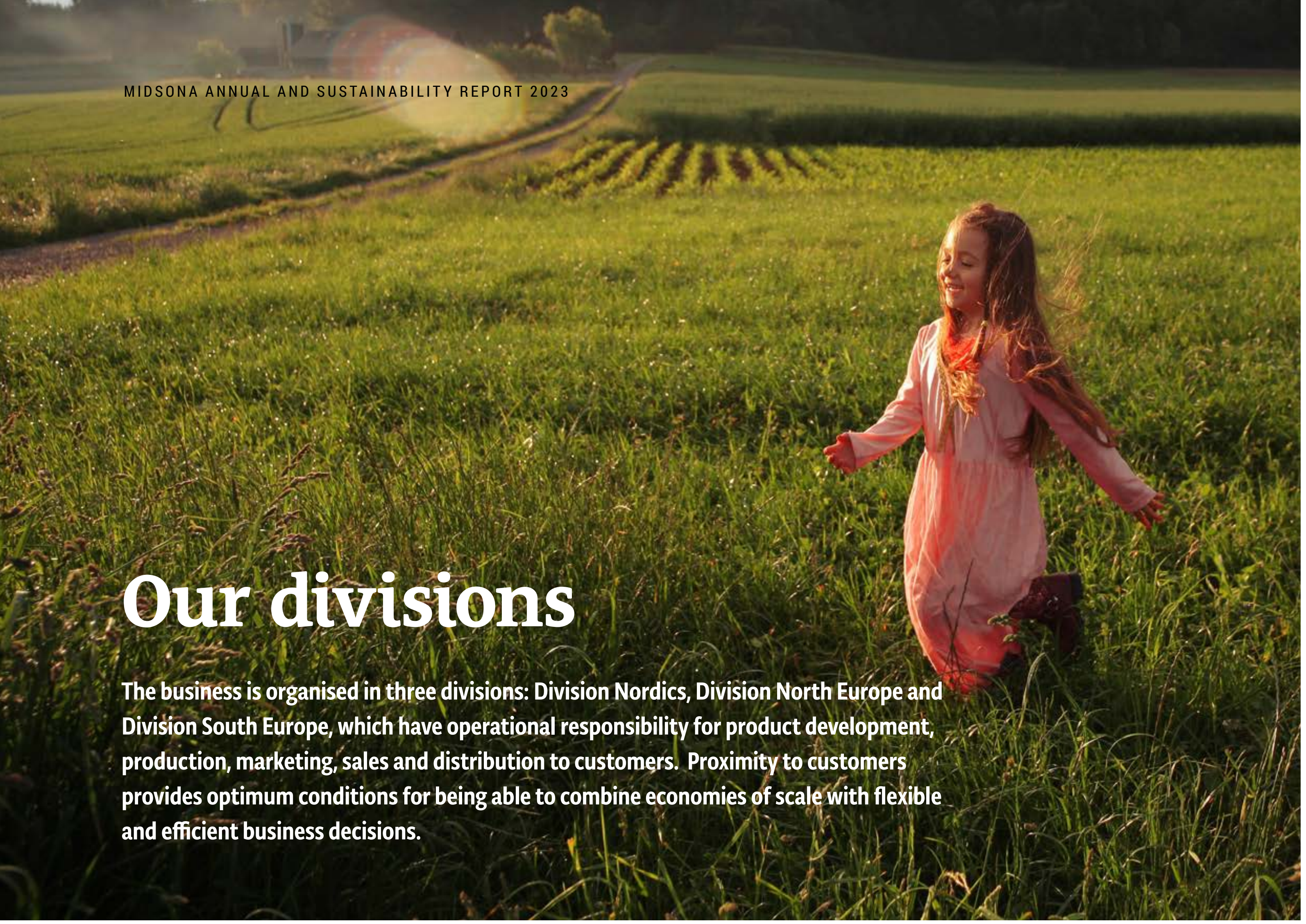
A major area of focus for Midsona during the year was on reducing working capital and improving cash flow. This largely involved working on reducing the level of inventory value to free up capital and reduce debt. The measures had positive impact during the year and the next step now is to streamline the Midsona portfolio.

Focus on the core business

To create more efficient use of capital going forward, the strategy is to divest non-core assets. This largely involves streamlining the companies acquired by Midsona substantially and further accentuating their commercial focus. A stronger commercial focus basically is about measures to stimulate the creation of better conditions for better business, reaching out to the right customers and taking on private label contracts where it makes strategic sense.

Acquiring and integrating strong brands

Acquisitions have been a fundamental part of Midsona's growth strategy, contributing to a consolidation of the market in the Nordic region, in the main via acquisition of the brands Urtekram, Kung Markatta and Earth Control. The strategy has been a successful one for Midsona, enabling the Company to establish a strong position in the Nordic region. Midsona's ambition to build a stronger presence in Europe remains in place, but the primary focus going forward will be to enhance existing brands with product portfolios. Opportunities for complementary acquisitions to strengthen the current offering may be considered if the conditions are right and the valuation levels are reasonable.



Our divisions

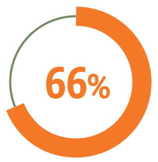
The business is organised in three divisions: Division Nordics, Division North Europe and Division South Europe, which have operational responsibility for product development, production, marketing, sales and distribution to customers. Proximity to customers provides optimum conditions for being able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

Division Nordics

Brands: Friggs, Urtekam, Kung Markatta, Earth Control, Gainomax, Helios

Markets: Sweden, Denmark, Norway, Finland

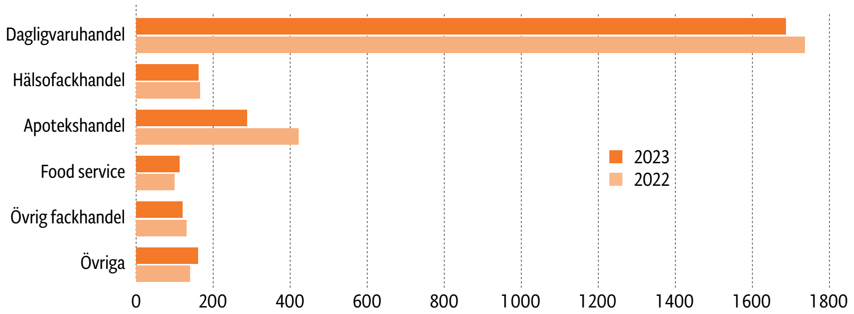
Percentage of consolidated net sales



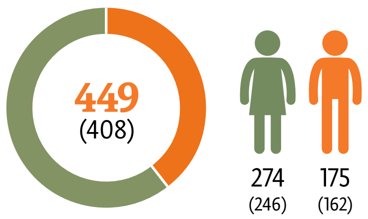
Key performance indicators	2023	2022
Net sales	2,545	2,702
Net sales growth	-5.8%	3.5%
EBITDA, before items affecting comparability	238	216
Depreciation/amortisation and impairment	-51	-52
Operating profit/loss, before items affecting comparability	187	164
Items affecting comparability included in operating profit	14	6
Operating profit/loss	173	158
Operating margin	6.8%	5.8%

Introduction of renewable energy in 2023:
58% (2022: 44%, Target 2028: 100%)

Sales channels (SEK million)



Gender distribution



Division North Europe

Brands: Davert

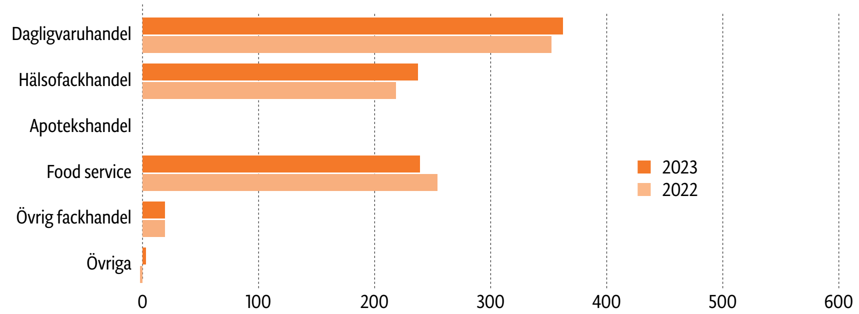
Markets: Germany

Percentage of consolidated net sales

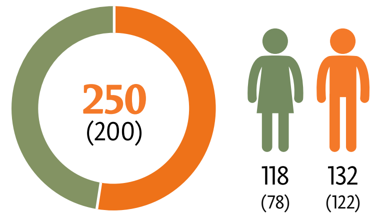
Key performance indicators	2023	2022
Net sales	872	860
Net sales growth	1.4	3.5%
EBITDA, before items affecting comparability	16	16
Depreciation/amortisation and impairment	-38	-97
Operating profit/loss, before items affecting comparability	-22	-27
Items affecting comparability included in operating profit	9	62
Operating profit/loss	-31	-89
Operating margin	-3.6%	-10.3%

Introduction of renewable energy in 2023:
71% (2022: 33%, Target 2028: 100%)

Sales channels (SEK million)



Gender distribution

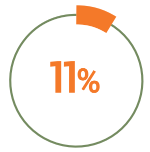


Division South Europe

Brands: Happy Bio, Celnat and Vegetalia

Markets: France, Spain

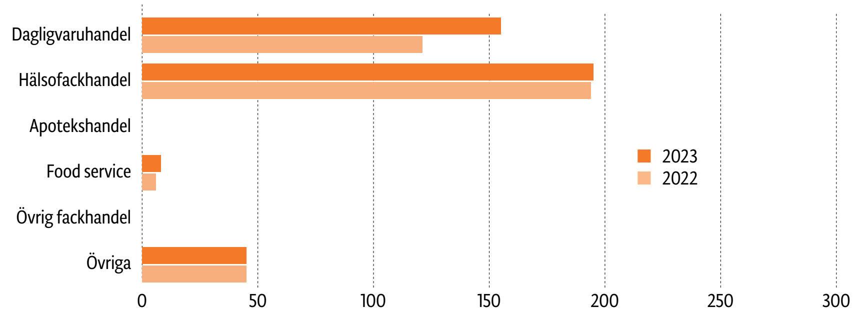
Percentage of consolidated net sales



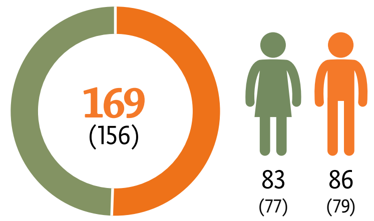
Key performance indicators	2023	2022
Net sales	414	374
Net sales growth	10.7%	1.4%
EBITDA, before items affecting comparability	-11	-16
Depreciation/amortisation and impairment	-25	-22
Operating profit/loss, before items affecting comparability	-36	-38
Items affecting comparability included in operating profit	1	2
Operating profit/loss	-37	-40
Operating margin	-8.9%	-10.7%

Introduction of renewable energy in 2023:
2% (2022: 31%, Target 2028: 100%)

Sales channels (SEK million)



Gender distribution



External factors and drivers

The way consumers prioritise their grocery shopping is multi-faceted, with several factors such as the economy, climate change and health playing a role. Despite two challenging years of inflation affecting the food industry, Midsona, with its unique assortment of healthy and sustainable products, is well positioned to respond to the underlying drivers.

Forecasts showing improvement in the economy

Turmoil in the global economy has been affecting the situation and priorities of the market and consumers for some time. At year-end 2022, inflation in Europe reached record levels of 9.2 percent compared to the previous year.[1] This is by far the highest rate of inflation, as measured by the Harmonised Index of Consumer Prices (HICP), since measurements began in 1997.[2] The main driver of inflation is rising energy prices following Russia's invasion of Ukraine, which drove up production and consumption costs. In response to the souring inflation, Europe's central banks have continuously raised their policy interest rates. These factors negatively affected nominal wages, with the result that most people were forced to tighten the belt on their household finances. This, in turn, affected several markets in Europe.[3] One was the food market, where more and more consumers de-prioritised healthy and sustainable foods in favour of options with a lower price point[4].

Despite weakening in the economy, forecasts for future developments are improving. HICP inflation increasingly stabilised over the year, falling to 2.9 percent[5] in December 2023. According to the European Central Bank (ECB), growth is expected to firm up in 2024[6], as real disposable income rises, inflation falls and employment remains resilient. At the same time, several central banks, including ECB and Sveriges Riksbank, are signalling policy rate cuts in 2024.[7] In the medium term, GDP growth in Europe is expected to stabilise at levels broadly in line with the pre-pandemic average.[8]

Europe prioritising sustainability and organic

A high percentage of the European population is concerned about climate change. In Norway and Sweden, climate change ranks alongside inflation and international conflicts as among the most tangible concerns.[9] According to the Intergovernmental Panel on Climate Change (IPCC), the next seven years will be absolutely crucial in terms of achieving the 1.5 degree target and reversing the climate crisis.[10] IPCC emphasises the need to change consumption habits, sustainable agriculture and more plant-based diets as important factors in securing a sustainable future.[11] EAT-Lancet, the global platform for science-based transformation of food production systems, emphasises the need for a Planetary Health Diet to reduce the risk of irreversible and potentially catastrophic environmental damage. The diet is based on a balance of nutritional and sustainability aspects, which indicates that the world's population needs to eat more plant-based foods such as whole grains, nuts and legumes and reduce their intake of red meat.[12]

The EU countries are committed to achieving climate neutrality by no later than 2050, in line with their international commitments under the Paris Agreement. To achieve this goal, in 2019 the EU launched the European Green Deal, a package of policy initiatives intended to pave the way for a green transition and climate neutrality. The strategy aims to boost the economy, improve people's health and quality of life, and care for nature.[13] One of the initiatives included in the package is the Farm to Fork Strategy, which focuses on transforming the EU's current food production system into a sustainable model that ensures future food security and safety. The Farm to Fork Strategy has a stated ambition, including binding reduction targets for pesticide use, a fairer share of the profits from sustainably produced food for farmers and more land being set aside for organic farming.[14]

To make agriculture more sustainable, the EU has tabled new legislation aimed at strengthening the inspection system and facilitating conversion to organic production. The legislation also states that imported organic goods must meet the same requirements as domestic products.[15] The new legislation is backed by an Organic Action Plan, which aims to have no less than 25 percent of agricultural land in the EU used for organic production by 2030.[16]

1 March 2023: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Consumer_prices_-_inflation
2 Mars 2023: https://www.europaportalen.se/2023/03/tredubblad-inflation-i-eu
3 December 2023: https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.sv.html#toc7
4 McKinsey & Company
5 Januari 2024: https://ec.europa.eu/eurostat/documents/2995521/18343103/2-17012024-AP-EN.pdf/9d885442-f323-cdde-e149-17ed99a63a6f?version=1.0&t=1705424298086
6 https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.sv.html#toc7
7 December 2023: https://www.svt.se/nyheter/inrikes/chocksankning-av-styrrantan-vantas-2024--s0rc5o
8 https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.sv.html#toc7
9 McKinsey & Company
10 March 2023: https://www.ipcc.ch/assessment-report/ar6/
11 March 2023: https://www.naturskyddsforeningen.se/artiklar/ipcc-bradskande-klimatatgarder-kravs-for-att-sakra-en-hallbar-framtid-for-alla/
12 https://eatforum.org/eat-lancet-commission/eat-lancet-commission-summary-report/https://www.slu.se/globalassets/ew/org/centrb/fu-food/temasidor/hallbar-mat/svensk-summering-av-kommande-nordisk-studie.pdf

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The need for healthy and sustainable food remains

Healthy eating habits are important in terms of reducing the risk of cardiovascular disease and preventing various cancers.[17] In the face of inflation, consumers have prioritised lower-priced products over healthy eating.[18] At the same time, most consumers, irrespective of socio-economic background, report that health and healthy products are an important part of their everyday lives.[19] For example, more than half of Swedish consumers want a more varied diet, with a focus on more vegetables and less sugar.[20] In addition, consumers in Europe continue to choose other than foods with artificial ingredients.[21] This aligns with the new Nordic Nutrition Recommendations (NNR), launched in 2023. NNR recommends increasing the intake of vegetables, legumes, whole grains, nuts and seeds, and reducing the intake of foods high in fat, salt and sugar.[22]

It is well established that healthy eating habits go hand in hand with sustainable food, promoting both consumer well-being and environmental responsibility. The trend of opting for more sustainable products is clearly established in Europe. A fifth of European consumers express an interest in buying sustainable products. This also applies to consumers intending to save money in the years ahead. In Norway and Sweden, an underlying interest in buying organic remains[23].At the same time, Swedish consumers identify a need for stores to get even better at marketing organic products, as locally produced ingredients have come into closer focus in recent years.[24]

Another underlying driver among consumers is to eat more plant-based for the sake of the climate and the environment. In recent years, the percentage of flexitarians, vegetarians and vegans has been steadily rising in Europe. In Sweden, up to 12 percent of people are vegetarians and 4 percent vegans. More than 60 percent of schools in the country offer students at least one vegetarian option per day. Germany is thought to have the largest number of vegetarians, around 8.3 million people, representing 10 percent of the population. Along with Sweden, Germany is the market where meat consumption overall is decreasing. In France, there is a growing trend towards plant-based among young people and in Spain the number of flexitarians is increasing.[25]

Midsona is well positioned for the future

The recent years of global turbulence characterised by inflation and interest rate hikes have affected a number of sectors across Europe. Through the impact of necessary price increases, the food industry has also seen greater consumer restraint. Today, many consumers are prioritising lower-priced food products, very often with no sustainability characteristics. To Midsona, which offers brands and products of the highest quality with a focus on health and sustainability, this means continued intensive work on marketing and appropriate launches to maintain its relevance with customers and consumers.

The challenges posed by consumers' changing priorities are expected to be only temporary, as several economic indicators point to a more stabilised situation going forward. Coupled with the fact that food prices are becoming more normalised among consumers, more long-term drivers from earlier may come to the fore in the long run.

One of the main factors is will be the knowledge of consumers regarding how to prioritise products that are good for health and well-being. Midsona's health food brands and products are well aligned with the new Nordic recommendations that encourage increased intake of vegetables, legumes, whole grains, nuts and seeds. Similar recommendations have been issued by EAT-Lancet, which underlines that a predominantly plant-based diet is essential to reduce the risk of environmental damage to the planet. As more and more consumers become aware of the need to adapt their diet, the number of flexitarians, vegetarians and vegans has been steadily increasing in Europe.

The EU's decision to prioritise organic food production in the future is also a clear indication that the drive for healthier and more sustainable food will persist and will grow. In the long run, this is highly likely to further intensify the competition between conventional and organic products. This development is already noticeable in the market, as Swedish consumers, among others, express a need for stores to become even better at marketing organic products.

All in all, several factors point to a major shift in society, and thus in European consumption patterns, which Midsona is ready to address. By continuing to strengthen profitability and build on its attractive offering, the Group can secure a leading position for the future.

13 https://www.consilium.europa.eu/sv/policies/green-deal/
14 October 2021: https://www.europarl.europa.eu/news/sv/press-room/20211014IPR14914/eu-s-nya-fran-jord-till-bord-strategi-ska-ge-halsosammare-och-hallbarare-mat
15 https://agriculture.ec.europa.eu/farming/organic-farming/organics-glance_sv
16 https://agriculture.ec.europa.eu/farming/organic-farming/organic-action-plan_en?prefLang=sv
17 March 2023: https://www.livsmedelsverket.se/matvanor-halsa--miljo/samtal-om-mat-i-halso--och-sjukvarden/bra-matvanor-raddar-liv
18, 19 McKinsey & Company
20 June 2023: https://www.foodfriends.se/wp-content/uploads/2022/06/Matrapporten_2022_web.pdf
21 McKinsey & Company
22 June 2023: https://www.livsmedelsverket.se/om-oss/press/nyheter/pressmeddelanden/idag-lanseras-nya-nordiska-naringsrekommendationer
23 McKinsey & Company
24 April 2023: https://www.sverigeskonsumenter.se/nyheter-press/nyheter-och-pressmeddelanden/ny-granskning-darfor-tappar-de-ekomaten-i-forsaljning/
25 February 2023: https://www.theneweuropean.co.uk/wideangle-which-countries-have-the-most-vegetarians/

Five reasons to own Midsona's shares

Midsona is a leader in the Nordic region in organic food, health foods and consumer health, with a vision of becoming one of the leaders in Europe. as a shareholder in Midsona, you gain exposure to an industry undergoing transformation, in which Midsona's portfolio of attractive brands is strategically well-positioned for the future. Investing in Midsona means you are investing in healthy food for people and for our planet.

1

Underlying need to eat more healthy and sustainably

Midsona's markets are characterised by underlying drivers for people to eat more healthy and organically to optimise their own health but also for the good of the planet. The current decline in health foods and organic foods is regarded as being strongly linked to the direct impact of an uncertain world situation on individuals' financial conditions and priorities. Underlying global factors, such as an ageing population, generally greater interest in personal health and plant-based food, as well as rising consumer demands for transparency and sustainability, indicate that Midsona is in the right place to meet the future.

2

Clear mission is reflected in every aspect of the Group's work

Midsona has a clear mission to help people achieve a healthier life and care for the environment. This permeates everything Midsona does – from the use of sustainable raw materials, to production, and all the way to the consumer's door.

3

Active change efforts to meet the future food market

Midsona has built up a leading position in the Nordic region through acquisitions, a strategy that has since been extended to Europe. Based on the Company's current position and brands, Midsona is focusing on an active change process aimed at strengthening profitability and building a more attractive offering, along with a more efficient apparatus that is set up for the food market of the future.

4

Leading positions with strong brands

Midsona holds a leading position in most of its sales channels, making the Company a priority supplier. The strategy is based on developing strong brands in attractive sectors. Midsona has several brands in the Nordics with a strong position in their respective categories. Acquisitions in Germany, France and Spain have laid the foundation for growth in the rest of Europe, also built on strong brands.

5

Solid sustainability work

Midsona's offering fits well with the current trend for sustainability in the Company's markets. Midsona's strategy and mission build on a passion for healthy, natural and sustainable food, making sustainability an integral part of operations. Midsona's vision is to influence people's eating habits in the direction of healthy and sustainable options. In line with the Company's ambitions and the demands of customers, consumers and investors, Midsona has established clear sustainability targets for sustainable brands, a healthy work environment, responsible purchasing, safe products, efficient use of resources and efficient transports.

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Shares and shareholders

Midsona's shares were listed on the Stockholm Stock Exchange in 1999. Series A and Series B shares are listed on the Nasdaq Stockholm Small Cap list in the groceries sector under the tickers MSON A and MSON B.

Number of shares and share capital

At the end of the period, the total number of shares was 145,428,080 (145,428,080), represented by 423,784 Series A shares (596,640) and 145,004,296 Series B shares (144,831,440). The number of votes at the end of the period was 149,242,136 (150,797,840).

A series A share entitles the holder to ten votes and a Series B share entitles the holder to one vote at all general meetings. 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 727,140,400. Changes in the Company's share capital are described at: www.midsona.com/Investerare/Midsonaaktien.

Share trading and bid price

During the period January–December 2023, 32,098,215 Series A and B shares (39,169,782) were traded.

The highest price paid for Series B shares was SEK 9.84 (56.60), and the lowest SEK 6.54 (7.88). On 29 December, the last price paid for the share was SEK 8.19 (9.50). The total value of trading in Series B shares was SEK 263 million (558). The average daily trading in both Series A shares and Series B shares combined was 127,881 shares (154,717), representing SEK 1,048,374 (3,602,138).

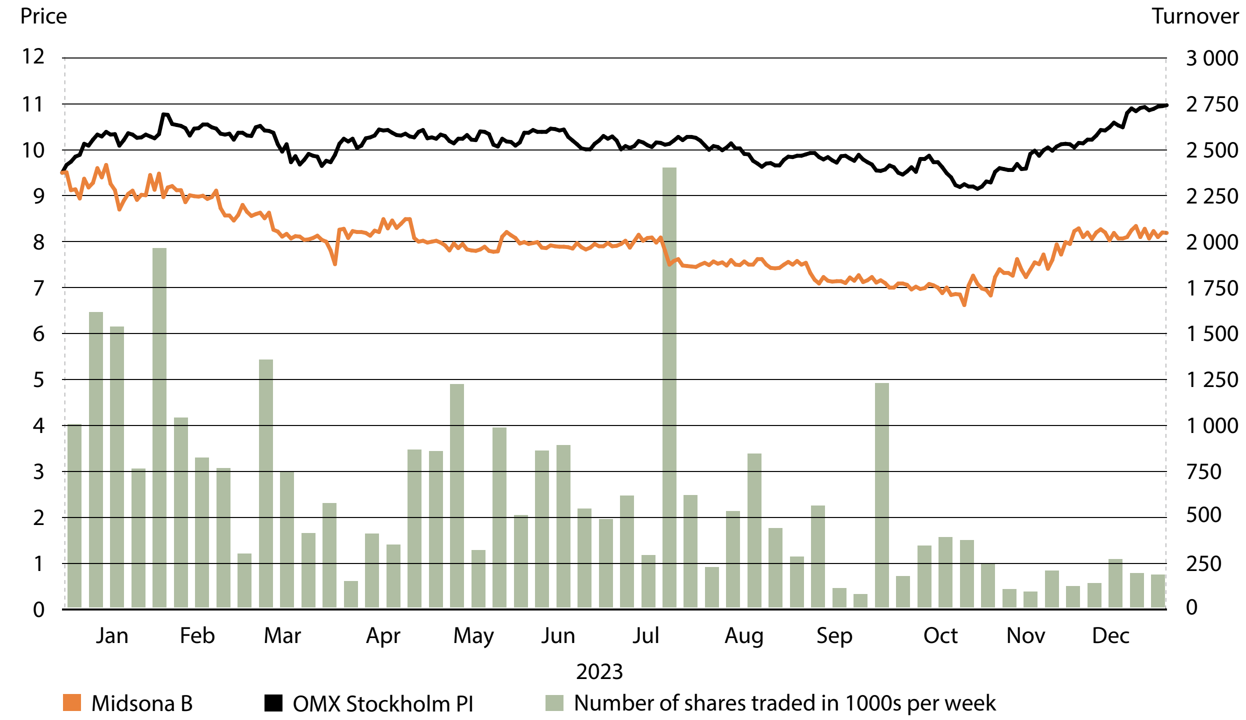
Over 2023, the price paid for the Series B share decreased from SEK 9.50 to SEK 8.19, a decrease of 13.8 percent (82.4).

Warrant programmes

At the end of the period, two warrant programmes aimed at senior executives were in operation. These were as follows: (i) TO2021/2024 which can result in the creation of a maximum of 171,000 new Series B shares on full conversion, and (ii) TO2022/2025, which can result in the creation of a maximum of 120,000 new Series B shares if exercised in full.

For more information on the warrant programmes in operation, see Note 8 *Employees, personnel expenses and remuneration to senior executives*, on pages 157–159.

Share price development, January 2023–December 2023



Source: SIX Financial Information

Ownership

The largest shareholder in Midsona AB (publ.) was Stena Adactum AB which, as per 29 December 2023, held Series A shares and Series B shares representing 48.1 percent of the capital and 46.9 percent of the votes. No other shareholder held ten percent or more of the total number of shares as per 29 December 2023. The ten largest shareholders in Midsona AB (publ) are detailed in the current list of shareholders, as per 29 December 2023.

The ten largest shareholders as per 29 December 2023 accounted for 78.2 percent (71.7) of the capital and 77.0 percent (70.8) of the votes.

For information on the holdings of members of Group Management, see pages 188–189 and for information on the holdings of Board members, see pages 186–187. Neither Midsona AB (publ) nor its subsidiaries held any treasury shares at year-end 2023.

Of the total number of shares, foreign shareholders accounted for 23.4 percent of the capital and 23.4 percent of the votes. Of Swedish shareholders, legal entities held 63.1 percent of the capital and 61.9 percent of votes, while physical persons held 13.6 percent of the capital and 14.8 percent of the votes.

The total number of shareholders (including nominee-registered shareholders) was 10,195, a decrease of 7 percent on the previous year. A breakdown of shareholdings within various ranges is shown in the current shareholder list as per 29 December 2023.

Dividend

The Board of Directors proposes that no dividend be paid for 2023.

Ten largest shareholder categories as per 29 December 2023

	Number of shares	Share of capital, %	Share of votes, %
STENA ADACTUM AB	69,994,562	48.13	46.90
IBKR FINANCIAL SERVICES AG, W8IMY	13,405,941	9.22	8.98
DNB BANK ASA, SEC LENDING SEC LENDING	6,752,465	4.64	4.52
TREDJE AP-FONDEN	6,174,576	4.25	4.14
Nordea Funds Ab	4,477,210	3.08	3.00
ROIN HOLDING APS	2,983,973	2.05	2.54
Försäkringsaktiebolaget Avanza Pension	3,303,502	2.27	2.34
MÜHLRAD, RALPH	2,703,000	1.86	1.82
Nordanland AB	2,500,000	1.72	1.68
Nordnet Pensionsförsäkring AB	1,448,945	1.00	1.03
Total	**112,295,229**	**78.2**	**77.0**

Source: Euroclear Sweden AB

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Stock market information

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 published in Swedish and 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 ongoing basis over the year.

Annual and interim reports, press releases and the Corporate Governance Report are available on the website at www.midsona.com, where it is also possible to register to receive such publications. The 2023 Annual Report will be published as a PDF file on Midsona's website no later than 9 April 2024 and the printed version will be available from Midsona's headquarters in Malmö from around 22 April 2024. Printed copies of the Annual Report will be sent to shareholders on request.

Analysts and other monitoring

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 are available.

Silent periods

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

Financial calendar 2024

Interim report, January–March	25 April
Annual General Meeting in Malmö	7 May
Interim report, January–June	18 July
Interim report, January–September	23 October
Year-End report 2024	31 January 2025

Breakdown of shareholdings, by range, 29 December 2023

Number of shares	No. of shareholders	No. of Series A shares	No. of Series B shares	Holding (%)	Votes (%)	Market capitalisation (SEK thousands)
1 – 500	7,398	48,934	799,688	0.6	0.9	7,049
501 – 1,000	993	23,310	722,850	0.5	0.6	6,158
1,001 – 5,000	1,232	66,208	2,714,138	1.9	2.3	22,904
5,001 – 10,000	233	32,646	1,658,337	1.2	1.3	13,915
10,001 – 15,000	80	10,918	988,529	0.7	0.7	8,207
15,001 – 20,000	40	6,560	706,236	0.5	0.5	5,851
20,001 –	219	235,208	137,414,518	94.7	93.7	1,127,824
Total	**10,195**	**423,784**	**145,004,296**	**100**	**100**	**1,191,908**

Source: Euroclear Sweden AB

Key performance indicators per share

		2023	2022	2021	2020	2019
Profit attributable to Parent Company shareholders	SEK	-0.36	-6.73	1.31	2.70	2.02
Shareholders' equity	SEK	20.54	21.19	39.54	35.58	35.72
Cash flow from operating activities	SEK	2.36	2.73	-0.94	4.35	4.11
Free cash flow	SEK	2.17	2.42	-1.39	3.88	3.22
Share price on balance sheet date (Series B shares)	SEK	8.19	9.50	54.10	77.80	49.40
Dividend[1]	SEK	-	-	-	1.25	1.25
Yield	%	-	-	-	1.6	2.5
Pay-out ratio	%	-	-	-	46.4	83.6
P/E ratio	multiple	neg.	neg.	41.2	28.8	24.5

[1] Dividend for 2023 as proposed by the Board of Directors.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Sustainability Report

Contents

Aiming for the leading edge

Midsona aims to be at the leading edge when it comes to contributing to a more sustainable food industry, which involves an ongoing process of improvement. 2023 was characterised by a heavy emphasis on preparing Midsona for CSRD[1] and the related European Sustainability Reporting Standards (ESRS). At the same time, we have strengthened our science-based climate targets in line with SBTi[2]'s net-zero standard to achieve the Group's long-term climate goal of net-zero emissions by 2045.

Midsona takes climate change extremely seriously and has aligned its contributions in recent years with scientific recommendations, using impact, risk and opportunity assessments as the basis for strategy, objectives and action. Thanks to our climate strategy and leadership, this year Midsona ranked in the top 2% of CDP's[3] 400 best listed companies in the world. The ranking is out of approximately 21,000 participating companies, representing over 60% of global capital on the stock market – and places Midsona on CDP's prestigious A list[4]. Our climate-related improvements in 2023 include increasing the share of recyclable plastics, switching from fossil fuels to renewable energy sources in Jakobstad, the electricity policy for company cars and setting a target for agriculture-based emissions from raw materials (FLAG[5]). We also have a supplier engagement goal, under which our suppliers should have science-based targets in accordance with SBTi's ambition to limit warming to 1.5 degrees.

In addition, we have been early adopters of scientifically standardised methods for managing biodiversity. In 2021, Midsona developed a strategy for managing risks connected to the natural degradation of forests, soil and water. An extensive analysis of impacts, risks and opportunities based on ESRS was carried out during the year, providing a basis for continued development. The CDP award and our first place position in groceries in the annual Sustainable Companies ranking by Dagens Industri, Aktuell Hållbarhet and Lund University verify that Midsona's hard work is taking us in the right direction – towards a more sustainable food industry.

Siv Kjersti Rodal
Director Sustainability Group, CSO

[1] CSRD: Corporate Sustainability Reporting Directive: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en
[2] SBTi: Science Based Targets initiative: https://sciencebasedtargets.org/
[3] CDP (formerly the Climate Disclosure Project): https://www.cdp.net/en
[4] CDP's prestigious A list: https://www.cdp.net/en/companies/companies-scores/cdp-a-list-europe
[5] https://sciencebasedtargets.org/sectors/forest-land-and-agriculture

Midsona's sustainability targets and climate change strategy

A passion for promoting healthy food and sustainable consumption are at the heart of Midsona's business. The process of transforming people's eating habits towards healthier and more sustainable alternatives is the Group's driving force. The sustainability strategy is designed to position Midsona as the industry's leader in sustainability. This involves maintaining control over the Group's impact, risks and opportunities using scenario analyses and corresponding risk management.

Midsona has established an organisation with efficient processes, based on an in-depth understanding of the needs and requirements of stakeholders. The sustainability strategy reflects a high level of ambition. Midsona will contribute to a sustainable society by promoting a healthier lifestyle through the production and marketing of sustainable foods.

To achieve these goals, Midsona focuses on understanding the needs of stakeholders, having extensive knowledge of health and sustainability, and collaborating with suppliers throughout the supply chain to ensure a sustainable value chain. Midsona's work with sustainability revolves around six development areas: sustainable brands, healthy work environment, responsible sourcing, safe products, efficient use of resources and efficient transport. These areas line up with the UN Sustainable Development Goals (SDGs), which are described in the Group's SDG framework, detailed on pages 40-43. This holistic approach emphasises Midsona's commitment to having a positive impact on society and the environment through strategic sustainability initiatives.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Sustainability targets and climate change strategy

Midsona pursues a dynamic sustainability agenda with ambitious targets that continuously evolves alongside global developments. The Group's sustainability targets, developed through materiality and risk assessments, are Specific, Measurable, Achievable, Relevant and Time-bound (SMART). They focus on areas that are crucial for Midsona and its stakeholders, and

are also based on the Group's SDG mapping and the UN's calls for action. Targets help measure progress and facilitate the management of significant sustainability risks and opportunities.

Midsona recognises climate change as a major global challenge and has adopted a climate change strategy, which has been approved by the Board of Directors and Group Management. Midsona sets ambitious science-based targets for reducing emissions, in accordance with the Science-Based Targets initiative (SBTi). SBTi must then approve these objectives. The short-term and long-term targets all aim to achieve net zero emissions, strengthening Midsona's climate initiatives in accordance with the latest science and international commitments. Midsona has previously reported greenhouse gas emissions, with SBTi-approved reduction targets for Scope 1, 2 and 3 well below the 2-degree target. Midsona is now strengthening the Group's climate targets to align with the 1.5 degree target. Midsona has committed to SBTi, to achieve net zero greenhouse gas emissions throughout the value chain by 2045. The overall net zero target and the new related short-term and long-term targets, including FLAG targets, have been submitted to SBTi for approval. This strategy aligns with the Paris Agreement, the EU targets and the Swedish government's goal of net zero greenhouse gas emissions by 2045.

Midsona sets long-term targets with short-term interim goals in order to work with sustainability in an effective and adaptable manner. The targets must be regularly updated as a result of rapid developments in sustainable packaging, recyclable plastics and fuel technologies. Midsona's sustainability landscape is shaped by EU initiatives under the Green Deal, such as the Taxonomy for sustainable investments, regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

Within the framework of taxonomy mapping, Midsona monitors the impact of the taxonomy on the food industry to see when Midsona is further covered. The activities have been mapped against the taxonomy requirements, with careful attention to new criteria.

When it comes to preparing for compliance with the CSRD, Midsona is also aligning its sustainability reports with the GRI Standards for 2023. However, with mandatory reporting according to the requirements of the European Sustainability Reporting Standards (ESRS), the EU CSRD imposes new reporting requirements. Midsona has chosen to prepare in accordance with the Directive in order to be ready when it enters into force. In 2023, Midsona conducted a new double materiality analysis in line with the ESRS requirements. Based on the Group's material issues, Midsona is now working on the GAP analysis between the Group's existing data and the ESRS reporting requirement. The purpose is to be able to deliver the Group's first CSRD sustainability report for 2024.

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 foster 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%
our 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 transports

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

Efficient use of resources

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]

Reduced emissions in accordance with Science Based Targets, 1.5°C target from baseline year 2022

Target 2045:
net zero

Target 2030:
42%
reduced emissions in accordance with Scope 1, 2 and 3

Target 2028
70%
of Midsona's suppliers[1] are to be aligned with SBTi

Target 2030
30.3%
reduced emissions from FLAG[5]

Target 2025
No deforestation[6]

[1] Based on purchasing costs
[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.
[5] Forest, Land, Agriculture emissions
[6] Related to Midsona's high-risk raw materials related to deforestation, such as palm oil, soy, cocoa and paper.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Targets and outcome

For in-depth information on goals and outcomes, see the description of goals on pages 44–76 and sustainability data from page 79.

Plant-based and vegetarian assortment

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

Target 2030	Outcome 2023
100%	98%

Recyclable plastic packaging

We contribute to biodiversity: *Our packaging strategy increases the share of packaging that can be turned into recycled materials.*

Target 2025	Outcome 2023
100%	54%*

* The proportion of recyclable packaging material is 55%.

No occupational injuries

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

Target	Outcome 2023
0	17*

Gender distribution among management positions

We recognise 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 2023**
50/50	48/52%***

* From serious to less serious injuries. Mostly minor injuries, such as back pain and minor scrapes.
** Women/Men.
*** Includes all Group level managers for Midsona AB, including 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 2023
100%	54%*

Palm-oil-free brands

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

Target 2025	Outcome 2023
100%	99.9%**

* * 88 percent in Division Nordics where Kodiak has been applied. 0% in Division South Europe, but Kodiak will be implemented in the near future. 57% in the North Europe Division, with systems other than Kodiak. Suppliers yet to be managed in Kodiak are assessed in accordance with current legislation and the respective certification requirements.
** 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 2023
100%	54%*

Certification of own production units**

We protect public health and safety: *We improve access to healthy, safe and sustainable foods and products in an increasingly complex world.*

Target	Outcome 2023
100%	100%

* *88% in Division Nordics, where Kodiak has been applied. 0% in Division South Europe, but Kodiak will be implemented in the near future. 57% in the North Europe Division, with systems other than Kodiak. Suppliers that are not yet 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.

Reduced emissions in accordance with Science Based Targets, 1.5°C target from base year 2022.

Target 2045: net zero
Overall objectives.

Target 2030	Outcome 2023
–42%	–8%

emissions in accordance with Scopes 1, 2 and 3

Target 2028	Outcome 2023
70%	7.2%

of Midsona's suppliers are to be aligned with SBTi*

Target 2030	Outcome 2023
30.3%	–16%

*reduced emissions from FLAG***

Target 2025
No deforestation***

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 renewable 2023
100%	34%****
	Outcome reduced -12%****

* Based on purchasing costs
** Forest, Land, Agriculture emissions
*** Related to Midsona's high-risk raw materials related to deforestation, such as palm oil, soy, cocoa and paper.
**** Reduced total energy consumption, but also a reduced share of renewable energy due to switching from renewable to non-renewable stationary combustion in Castellcir.

Recycled waste and re-use 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 2023
90%	77%

Target food waste 2025	Outcome 2023
100%	79%

Reduced water consumption in intensity per tonne produced

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

Target Spain 2023*	Outcome 2023
–20%	–16%

Target 2030*	Outcome 2023
–10%	16%

* Reduction of water use in Castellcir per tonne produced since 2020 as the base year. Compared with 2022, the outcome for Spain is an 11% reduction and the outcome for Europe is a 5% increase.

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 2023
100%	20%**

Target Nordic region 2025***	Outcome 2023
100%	16%**

* Contracted directly by Midsona.
** Shown as increased emission intensity per tonne produced compared with the new base year of 2022. Emission intensity from transports increased in 2023 compared to the base year 2022. This is because the share of tonnes produced decreased relative to the new baseline year 2022 – it is not because we increased the intensity per tonne transported. However, Midsona has already taken major actions, considerably reducing its transport-related emissions compared to the former baseline year, 2019. 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 changed greenhouse gas emissions.
** Due to poor data quality on tonnes transported, transport intensity is calculated as tCO_2e/tonne produced and not tCO_2e/tonne transported, which is the target, resulting in a significant margin of error. This will be changed in the next year financial year. Because Midsona reduced the number of tonnes produced in 2023 compared to 2022, the margin of error is strengthened in the intensity data.
*** Self-contracted domestic.

Sustainability governance

How the Midsona Group manages its economic, social and environmental impact.

Midsona's management of sustainability initiatives

Overall, Midsona's sustainability governance involves how the Group handles social and environmental issues, risks and opportunities, as well as the promotion of long-term sustainability and creating value for stakeholders. Based on this work, Midsona sets clear goals supported by dedicated leadership and attention to societal changes, and with consideration for the expectations of the Group's stakeholders. Sustainability and profitability are interwoven in Midsona's operations, through a commitment to transparently integrate sustainability into the Group's business practices.

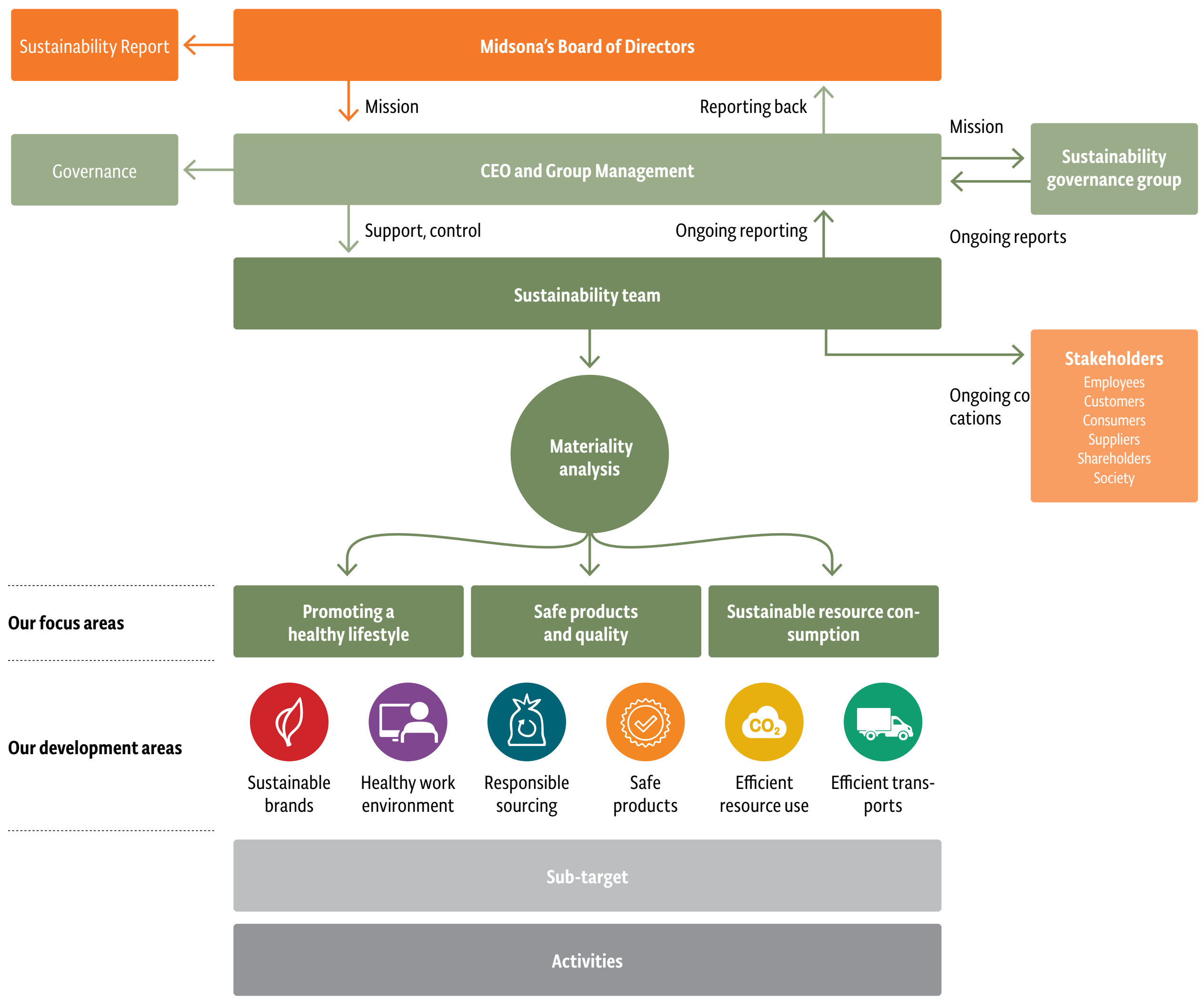
Midsona's Board has a supervisory role when it comes to sustainable development, where the CEO has overall responsibility for sustainability matters. The CSO is responsible for establishing the Group's sustainability strategy and ensuring that it is aligned with the global frameworks and complies with best practices and our desire to be at the leading edge.

The Sustainability Committee, led by the company's CSO, holds quarterly meetings to discuss sustainability strategy, targets, projects, activities and progress. In addition to the CSO and CEO, the group consists of the following roles: Director Legal, Director Operations, Division Director Nordics and Executive Assistant. In addition to the Sustainability Committee, Midsona's sustainability work involves specific line organisations in the divisions. They are responsible for implementing targets and activities. The two largest divisions have their own staff, with responsibility for implementation, reporting both to the CSO as part of the Sustainability Group, and to their respective division directors. The Sustainability Group also has its own sustainability controller for sustainability data, who reports to both the CSO and CFO in order to link sustainability data more closely to financial data. The company uses various reporting platforms to develop and measure activities in line with established targets and specific key figures, and to conduct annual evaluations.

There are clear KPIs and incentives for the handling and implementation of target-related issues established in daily operations.

To learn more about Midsona's sustainability governance and how the Board and Group management are included, read Midsona's CDP report via the following link: *https://www.midsona.com/en/sustainability/sustainability-targets/sustainability-reports/*

Midsona's sustainability governance model



Sustainability reporting platforms

Midsona's framework for sustainability reporting is presented on page 6. Midsona uses different reporting platforms in its operational activities to develop and measure activities in relation to set targets, to conduct annual assessments and to compare improvements over time. This allows the Group to systematically monitor performance and progress and to ensure a focus on the most important areas. This is necessary to maintain a high level of quality and quantity in Midsona's reporting. The Group's sustainability metrics are systematically reported to illustrate the annual trend. The metrics are closely related to Global Reporting Initiative (GRI) and Midsona reports in accordance with Scope 1, 2 and 3 of the Greenhouse Gas Protocol (GHG Protocol), as well as GHG FLAG to take the Group's climate and sustainability reporting to an even higher level. This is also done via an annual CDP report, which also includes the TCFD recommendations. We are now working to be able to report fully in accordance with CSRD already in 2024.

In addition to this, environmental and climate perspectives are included in the self-assessment that the Group's suppliers perform in the Kodiak portal, Midsona's system for supplier assessment, and in the Group's assessment survey for external validation during supplier audits.

Conditions for operating Midsona healthily and sustainably

Midsona places great emphasis on health and sustainability, with the Group's Code of Conduct serving as a crucial policy document. The Code emphasises responsible, integrity-based actions by all individuals associated with Midsona. The Group maintains a well-functioning control system, which ensures a formalised model for internal control that is adapted to Midsona's culture and ethical values. 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. They are presented in the Sustainability Policy and related documents. These are currently undergoing a process of improvement for adaptation to the 'no deforestation' target and related EU Deforestation Regulation, as well as biodiversity and soil conservation, based on identified material areas for Midsona's raw materials according to Midsona's double materiality analysis.

Health and human rights

Midsona has been affiliated with the UN Global Compact since 2011. Respect for human rights, labour laws, health, safety and the environment are high priorities. The Group's efforts to improve human health are consistent with the global Sustainable Development Goals. Midsona thereby supports the UN's Universal Declaration of Human Rights, the UN Convention against Corruption, the ILO's core conventions and the Rio Declaration. Midsona expects all suppliers and other partners to share these same priorities. In 2022, the Group also improved work with human rights further by securing requirements for Human Rights Due Diligence (HRDD) in accordance with the OECD and corresponding laws.

Midsona's work on human rights and the Group's responsibilities towards mankind and society are regulated in Midsona's Code of Conduct, Supplier Code of Conduct, Supplier Self-Assessment, Personnel Policy and underlying procedures for the organisational and social work environment, employee interviews, expertise and development, as well as health. Midsona has also reviewed and updated the Group's policies and guidelines to ensure that all existing company documents and Midsona's corporate culture are aligned with requirements from OECD's HRDD. This includes guidelines for requirements for employees, business partners, suppliers and business relationships.

With Midsona's efforts to improve human health and promote human rights, we support the following global Sustainable Development Goals:

Ethics, integrity and combating corruption

Midsona actively fights corruption and irregularities and works in accordance with the values described in the Code of Conduct, Corporate Governance Policy, Communication and IR Policy, and the Whistleblower Policy. Through the whistleblower service, employees can anonymously report concerns about behaviour that is contrary to the Group's values.

With Midsona's efforts to combat corruption and other irregularities, we support one of the global Sustainable Development Goals:

How we work for the environment and the climate

Midsona works to mitigate the Group's negative environmental impact and to transition to an environmentally sustainable society. The Group follows established procedures for product development, production and transport. Climate impact is a primary focus, as it has the highest score on Midsona's double materiality assessment, managed through the CDP, SBTi and TCFD guidelines and frameworks, as well as annual CDP reports. This is followed by other nature-related areas, such as biodiversity and soil contamination, where we use the TNFD as a guide for assessment. We apply their methodology and have started working with the TNFD guidelines. Midsona's environmental and climate initiatives are in line with best practices and the global Sustainable Development Goals. The Group continuously develops Midsona's work with regular assessments of sustainability-related consequences, risks and opportunities, according to these recommendations. To learn more about how Midsona manages and conducts its climate work, read the Group's CDP report via the following link: *https://www.midsona.com/globalassets/midsona/sustainability/ midsona-ab-cdp-report-2022.pdf*

In addition to application of TCFD, SBTi and CDP recommendations for nature and climate-related measures, Midsona's environmental initiatives are regulated by the following policy documents: the 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 Midsona's brand innovation templates.

Midsona's work for the environment and climate supports the following global Sustainable Development Goals:

Stakeholder dialogue, materiality analysis and CSRD

Stakeholder engagement is central to Midsona's sustainability strategy, with a communication plan that ensures continuous dialogue and exchange of information. Significant sustainability issues are identified through stakeholder dialogues, giving consideration to economic, social and environmental impacts.

To prepare the Group for the EU CSRD, with mandatory reporting according to the ESRS, Midsona has begun the shift towards the new reporting standards, in order to be ready when the directive enters into force. In 2023, the Group carried out a new double materiality analysis, in line with the procedure described in the ESRS, and based on the Group's material topics, Midsona is now working on the GAP analysis between existing data and the reporting requirement in the ESRS. This is how Midsona is preparing for sustainability reporting according to CSRD in 2024.

Midsona also monitors the EU Taxonomy requirements for the food industry and adapts accordingly.

In anticipation of the CSRD, Midsona is also still adapting its 2023 sustainability report with GRI Standards.

The Group's most significant sustainability issues connected to Midsona's ability to influence, risks and opportunities include (in descending order):

- Climate change
- Energy
- Transport
- Waste management in our organisation, food waste and handling of packaging
- Social (human rights) and environmental impacts in the value chain (supplier and supply chain).
- Biodiversity and production of raw materials
- Product and food safety
- Water consumption

Midsona actively works with these issues to address the Group's tangible impacts and risks, while endeavouring to support the global Sustainable Development Goals. Future updates to the Group's strategy will comply with CSRD guidelines and will be based on the Group's full double materiality analysis. In 2023, Midsona conducted a double materiality analysis in line with CSRD, which will be presented in the future.

Midsona has updated the Group's stakeholder list by adapting it to the CSRD requirements. The section on sustainability data on page 77 presents the details of how Midsona creates value for the Group's primary stakeholders.

Sustainable brands

The foundation of Midsona's business rests on responding to strong trends around the growing interest in health and well-being. These two areas also agree well with consumers' wishes to choose more sustainable options, with people increasingly avoiding animal products, unnecessary additives, and products with poor nutritional content. Midsona's focus on plant-based and organic products benefits from these trends, and the Group's passion lies in influencing people in their choices and helping them choose healthier and more sustainable alternatives in their everyday lives. The strategy also builds on strong growth with strong brands in prioritised categories.

Midsona's work with sustainable brands contributes to eight of the global Sustainable Development Goals.

Plant-based and vegetarian foods

Target 2030
100%
plant-based or vegetarian assortment

Midsona's objective

Demand for plant-based alternative foods has risen steadily in recent years. The segment is expected to continue to grow, which generates major market advantages for Midsona. The group can develop new products that meet the needs of consumers and customers. Midsona seeks to offer options with a low climate footprint, where the aspect of sustainability is included from crop to finished product. The Group is now striving towards an objective for all brands to only offer plant-based[1] or vegetarian[2] products by 2030.

How Midsona will achieve its objective

- Mapping of assortment and determination of metrics in relation to the requirements set for plant-based and vegetarian products.
- Mapping of market opportunities and their economic significance and set commercial actions to promote plant-based options.
- Mapping potential new acquisitions to ensure that they are in line with the objective.
- Investing in technology and capacity for the Group's own production of plant-based foods.
- Collaborating with suppliers and third-party manufacturers for plant-based alternatives.
- Innovation and product design that promotes plant-based products.

Progress in 2023

- Full integration of the Vitality and Oy acquisition in 2023 entails a stronger portfolio of dietary supplements with plant-based (vegan) products in Midsona's assortment for consumer health.
- Midsona's Spanish factory has produced more than 1,600 tonnes of plant-based meat alternatives. At the factory, Midsona develops and manufactures third-generation low-carbon plant-based alternatives, including chicken-, fish- and meat-like products. An estimated 13,872 tonnes of CO2e emissions per functional unit were avoided in the reporting year, compared to reference products. The calculation is performed using an attribution estimation method, measuring the difference in upstream cradle-to-gate emissions between plant-based meat alternatives (made in Midsona's production facility in Castellcir) and a number of meat-based reference products. To read more, please see Midsona's CDP report for 2023.
- A selection of Midsona's own brands with plant-based innovations in 2023: The Naturdiet Drink-mix product is now plant-based, having previously contained milk protein. The launch of three new plant-based products as alternatives to existing vegetarian products under the DAVERT brand, including plant-based porridge.
- New long-term cooperation with the national Olympic rowing team 'Deutschland Achter' to promote a healthy and sustainable lifestyle with plant-based products from the Davert brand.

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Midsona today

- In 2023, the percentage of plant-based or vegetarian products in the range totalled 98 percent (94).
- In 2023, the proportion of plant-based products in the assortment totalled 88 percent (88).
- In 2023, the proportion of plant-based or vegetarian products among priority brands totalled 99 percent (99).
- In 2023, the proportion of plant-based products among priority brands totalled 92 percent (91).
- In 2023, total emissions for purchased goods and services fell by 9 percent from the new base year of 2022. See the appendix to read more about (Scope 3) greenhouse gas emissions in tonnes CO2e for purchased goods and services.

GRI 305-3

Read more in the section on Sustainability data on page 79.

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

Organic and other certifications

Midsona's objective

The UN Sustainable Development Goals (SDGs) 14 and 15, the UN Convention on Biological Diversity with its Global Biodiversity Framework (GBF)[1] and the EU Biodiversity Strategy[2] indicate the importance of conserving biodiversity. It has never before been more pressing to preserve the Earth's ecosystems and the biodiversity that is essential to life on the planet.

Midsona endeavours to increase sales of plant-based foods and to offer a wide range of products that make a positive contribution in various ways to the environment and biodiversity. The products and production should also have a positive impact on people, including human rights. A key factor in this work is to exercise control over our value chain and establish sufficient transparency that allow us to promote sustainable sourcing of raw materials.

As far as possible, Midsona endeavours to produce or purchase volumes that come from EU certified-organic suppliers. Our suppliers should operate according to organic farming methods, produce and market organic products (EU 2018/848), as well as use other product certifications with a positive environmental or social impact, such as KRAV, Vegan, ECOCERT, Bioland, FoS, Fairtrade and Demeter.

In recent years, Midsona has focused on certified-organic and plant-based products. Today, the group is the largest supplier of organic food in the Nordic region. Midsona helps people live healthier lives with organic brands and high-quality plant-based products. You can read more about how Midsona works with certified raw materials in the chapter "Responsible purchasing" on page 54.

How Midsona will achieve its objective

- Map and measure the range based on the Group's 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.
- Set commercial actions to promote organic and other certified products.
- Increase capacity and production of organic and other certifications within the Group.
- 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 2023

- A strengthened position for organic plant-based foods in Germany and the Nordic market. In Sweden, Midsona has strengthened its focus on the public sector and schools as well as launched the new store concept "Kungsprogrammet" to promote plant-based and organic food through in-store demonstrations.
- In Germany, Midsona launched the first Bioland[3]-certified products that are easy to take on the go and that can be eaten immediately upon purchase (also known as convenience products), as well as additional products from Midsona's rice projects in India and Cambodia.
- Organic brands Kung Markatta and Urtekram continued to sponsor the "Årets EKO-insats" (Eco Initiative of the Year) award at the Swedish retail gala.
- Strengthened portfolio of certified products through the acquisition of Vitality and Oy: Makrobios – two FoS-certified Omega-3 products introduced as part of Midsona's portfolio.
- The Finnish "key flag" symbol (locally produced products) for 40 new products in six brands (Makrobios, Bertil's, Membrasin, Karpalact, Viviscal, Prostasin).
- An increased number of products under the Davert brand have been Fairtrade-certified and labelled.
- As with the rest of the Urtekram Beauty portfolio, all innovations in the brand were ECOCERT and vegan-certified in 2023 under the Cosmos Organic Standard, in order to remain a vegan and ECOCERT-certified brand.
- 100% of products from Midsona's production in Spain, France and Germany are organic.

Midsona today

- Midsona's sales of organic products currently account for 51 percent (49) of the Group's own brand sales. Of these sales, 4 percent comprise the Group's organic beauty brand Urtekram Beauty, which is certified in accordance with ECOCERT Cosmos and Vegan Society's Trademark.

Read more in the section on Sustainability data on page 80.

GRI 304-2

[1] https://www.un.org/en/observances/biologicaldiversityday; Kunming-Montreal Global Biodiversity Framework (https://www.cbd.int/gbf/);
[2] https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en
[3] Bioland is the leading association for organic farming in Germany. Around 8,700 farmers, gardeners, beekeepers and winemakers produce goods in accordance with Bioland's standards. In addition, more than 1,400 processors, such as bakeries, dairies, butchers, restaurants and retailers, are Bioland partners. They act as a community with shared values that benefit humanity and the environment.

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Sustainable packaging

Midsona's objective

Packaging plays an important role in Midsona's ability to reduce the Group's environmental impact. Midsona's overall goal is to follow existing recycling opportunities without sacrificing product durability.

Demands for circular alternatives are increasing among consumers, customers and decision-makers. Midsona's Climate Transition Plan for achieving the 1.5 degree target also requires increased circularity for all packaging materials. That means 100-percent recyclable packaging and 100-percent recycled packaging, regardless of material type. Midsona's packaging strategy is an important way to meet these requirements while contributing to the EU's strategy for a circular economy. The strategy 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 the Group's packaging
- Choose FSC-certified paper raw materials or similar to ensure sustainable forestry
- Reduce packaging material consumption
- Apply labels with instructions for recycling and reduced food waste
- Follow the development of future requirements for sustainability labelling, climate footprint, and emissions accounting

In 2023, Midsona worked in accordance with the former Packaging and Newspaper Collection (FTI) model for circularity[1] and always follows the applicable requirements for recycling in the markets where the Group operates, with the ambition to be at the forefront. Since 1 January 2024, Midsona has been affiliated with the Trade Association Packaging Producer Responsibility (Näringslivets Producentansvar, NPA). With the Group's innovations and product range processes, Midsona has the opportunity to create greater demand for recycled packaging materials, and simultaneously promote increased levels of sorting and collection of plastic waste that can, in turn, be reused. The pace of innovation is high and with the guidance of clear goals, governance and reporting we ensure that the handling of packaging-related issues forms a part of the day-to-day operations.

Progress in 2023

- Together with a pharmacy chain in Sweden, Midsona removed the plastic tray and shrink wrap on products such as Movo, Frigg's multivitamins, Membrasin and Maxosol, significantly reducing the amount of plastic.
- At the Falköping production facility, the stretch film used for packing has been replaced with a thinner version – a change that is expected to save around 500kg of plastic per year.
- The Helios brand switched from plastic to paper packaging for its pasta range. The packaging is made from FSC-certified paper to prevent deforestation. The paper packaging, including corrugated cardboard, consists only of paper and is recyclable. Uncoated paper with water-based ink has been used so that it can be recycled after use. This change has reduced greenhouse gas emissions considerably.
- During the year, work was underway to switch from cans to liquid cartons for Kung Markatta coconut milk and coconut cream products. The launch is in January 2024. Tetra Pak liquid cartons consist mainly of paper. The plastic film on the carton is made from plant-based plastics and has a lower environmental impact than fossil-based plastics. The packaging switch has a significant impact on greenhouse gas emissions[2]. Midsona chose a liquid carton for Kung Markatta with approximately 80% lower CO2e emissions per pack than a tin can.[2]
- Midsona continued the packaging change for the Movo brand. Some of the products are packed directly on half pallets instead of in distribution packaging. This has resulted in savings of both cardboard and plastic.

Midsona today

- In 2023, 59 percent (60) of packaging material purchased for Midsona's own production derived from recycled or FSC-certified input material. This is a decrease of 1 percentage point compared to the previous year and is inconsistent with the Group's target. The reason is stricter requirements for paper quality in Division Nordics.
- In 2023, 10 percent (11) of plastic packaging purchased for Midsona's own production derived from recycled material. This plastic is made from sugar cane waste and is therefore plant-based. This is a decrease of 1 percentage point compared to the previous year.
- In 2023, 41 percent (35) of product packaging had recycling instructions on the labels. This represents an increase of 6 percentage points compared with the previous year.

Read more in the section on Sustainability data on pages 80-82.

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] https://www.tetrapak.com/sv-se/solutions/packaging/packaging-material

Recyclable plastic packaging

Target 2025
100%
recyclable plastic packaging on own brands

Midsona's objective

Midsona is affiliated with the Plastic Initiative in Sweden[1]. Affiliated companies share the goal of having 100 percent recyclable plastic packaging for their brands. For Midsona, this target covers the entire Group, not only our Swedish operations. The Group places considerable focus on recyclable plastic materials and their colouring and printing to facilitate the recycling process.

By using recyclable packaging, the greenhouse gas emissions associated with the final processing of sold products may be reduced. This is also likely to provide 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 objective

- Mapping and metrics for packaging in relation to recycling requirements, and an overview of what this should cost in order to plan future investments in packaging changes in the short, medium and long term (read more in the appendix on pages 82-83).
- Updating technology and increasing capacity for the Group's production with recyclable packaging solutions.
- Collaborating with third-party manufacturers to find recyclable packaging solutions.
- Mapping potential new acquisitions to ensure that they are in line with Midsona's targets for recyclable packaging.
- Investing in innovation and product design to achieve the target of 100-percent recyclable plastic by 2025.

Progress in 2023

- Sustainable packaging projects continued at Midsona's factories in Mariager and Tilst in Denmark, aiming to replace non-recyclable plastic with recyclable film for a large number of self-produced units from the prioritised brands Kung Markatta, Urtekram and Helios. In Mariager, the roll-out to switch from non-recyclable plastic to recyclable plastic on the primary food line has begun. About 20 items were included in 2023, which together comprise about 9 tonnes of plastic that is now recyclable. Implementation is expected to be completed by 2025.
- In 2023, the shift for the Urtekram Beauty brand to recycled plastic bottles that are also recyclable began to improve circularity. The shift will also entail an annual reduction in plastic consumption of at least 2 tonnes.
- Project initiated to secure the shift to recyclable plastic packaging for all finished goods across the Group's brands by 2025.
- Packaging consolidation project for self-produced consumer health products in Falköping and Jakobstad initiated to ensure recyclable plastic for all products by 2025.
- A new tube filling machine installed at Midsona's cosmetics production unit has led to a halving of production residues, compared to the old machine.
- A large part of Midsona's biggest brand, Friggs, will have mono-plastic packaging, which improves recyclability compared to before. We are still working with our suppliers to find a recyclable solution for the rest of the packaging for Friggs mini cookies in bags.
- Conversion of DAVERT's mug range from non-recyclable paper-plastic composite to recyclable mono-plastic composite.
- Initiated project in Division North to switch all labels from paper to polypropylene (PP) in order to improve recyclability to the highest level.

Midsona today

- In 2023, the share of recyclable packaging material totalled 55 percent (50), an increase of 5 percentage points compared to the previous year. This includes plastic, paper, glass, metal and aluminium.
- In 2023, the proportion of recyclable plastic packaging material totalled 54 percent (44), an increase of 10 percentage points compared with the previous year.
- The total share of recyclable plastic packaging material in Division Nordics was 47 percent (47), which means there has been no change from 2022 to 2023. The proportion of recyclable plastic did not increase in 2023, due to an improved level of detail on packaging at Urtekram Beauty.
- In 2023, the proportion of recyclable plastic packaging material in Division North Europe totalled 60 percent (67), a decrease of 7 percentage points compared to the previous year. This is based on improved data quality.
- The proportion of recyclable plastic packaging material in Division South Europe totalled 64 percent (20), an increase of 44 percentage points compared to the previous year. This is due to improved data quality and the impact from closure of the production facility in Jerez, Spain, which contributed to a high share of non-recyclable plastics in 2022.
- In 2023, total emissions for end of life treatment of sold products decreased by 5 percent from the new base year of 2022. In the appendix, see also greenhouse gas emissions in tons of CO2e for end of life treatment of sold products, including emissions from packaging at the final stage.

Read more in the section on Sustainability data on pages 82–83.

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

[1] https://www.dlf.se/plastinitiativet2025

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Healthy and sustainable work environment

We believe that a healthy and sustainable work environment is a prerequisite for a healthy life. Midsona shall be a company that cares for people and the planet, where human rights and decent working conditions are a matter of course. This applies to Midsona's entire organisation, business partners and all other business relationships in the Group's value chain. Accordingly, Midsona endeavours to cultivate a healthy, sustainable, safe and equal workplace that offers a balance between work life and private life. At the same time, Midsona must ensure that the value chain upholds the requirements for human rights and social conditions.

To implement universal social sustainability principles and ensure best practice, Midsona is committed to the UN Global Compact. Midsona follows the assessments of the OECD Due Diligence Guidance for Responsible Business Conduct for multinational enterprises. Midsona's Code of Conduct is based on the UN Global Compact and the OECD. In conjunction with the implementation of the Transparency Act in Norway in 2022, Midsona initiated the Group's due diligence processes and transparency with a more comprehensive assessment of actual and potential negative social impacts.

Because Midsona's companies, operations and business partners are based in the EU and governed by EU regulations, the likelihood of human rights violations is relatively low. Combined with the Group's existing internal procedures based on the Code of Conduct, the risk of human rights violations of the Group's employees is low and does not constitute a prioritised focus area. Instead, the focus will be on Midsona's complex value chain, in which the risk of human rights violations is greater. You can read more about how Midsona works with human rights due diligence (HRDD) in the section Sustainability management on page 42, and how the Group handles this in the supply chain in the section Responsible sourcing on page 54, and on Midsona's website *http://www.midsona.com/en/sustainability/human-rights*.

Equality and diversity are natural elements of Midsona's operations and the Group's sustainable workplaces. We do not tolerate harassment, discrimination, or other abusive behaviours. In line with Midsona's mission to help everyone enjoy a healthier life, the Group values the dynamic environment created by a diverse workplace. It creates a work culture in which new ideas and different perspectives and work methods can flourish.

Midsona's work to develop a healthy and sustainable work environment supports six of the global Sustainable Development Goals.

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

Promote a safe and healthy workplace

Midsona's objective

Midsona must be a safe and healthy workplace with no avoidable work-related injuries. The Group seeks to be an employer that fosters a healthy life for all employees, at work as well as at home. In the aftermath of the coronavirus pandemic, Midsona adapted and improved the Group's measures to prevent risks to health and safety. To provide favourable conditions for all employees to work from home, Midsona has invested in improved technical equipment, digitalisation and better technical support.

How Midsona will achieve its objective

- By ensuring that our measurements are consistent with best practice regarding work-related injuries and illnesses.
- Mapping, measuring and following up concrete data to define, promote and monitor Midsona's healthy workplaces in accordance with best practices: working hours, overtime, workplace flexibility and home office options.
- Committees for health, environment, and safety exist at all facilities, with regular meetings and follow-ups of the work environment. Site-specific reports on preventative 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.
- Regular employee surveys as a basis for developing and ensuring a good work environment.
- Supportive health-promotion measures and encouraging physical activity. For example, collaboration with gyms, use of facilities that facilitate commuting by bicycle, encouraging walk-and-talk meetings.
- Develop the range of healthy food and drink for employees.

Progress in 2023

- GAP analysis performed for all Midsona social data to identify gaps and opportunities for improvement. The results are an important part of meeting the EU CSRD requirements.
- Improvement of data collection processes to ensure best practice measurements for work-related injuries and illnesses according to LTIFR standard.
- To gain control of overtime practices, Midsona is taking a closer look at numerical data for overtime reporting for employees in production where such tools are not already available.
- As part of returning to the office after Covid, all of Midsona's offices have become characterised by more flexible solutions for home offices. For example, Midsona Finland and Germany established a Remote-work Policy to encourage employees to plan their work time in a more flexible way, including extra insurance for employees to cover remote-work safety.
- Focus on employee well-being through improved new or renovated offices in several countries. In Finland, all work stations have been checked by health specialists to ensure healthy working in the company's offices, and height-adjustable desks have been installed in Germany.
- New H&S organisation in Denmark covering all facilities and business units. This means improved work-related injury tracking, improved common written procedures and regular safety training routines at all factories and offices, as well as the introduction of an evaluation forum at the production level in Denmark to discuss accidents and incidents, and to identify corrective measures.
- In Division South, Midsona has implemented several trainings on work environment and health and work-related diseases
- Midsona carries out various measures in several countries to promote health and improve physical activity and mental well-being among the Group's employees, such as various running, walking and cycling challenges. In Germany, a new concept in a particular production area has been initiated to reduce stress. Similarly, an updated process has been established to ensure that more employees use their holiday entitlement.
- New working group established in Germany for hazardous chemicals and establishment of new evaluation, authorisation and management procedures aiming to implement a process in line with the ISO 14001 and OHSAS certification systems.

Midsona today

- In 2023, 17 workplace injuries (38) were reported, a decrease of 21 compared to 2022.
- In 2023, sick leave was 5.3 percent (6.0), a decrease of 0.7 percentage points compared to 2022.
- The figures for 2023 cover all Midsona facilities, including a total of 8 production units. The large decrease in occupational injuries from 2022 demonstrates a strong focus on health, safety and the environment, especially in Division South Europe, where cases fell from 17 to 2 from 2022. Last year, Division South Europe had a relatively high proportion of injuries among its own industrial workers, where the risk of occupational injuries is highest.
- In 2023, the Lost Time Injury Frequency Rate (LTIFR) was 11, a decrease of 48 percent compared to the previous year. LTIFR calculates accidents per 1 million working hours and is a good KPI for Midsona, which has an increased number of industrial workers at production units with the acquisition of production facilities.

Read more in the section on Sustainability data on pages 83–84.

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

Midsona's objective

Committed and inspired employees are the key to creating a healthy work environment and achieving Midsona's targets. Midsona aims to develop an open, knowledgeable, efficient and performance-oriented corporate culture with low thresholds for interaction. In the Group, Midsona sees the value in maintaining and continuously developing employees' different skills and in encouraging and supporting personal and professional development through various training initiatives.

At the same time, no organisation can function without reliable leadership, and Midsona strives to build a beneficial and efficient leadership culture with clear governance. The Group's leaders should be a source of inspiration and enthusiasm in their respective teams.

Midsona wants to create a strong sustainable corporate culture permeated by the Group's common core values: Caring, Reliability, Motivation and Pride. This is a long-term process that is meant to generate positive effects in terms of creativity, innovation, passion and motivation.

How Midsona will achieve its objective

- **Pride and passion:** Inspire a sense of pride and confidence among employees, so that they know they are a key part of a global transition to secure a sustainable future. Continue to develop Midsona's sustainability agenda to ensure that the strategy follows best practice and is in line with the UN and the latest scientific findings, and continuously share knowledge with employees. Furthermore, share success stories about Midsona's sustainability work to nurture and promote sustainability in the daily operations.
- **Reliability:** Set out a credible Sustainability Transition Plan and make it publicly available to employees and other stakeholders. This is to ensure transparency and to assure employees and data users that Midsona is aligning with long-term goals and that the Group's business model will remain relevant in a net-zero carbon economy. Read more about the transition plan in the Sustainability Governance section on page 40 or at https://www.midsona.com/globalassets/midsona/sustainability/climate-transition-plan/midsonas-climate-transition-plan-2023.pdf
- **Progress:** Progress requires concrete, documented results that are reported regularly, based on verified quality data aligned with global standards and frameworks. This enables stakeholders to follow the progress and have confidence in Midsona. Reporting climate data verified by a third party is not only a vital step in explaining and managing the Group's climate impact; it also assures the accuracy of the data and builds a strong brand. Independent verification of environmental data can result in cost savings and a competitive advantage for the Group.
- **Motivation:** Ensure good implementation and performance management of Midsona's sustainability agenda and targets with clear leadership and governance principles, regulating responsibilities, tasks and obligations. Ensure best practice in measures, templates, tools and measurements for governance.
- **Training:** Ensure best practice actions for training. Develop leadership talent and employees' skills with internal lectures, courses, seminars and webinars, and collaborate with students and academia.
- **Caring:** Carry out regular employee surveys. Midsona's system comprises a series of surveys with different aims, such as determining employee satisfaction or assessing mental wellness. Midsona also provides employees with a whistle-blowing system and other platforms through which they can anonymously share ideas, feedback and complaints.

Progress in 2023

- As an aspect of strong, clear leadership, Midsona has established an overall transition plan for a more sustainable future, including a climate transition plan containing strategy alignment, an action plan, quantification and reporting. The plans have been adopted by Midsona's Sustainability Committee and the Board of Directors. The content and progress of the climate transition plan constitute part of the annual report and were approved by Midsona's shareholders at the AGM.
- Carried out a comprehensive double materiality analysis of own operations and value chain based on CSRD requirements and started preparing for CSRD reporting for next year. Midsona conducted this work to improve knowledge and understanding of the Group's operations and value chain. The process has been extensive and instructive, requiring significant self-study of the various CSRD topics.
- Midsona has conducted various internal and external courses and training programmes at several sites to strengthen the organisation. These include a leadership programme established in the Nordic region and a sustainability training for all employees in the division. In Germany, new management structures and reporting and communication processes were implemented as part of this initiative. In France, Midsona initiated a programme focusing on the Group's values to ensure ownership and compliance.
- Implemented closer collaboration between the sustainability and finance departments for good CSRD management and governance; shared data collection systems; collaborated on double materiality analysis and established a more extensive role for the Group's sustainability controller, who reports to both the CSO and CFO.

Midsona today

- With Midsona's sustainability awards from both CDP and Sustainable Company 2023, the Group has once again confirmed that its strategy and leadership with regard to sustainability initiatives are consistent with best practices, based on the UN's global goals and global standards. Midsona continues to be at the leading edge.
- Percentage of full-time employees receiving regular performance and career development interviews in 2023: 92 percent (91).
- All employees are given opportunities to learn and improve their English skills.

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

Corporate culture of diversity, inclusion and equality

Target
50/50
gender distribution in management positions

Midsona's objective

Midsona strives to create an equal and inclusive work environment characterised by diversity. The Group seeks to have a balanced age and gender distribution at all levels in the Company, with equal conditions and opportunities available to all employees. Harassment, discrimination, and other abusive treatment are never accepted. The Group has a relatively even gender distribution and works actively to achieve a 50/50 gender representation in senior management positions.

How Midsona will achieve its objective

- Improve and ensure best practice metrics on gender distribution, including contract type, basic salary and remuneration.
- Safeguard best practice measurements for discrimination.
- During recruitment or promotion, potential and current employees are assessed only on the basis of their expertise and development opportunities.
- Offer working conditions suited to all employees, with flexible working days, the option to work from home and the option of part-time work. These are expanded to also include senior positions.
- Take measures to improve gender representation and drive integration and inclusion.
- Shape a transparent culture and encourage inter-cultural dialogue.
- Promote team-building, as well as formal and informal Group-wide events.
- Systematised and transparent internal communication via the intranet, which measures interaction and is regularly evaluated.

Progress in 2023

- Improved data collection process to ensure best practice measurements in gender balance and other social data, together with the finance department.

Midsona today

- An even gender balance among managers encompasses all Group level managers for Midsona AB and all members of the division level management teams: 20/22, which means a distribution of 48 percent women and 52 percent men.
- **Gender distribution on Midsona's Board of Directors:** 2/5, which means a distribution of 29 percent women and 71 percent men.
- **Gender distribution of Group Management:** 3/4, which means a distribution of 43 percent women and 57 percent men.
- **Gender distribution within the Group:** 55 percent women, 45 percent men.
- Salary and remuneration for management and Board members by gender has improved from a 40/60 percent female/male split, to 45/55 from 2022 to 2023. The same trend has also occurred for other employees, from 51/49 to 50/50 percent female/male distribution.
- In 2023, 3 cases of discrimination were reported, from zero cases in 2022. Midsona has zero tolerance for discrimination and is now working to ensure that this does not happen again.
- No cases of corruption were reported in 2023.
- All employees have access to Midsona's intranet.
- Regular newsletters from all departments including the sustainability department, and CEO letters to all Group employees.

Read more in the section on Sustainability data on page 85.

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

Responsible sourcing

To be able to deliver safe and responsibly produced products, Midsona's first step must be to purchase responsibly produced raw materials. Responsible sourcing is one of Midsona's largest areas of influence regarding sustainability, and the Group seeks to always work with sustainable suppliers and promote healthy and safe working conditions, fully respecting human rights throughout the supply chain.

In collaboration with the Group's suppliers, Midsona works to ensure that everyone in the supply chain lives up to the set requirements and conducts their operations sustainably.

Through targeted supplier engagement and by maintaining close, long-term relationships built on mutual trust, Midsona uses a solid internal system for reviewing all suppliers' efforts and has opportunities to perform recurring supplier checks, visits and partnerships. Midsona also works closely with third-party actors and various certifications as an additional guarantor of the products and raw materials that are purchased.

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

Midsona's work with responsible purchasing contributes to 11 of the global Sustainable Development Goals.

Human rights and social conditions in Midsona's value chains

Midsona's objective

Human rights have never been as relevant for the sustainability agenda as they are now. On 23 February 2022, the European Commission proposed a directive on mandatory sustainability due diligence for companies (CSDDD)[1]. The purpose of this directive is to promote sustainable and responsible corporate work and to anchor human rights and environmental considerations in the companies' operations and corporate governance. The new rules will ensure that companies address negative impacts of their actions, including in their value chains inside and outside Europe[1]. Some countries have already adopted laws in this area which are harmonised with the UN's and the OECD's guidance on human rights and responsible action[2, 3, 4].

Midsona has identified the Group's extensive and complex global supply chains as a potential risk for negative effects in terms of human rights, social criteria and the environment. Food systems are fragmented, for example, and embody major disparities in socio-economic development and living conditions. For this reason, Midsona feels that measures are needed to prevent and mitigate risks in the Group's global supply chains, and to primarily address the potentially negative effects. Midsona's process for compliance with the OECD's Human Rights Due Diligence (HRDD)[2] is described below, as well as in the "Healthy work environment" chapter on page 50 and in the "Sustainability governance" chapter on page 42. To further strengthen the Group's work in human rights in the value chain, Midsona has now joined ETI Sweden.

How Midsona will achieve its objective

Midsona aims to implement a due diligence process with supportive measures according to the following:

- Confirm areas of responsibility with the Board of Directors, senior management and the rest of the organisation and establish the necessary policy commitments for the Group's guidelines and governance systems to be aligned with the UN's and OECD's HRDD[2].
- A risk supervisor has been appointed for the supply chains, who reports the risks regularly to the Sustainability Committee.
- Mapping to meet Due Diligence requirements. This ensures that units have more than just an overview of the conditions in their own organisation. They also need an overview of all their supply chains and other business relationships.
- A process is established to identify and assess the risks to human and labour rights in line with the OECD's HRDD and locally applicable laws. The risk classification shall be based on external, credible and generally accepted factors and globally recognised indices.
- Take action with regard to risks and implement a risk management action plan.
- Track and review the results and conduct an annual review of the risk identification and management system.
- Communicate findings publicly. As there is an obligation to provide information to anyone who requests it, the Group must be able to accept written requests for information, allocate responsibility for processing requests, and respond to inquiries (in some countries promptly).
- Coordinate with suppliers and other partners to ensure a response.

Progress in 2023

- Strengthened internal processes and systems for following up new global frameworks to ensure the due diligence of the entire supply chain (CSDDD). Sedex, a member-based platform for social and ethical corporate responsibility management in the supply chain, has become an important system for Midsona's supply chain for understanding relevant topics for the Group's workers and for workers in the value chain. Sedex is the world's largest data platform for supply chain assessment[5].
- Midsona initiated a new collaboration with ETI Sweden to strengthen the Group's network and as a tool for enhanced management of supply chain risks.
- Followed up Midsona's procedures and documents to ensure compliance with the Transparency Act in Norway. Read more about how Midsona complies with the Transparency Act on Midsona.no and Midsona.com.
- Communicated the findings publicly on Midsona's website at: *http://www.midsona.com/en/sustainability/humanrights*.

Midsona today

- In 2023, Midsona continued its journey to ensure compliance with Human Rights Due Diligence according to the OECD Due Diligence Guidance for Responsible Business Conduct [2] in the relevant countries where regulations such as the Transparency Act in Norway and corresponding regulations in Germany and France already apply. Midsona is also preparing at the Group level, and for all EU countries before the Corporate Sustainability Due Diligence Directive[1] (CSDDD) enters into force. The CSDDD aims to improve the protection of the environment and human rights in the EU and globally. It will establish obligations for large companies regarding actual and potential negative impacts on human rights and the environment with respect to their own and their subsidiaries' operations, and those of their business partners.
- As of July 2022, and in 2023, Midsona meets the requirements of the Norwegian Transparency Act. The following information is available at *https://www.midsona.com/en/sustainability/humanrights* The above is consistent with the OECD Guidelines and corporate governance as described on page 42.

Read more on pages 40–43.

GRI 414-1	GRI 414-2	GRI 407-1
GRI 408-1	GRI 409-1	

[1] https://commission.europa.eu/businesseconomyeuro/doingbusinesseu/corporatesustainabilityduediligence_en.
[2] OECD Due Diligence Guidance for Responsible Business Conduct: https://mneguidelines.oecd.org/OECDDueDiligenceGuidanceforResponsibleBusinessConduct.pdf
[3] OECD Guidelines for Multinational Enterprises 2011 EDITION: https://www.oecd.org/daf/inv/mne/48004323.pdf
[4] https://ecfr.eu/article/lawandglobalordereulegislationonhumanrightsduediligence
[5] Sedex: The world's largest data platform for supply chain assessment to store, analyse, share and report on sustainability practices: https://www.sedex.com/

Sustainable raw materials

Target 2025
100%
our own brands free from palm oil

Midsona's objective

Biodiversity and ecosystems are two of Midsona's most important areas in the value chain, for both products and raw materials. To offer sustainable products, sustainable raw materials are essential. At the same time, the supply of raw materials will always pose a risk from several perspectives. Never in human history has biodiversity been as threatened as it is today[1]. Even so, prudent agriculture, forestry and fishing have significant potential to mitigate the effects.

By focusing on plant-based, sustainable raw materials and products, Midsona wants to contribute to sustainable agriculture, forestry and fishing. Midsona is also working to expand the Group's third-party-certified products, as described on page 80. Choosing certified raw materials fosters sustainable management of forests, land and marine resources. This, in turn, helps to secure future access to Midsona's high-risk raw materials that depend on a good climate and biodiversity, such as palm oil, fish oil, rice, maize, soy, cocoa, packaging materials and paper.

For this reason, already in 2021, the Group adopted a position on the following issues:

Organic Midsona strives towards production with the least possible environmental impact. To support this, the Group follows an approach based on a set of strict guidelines and principles compiled and certified in accordance with EU requirements 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. Given the responsible use of energy and natural resources, the conservation of biodiversity, the use of more fertile soils and better water quality, it often has a limited environmental impact. Moreover, the rules for organic farming encourage better animal welfare as farmers are obliged to meet the needs of their livestock. The EU regulations on organic farming set a clear framework for organic production throughout the EU.[2]

Genetically modified organisms Midsona's products shall not contain raw materials from genetically modified crops (GMOs). The Group does 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" (EU 1829/2003 and 1830/2003). The raw materials that Midsona uses that have a risk of genetically modified (GM) materials are soy, maize, rapeseed and rice.

Roundtable on Sustainable Palm Oil (RSPO) The protection of rainforests and indigenous peoples is essential, and measures must be taken against deforestation and the extinction of habitats. Midsona should avoid palm oil or, when no alternatives are available, ensure quality and safety and only use RSPO-certified palm oil. By 2025, all of Midsona's own brand products are to be 100 percent free from palm oil.

Friends of the Sea (FOS) for fish oil Sustainable fishing methods and sustainability certifications are necessary for ensuring the sustainable use of oceans and marine resources. Midsona shall ensure that the fish oil in the Group's products derives solely from sustainable fishing.

Forest Stewardship Council (FSC) for sustainable paper 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 Plant-based products are an important step for a low-carbon society. 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.

How Midsona will achieve its objective

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

- Value chain risk analysis using guidelines and standards for best practices regarding assessments of risks and opportunities, such as TCFD, TNFD and Sedex.
- Regular risk analysis. Identify raw material risks and opportunities in risk areas such as climate change, deforestation, water supply, biodiversity and animal protection based both on the Group's impact and how Midsona's financial situation may develop in the future (double perspective). The results of the 2023 assessments require an update to Midsona's Raw Material Policy in 2024.
- Systematic, integrated risk controls as part of the innovation process and the quality assurance system.
- Mapping and rating of risk factors by Midsona's suppliers through the Supplier Self Assessment (SSA) in Midsona's supplier portal Kodiak.
- Ensure that all 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 Midsona's Procurement Policy.
- Promote and make available plant-based foods as a responsible alternative to animal products.
- Be involved in relevant networks and organisations.

Progress in 2023

- Strengthen internal processes and systems for following up new global frameworks to ensure the due diligence of the entire supply chain (CSDDD). Sedex has become an important system for Midsona's supply chain in order to understand relevant topics for both social and environmental impact in the value chain.
- In 2023, Midsona implemented the newly launched TNFD standard for analysing nature-related risks and opportunities. This has also been an important tool in the Group's double materiality analysis of the value chain, based on the CSRD criteria.

Midsona today

- 100 percent of Midsona's palm oil is RSPO-certified. 99.9 percent of the range is free from palm oil (99.9 percent in 2022).
- 100 percent of purchased materials are GMO-free.
- 94 percent of fish oil purchased as a raw material in the Group's own production is FoS-certified.
- 100 percent organic- and vegan-certified raw materials for cosmetic production (Urtekram Beauty).
- 88 percent (89) of Midsona's purchased raw materials for all in-house production are certified organic.

Read more in the section on Sustainability data on pages 86–87.

GRI 304-2 | GRI 305-3 (GHG scope 3) | GRI 308-2

[1] https://www.un.org/en/observances/biologicaldiversityday
[2] https://ec.europa.eu/info/foodfarmingfisheries/farming/organicfarming/organicsglance_en

Supplier and supply chain control

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

Midsona's objective

It is important for Midsona to maintain close relationships with all suppliers. This way, the Group can ensure that Midsona works with suppliers that are sustainable or that demonstrate strong development potential. Midsona can also secure the Group's future access to sustainable resources and the protection of the environment, biodiversity and human rights. Midsona's goals in this regard are:

- By 2025, 100 percent of Midsona's strategic suppliers shall be risk 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 all factories, Midsona can maintain good control and transparency with regard to production and the supply chain. In the minds of consumers, local production is often associated with superior and consistent quality and consumer demand for locally grown products is steadily rising.

To reduce risks in the supply chain, Midsona also purchases proportions of raw materials directly from suppliers in the country of origin, which works to reduce complexity in the supply chain while increasing control and transparency. This allows Midsona to build strong partnerships and to drive change in agriculture, both in terms of working conditions and the cultivation of various products.

In Division Nordics, which covers about 70% of the Group's operations, Midsona checks its suppliers' actual or potential negative environmental or social impacts in its own automated evaluation system, Kodiak, while Divisions North Europe and South Europe have established manual procedures for checking suppliers. For the supply chain, which covers all steps from Midsona's closest suppliers down to agriculture and forestry, the Group has established a risk assessment using Sedex risk indicators.

The Group's 2023 work with the double materiality analysis, in line with CSRD methodology, covers the entire value chain, with the HRDD in 2022 and the new upcoming CSDDD. The analysis addresses the need for a more comprehensive assessment of actual and potential negative environmental and social impacts in the supply chain and of the measures taken. This also includes negative impacts on local communities, incidents of forced or compulsory labour, incidents of child labour, suppliers in which the right to freedom of association and collective bargaining may be at risk as well as better control for biodiversity. All new direct suppliers to Midsona are currently checked using social and environmental criteria, and in 2023, as part of preparations for the CSRD, the Group developed control systems further down the supply chain.

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How Midsona will achieve its objective

- Midsona screens its direct suppliers for actual and potential negative environmental or social impacts. To achieve the Group's ambition, Midsona applies a meticulous supplier management system encompassing the following:
  - A Supplier Code of Conduct that helps Midsona set higher standards and ensures that the Group works with responsible suppliers.
  - A quality and sustainability risk assessment system that risk-rates and monitors suppliers on aspects such as fulfilment of criteria regarding sustainability certification, quality and product safety, geographical risk in accordance with globally known accredited standards (as example BSCI or Sedex), economic, social and environmental impact, human rights, business ethics, anticorruption and health and safety.
- Ultimately have all divisions in the Group use the common supplier evaluation system, Kodiak. In the short term, Midsona accepts the use of other evaluation methods as well, if they fulfil the Group's common requirements for suppliers.
  - Where Kodiak is not used, this is covered by the requirements in the food safety certifications, such as IFS-certification. In Germany this is covered by the processes implemented as part of the comprehensive sustainability management system certification We Care. In the Nordic division, Kodiak has been implemented for all types of suppliers.
- Implement due diligence and transparency processes with more comprehensive assessments of actual and potential negative environmental and social impacts along the entire supply chain, including negative impacts on local communities, incidents of forced labour, child labour, suppliers at which the right to freedom of association and collective bargaining may be at risk, as well as better control of biodiversity.
- Establish a network of strategic suppliers for long-term collaboration to support the transition to sustainable production.
- 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 2023

- 88 percent of Nordic direct suppliers are risk-classified in accordance with sustainability guidelines for actual or potential negative environmental or social impacts in Midsona's supplier evaluation system, Kodiak.
- An ongoing focus on sending self-assessments to new suppliers for Midsona's Division Nordics during the year, with a particular focus on Consumer Health suppliers. All new suppliers are obliged to sign Midsona's Supplier Code of Conduct.
- Continuation of the pilot phase of second-party sustainability audits in the supply chain in Midsona's Division North Europe. In 2023, two ESG audits, nine supplier quality audits and five partnership meetings with suppliers were carried out.
- Continued expansion in 2023 of the portion of the supply chain covered by social standards and the Group's Code of Conduct in Midsona's Division North Europe.
- In 2023, due diligence processes and risk analyses were conducted in the supply chain further down the value chain than Midsona's direct suppliers (indirect business relationships), adapted to product origin, supplier country and industry, applying Sedex's globally well-reputed, validated and credible set of indicators.

Midsona today

- In 2023, 54 percent (44) of all suppliers were risk assessed and classified in Kodiak or via other methods, an increase of 10 percentage points on the previous year. The still-low share is due to the fact that Division South Europe has not yet implemented Kodiak. However, Division South Europe has a relatively high number of suppliers, at 308, compared to a total of 951 in the whole Group, and accounts for 32 percent of the Group's suppliers. As Midsona counts the numbers of these providers as zero for this target, this has a significant impact on the result. Division South Europe presently conducts assessments in its own systems that are not included in the current figures.
- 54 (49) percent of all suppliers have signed and apply the Code of Conduct. The still-low share is due to the fact that Division South Europe has not yet implemented Midsona's common SCOC, and controls this with its own method for now.
- The Group conducted 15 (12) supplier audits in 2023.
- 56 percent (60) local purchasing within the EU. Origin of purchase, of which:
  - 56 percent (60) of purchased raw materials were of EU origin.
  - 94 percent (97) of finished products were purchased from suppliers in the EU.
- 65 percent (64) of raw materials were purchased directly from the countries of origin. The rest were purchased through a third-party supplier.

The objective is that all of Midsona's suppliers shall be risk classified with regard to quality and the requirements for safe products. Read more on pages 87–89.

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

Read more in the section on Sustainability data on pages 87–89.

[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

Midsona's objective

Midsona strives to be a strategic, long-term partner to its suppliers and a reliable player for supporting sustainable societal and environmental development in the Group's supply chain and in the agricultural communities where Midsona operates. Midsona's strategy is to involve as much of the Group's value chain as possible in minimising impact and improving environmental and social conditions. To meet the goals of the Paris Agreement, a broad set of strategies will be necessary in order to reduce emissions from purchased goods and services, from both industrial and energy emissions from suppliers, and from land-based emissions at the final stage, i.e. from agriculture and forestry (FLAG emissions). See also more about Midsona's Supplier Engagement and FLAG under climate targets on page 39. Midsona's ambition is to combine the Group's purchasing of strategic raw materials with the promotion of climate, biodiversity, environmentally friendly agriculture and social commitment. Doing so also provides improved economic sustainability, and thereby greater shared added value.

How Midsona will achieve its objective

- Analyse risks and measure the impact of Midsona's supply chain on society and the environment.
- Establish science-based supply chain targets for as many of Midsona's suppliers with significant total emissions and value as possible.
- Establish science-based targets in the areas of forest, land and agriculture (FLAG SBTs) for significant climate emission reductions along the value chain, according to SBTi's new FLAG guidance and the associated 2023 land-based GHG protocol [1].
- Cooperate and maintain a close dialogue with strategic suppliers, and build long-term relationships based on best practices in environmental and social principles.
- Build networks and involve stakeholders throughout the supply chain.
- Create a high degree of transparency and communicate about the Group's efforts in the supply chain to create value for stakeholders, investors, customers and consumers.
- Close collaboration with customers with the same objective.

Progress in 2023

- As part of Midsona's net zero commitment, the Group has submitted new supplier engagement targets and FLAG to SBTi. This is a part of Midsona's dedication to achieving net zero emissions. Read more in the section Efficient use of resources.
- The strategy for new FLAG targets is to reduce emissions from forest, land and agriculture (FLAG). As part of the FLAG targets, in 2023 Midsona carried out a comprehensive survey of greenhouse gas emissions from the Group's products and services. This included energy/industrial emissions as well as soil emissions.
- The strategy to engage with 70 percent (measured by purchase cost) of Midsona's suppliers to establish their own science-based emission reduction targets is in place. This will reduce emissions from the Group's most important Scope 3 category, Purchased goods and services.
- Midsona's Nordic purchasing department has changed its organisation and a new role has been created with sustainability responsibility for purchasing. This is now the role with responsibility for continued implementation of Midsona's supplier engagement.
- Strengthened internal processes and systems for following up new global frameworks to ensure expanded due diligence in the supply chain. Sedex has become an important system for Midsona's supply chain analysis, to understand relevant topics for the Group's workers and for workers in the value chain.
- Midsona initiated a new collaboration with ETI Sweden to strengthen the Group's network for enhanced management of risks in the supply chain.
- Midsona's Division North has co-founded the first organic farming school for farmers in Malawi as part of a new project for joint strategic sourcing of peanuts, millet and beans in Malawi.
- Midsona has continued the Group's previous involvement in the ongoing project Kotwa in India, a community engagement project for reducing the environmental and climate impact of growing rice by supporting the local population through sanitation equipment and schools, resulting in Fairtrade and Demeter-certified raw materials. The project is a joint programme between Midsona's Division North Europe, the supplier, an NGO and the federal ministry of economic cooperation and development.
- Midsona has continued the Group's previous involvement in the ongoing Ibis Rice Project in Cambodia, to protect biodiversity during rice cultivation. This project plays a crucial role, because it is located in an official High Conservation Area.
- Midsona has continued to work with the Celnat fund, which works with the cultivation of cereals in France, for protection of biodiversity, rural landscape and agricultural structures, as well as seeds, crops and water supply to reduce climate impact.

Midsona today

- Supplier engagement target: Today, 7.2% of suppliers have set SBT.
- FLAG target: The target is under evaluation by SBTi and we expect approval in 2024.

The Group is currently in the early phase of setting a FLAG-based transition plan as part of Midsona's climate transition plan.

- Ibis Rice Project in Cambodia: The two largest divisions, Midsona Nordic and Midsona North, are part of the project this year, unlike last year when only Division Midsona North was involved.

Read more about the Group's community projects on Midsona's website.
Read about how Midsona donates food to various organisations to avoid food waste in the section Efficient use of resources on page 70.

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

[1] Reducing emissions in the land sector is feasible through reduced land-use change, reduced agricultural emissions, and reduced emissions via demand shifts. In addition, mitigation in the land sector also requires accounting for GHG reductions (enhancing sinks) due to the potential for forests and soils to store carbon. GHG removal can be achieved by restoring natural ecosystems, improving forest management practices, and enhancing soil carbon sequestration. Companies setting ambitious science-based targets on FLAG emissions can send a strong signal to increase the level of ambition of local, regional and national policies.

[2] The forest, land and agriculture (FLAG) sector, also known in the scientific community as agriculture, forest, and other land use (AFOLU) – or the land sector ((https://sciencebasedtargets.org/resources/files/FLAGGuidancePublicConsultation.pdf); https://ghgprotocol.org/land-sector-and-removals-guidance

Food Service and community involvement

Midsona's objective

As an intermediate target for health and plant-based foods, Midsona wants to inspire and make it easier for more people to eat healthy and plant-based foods. Several rewarding collaborations have fostered good conditions for this through the Group's investment in Food Service. 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 further steps towards a more sustainable food culture. By working for sustainable school kitchens, Midsona wants to provide support all the way from understanding the meaning and cultivation of plant-based food and the climate calculation of recipes and menus, to providing recipe inspiration and holding workshops on plant-based foods.

Progress in 2023

- In Sweden, Midsona repeated the much appreciated "Keep it sustainable", a theme week for high schools and high school students in Sweden. Through films, students learned to adopt a more sustainable approach to food.
- Midsona supports several awards that promote a sustainable food culture. Midsona is a partner of Ekomatsligan, or the "Eco Food League" (EkomatCentrum, the "Eco Food Centre"), Eco Chef of the Year in Denmark and Climate Chef of the Year in Finland.
- An Earth Control campaign that is performed in collaboration with the World Wide Fund for Nature (WWF). An Earth Control campaign has been running with WWF since 2017: *https://wwf.fi/yhteistyo-yritysten-kanssa/yhteistyokumppanit/earth-control/*

Climate-related engagement strategy with Midsona's customers

Type and details of engagement: DLF Sweden is a trade association for companies that produce or import goods for resale to the grocery trade and food service markets in Sweden. DLF fosters collaboration between Midsona and the Group's customers (retailers), in order to work together
to reduce emissions from, for example, transport and packaging via DLF's initiatives. Most of Midsona's emissions occur outside of the Group's direct operations. More than 90 percent of Midsona's Scope 3 emissions come from e.g. purchased products, transport and packaging. Accordingly, Midsona works with the entire value chain, including the supply chain and the Group's customers, to drive best practices and ameliorate climate-related issues (see Midsona's Climate Transition Plan[1]). Midsona's Division Director Nordics is a member of the DLF's board, committee, working group, and development programme for partnerships to reduce negative climate impacts from transport and product and services. These are formal campaigns and calls for partnerships as well as informal opportunities to reduce negative impacts. In 2023, Midsona's engagement with DLF and the Group's largest customers was further strengthened through the inclusion of Midsona's Nordic Sustainability Manager on DLF's Sustainability Committee.

GRI 413-1

Read more about how Midsona donates food to various organisations to avoid food waste in the section Efficient use of resources on page 70.

[1] https://www.midsona.com/globalassets/midsona/sustainability/climate-transition-plan/midsonas-climate-transition-plan-2023.pdf

Safe products and quality

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

Midsona's quality and product safety work is governed by the Group's quality and safety management system, which is based on current legislation, demands from customers and authorities, as well as on 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. The Group's quality management systems include clear action plans for products that do not meet Midsona's 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) and evaluations involve regular internal audits, or self-inspections, as well as third-party audits.

Midsona's work for safe, high-quality products contributes to four of the UN's Sustainable Development Goals.

Risk assessment of suppliers

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

Midsona's objective

Midsona prioritises responsible sourcing at all levels. An important part of this is the risk assessment of suppliers, which is performed annually 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.

How Midsona will achieve its objective

- By mapping according to Midsona's quality and sustainability risk assessment system, Kodiak, Midsona's suppliers are classified as low, medium or high risk with regard to fulfilment of criteria related to quality and product safety, geographical risk according to amfori BSCI (a leading business association for sustainable trade with due diligence systems for sustainability[1]), economic risk and environmental impact, business ethics, anti-corruption and health and safety. In addition to risk assessment, Midsona performs additional physical, digital, or written risk-based audits of suppliers for whom the Group has identified risks. This creates a constructive dialogue and the opportunity to improve important processes, where Midsona, together with the supplier, may close gaps and remove deviations with the purpose of meeting the Group's quality requirements.

Midsona today

- For the Group, the percentage of suppliers evaluated in the Kodiak system or suppliers who are risk classified in Sedex was 54 percent (44), which includes Division Nordics and Division North Europe. In Division South Europe, suppliers are assessed on the basis of internal supplier approval procedures, but are expected to implement Kodiak in the near future.
- Midsona's KPIs on evaluated suppliers are based on the number of suppliers assessed on the Group's set requirements and standards and do not include suppliers that are risk classified based on other standards. However, outstanding suppliers are assessed according to current international standards and the relevant certification requirements.
- In 2023, the proportion of risk classified suppliers in accordance with quality and safe-product requirements that are evaluated in Kodiak increased by 6 percentage points in Division Nordics.
- In 2023, Midsona performed 15 risk-based audits and worked on the necessary corrective measures with suppliers.
- In 2023, Midsona had no incidents of non-compliance regarding product and marketing information that resulted in fines or penalties. There were 41 (12) incidents related to product safety, labelling and marketing information that led to corrections. This year, Division South improved data quality, which resulted in an increase of 29 percentage points. The increase reflects an improvement in data collection, and not an actual increase in incidents alone. Midsona conducted a total of 3 (2) product recalls and 9 (9) product withdrawals in the Group.

Midsona's work with these targets is described in greater detail in the chapter on Responsible sourcing on pages 86–88.

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

[1] https://www.amfori.org/en/about/who-we-are/about-amfori

Certifications of Midsona's quality management system

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

Midsona's objective

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

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

Exceptions may only be made for minor production units, in response to which the Group secures 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 objective

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

Progress in 2023

- 100% of Midsona's food production units[1] in Division Nordics are now certified to FSSC 2200, a certification recognised by GFSI.
- GFSI-recognised IFS certification in Division South Europe and Division North Europe was renewed. IFS is one of several recognised GFSI certifications included under Midsona's objectives.
- The first external We Care Sustainability Management audit was carried out at Midsona's Lauterhofen site and approved.

Midsona today

- In 2023, the share of certified production units of a relevant size in the Group was 100 percent,[1] which is the same figure as 2022 and an increase of 20 percent compared to 2020.

GRI 416-1 | GRI 416-2

[1] Jakobstad, Falköping and Lauterhofen are not certified according to international requirements, due to the fact that they are all too small for certification at this level. However, Midsona ensures their compliance with international guidelines for food safety through the Group's quality department.

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Efficient use of resources

Resource efficiency is a necessity, both for Midsona's operations and the environment. By applying a clear roadmap for reducing greenhouse gas emissions and contributing to a low-carbon economy, Midsona seeks to minimise the impact of its operations, value chain and products on the climate and environment through the Group's climate change strategy.

Midsona's work involves ongoing measures of adaptation by which the Group promotes more efficient use of energy, water and waste in the business operations and for all suppliers. Applicable environmental legislation, policies, global frameworks and partnerships for a sustainable future must form the basis for improving and advancing Midsona's efforts.

Midsona's work for efficient use of resources supports nine of the global Sustainable Development Goals.

Science Based Targets and net zero target approved by SBTi

Target 2045
Midsona's
Net Zero
target for 2024 approved by SBTi

Midsona's objective

Midsona has previously had the Group's science-based targets approved by the Science Based Targets initiative (SBTi)[1]. Science-based targets are emission-reduction targets deemed necessary by the latest climate science to prevent the worst effects of climate change. According to the UN, SBTi and the latest science, climate change is the greatest threat facing modern humanity. More must be done – and it must be done faster – to avoid the worst effects of climate change and ensure a successful and sustainable economy[1, 2]. A global coalition of UN agencies, business and industry leaders are calling for urgent action, mobilising companies to establish science-based net-zero targets in line with the goal of the Paris Agreement to limit global warming to 1.5°C. Midsona's ambition is to be "best in class", which means that as part of the climate change strategy, the Group seeks to follow best practice for climate change in line with the 1.5°C temperature target. As a further significant step to strengthen the Group's climate work in line with the UN, in July 2022, Midsona committed to setting an ambitious SBTi-approved net-zero target by 2045 based on SBTi's new net-zero standard, which was launched in October 2021. Best practice is getting a net-zero target approved by SBTi. Read more about Midsona's commitment on the SBTi website[3].

How Midsona will achieve its objective

According to the project plan, Midsona will submit its net-zero emissions targets to SBTi and estimates that the targets will be approved in the latter half of 2024. Midsona's net-zero target includes:

- Further strengthening the goal for near-term science-based targets to 1.5°C for the next 5–10 years.
- Engage suppliers in the value chain to reduce their emissions.
- Explore new requirements from SBTi to set science-based targets that include land-based Forest, Land and Agriculture (FLAG) emission reductions. While FLAG targets cover forest, land and agriculture, Midsona's non-FLAG targets cover all other fossil-based emissions (existing SBTs). SBTi's FLAG Guidance provides the world's first standardised approach to setting land-based targets for companies in land-intensive sectors, such as the food industry. This guidance enables companies to reduce the 22% of global greenhouse gas emissions that come from agriculture, forestry and other land uses.
- Reduce emissions in accordance with all Scopes by 90 percent by 2045.
- Where reductions are impossible, carbon offsetting is encouraged.
- Neutralise residual emissions, for example by planting trees for the remaining percentage that cannot be removed.

Progress in 2023

- The net-zero target and associated sub-targets have been submitted to SBTi for approval. The submitted target formulations are as follows:

Short term:

- Midsona AB commits to reduce absolute greenhouse gas emissions (Scope 1 and 2) by 42 percent by 2030 from the base year of 2022.
- Midsona AB also commits to 70 percent of its suppliers (measured in cost) that cover purchases of goods and services having set science-based targets by 2028. In this area, Midsona's ambition is to gradually include 100 percent of suppliers.
- Midsona AB also commits to reduce absolute greenhouse gas emissions (Scope 3) from other Scope 3 categories by 42 percent by 2030, from the base year of 2022.
- FLAG: Midsona AB commits to reduce absolute Scope 3 greenhouse gas emissions (FLAG) by 30.3 percent by 2030, from the base year of 2022.
- Midsona AB also commits to not participate in deforestation through its primary products that are linked to deforestation, with a target date of 31 December 2025.

Long term:

- Midsona AB commits to reduce absolute greenhouse gas emissions (Scope 1 and 2) by 90 percent by 2045 from the base year of 2022. Midsona AB also commits to reduce greenhouse gas emissions (Scope 3) by 90 percent within the same timeframe.
- FLAG: Midsona AB further commits to reduce absolute Scope 3 greenhouse gas emissions (FLAG) by 72 percent within the same timeframe[4].

Approval from SBTi is expected in 2024.

Midsona today

- Midsona's climate change strategy and the Group's strong commitment to creating an ambitious SBTi-approved net zero target for 2045, based on SBTi's new net zero standard, has been fulfilled.

Note: The targets have been submitted to SBTi for approval and have not yet been approved. Our estimate is that the targets will be approved in 2024.

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

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

[1] Science Based Target initiative (SBTi) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science and drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi is the lead partner of the Business Ambition for 1.5°C campaign – an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilising companies to set net-zero science-based targets in line with a 1.5°C future: https://sciencebasedtargets.org/businessambitionfor15c.

[2] COP 26, 2021 and COP 27 2022: https://unfccc.int/cop27

[3] https://sciencebasedtargets.org/companiestakingaction

[4] The target includes FLAG emissions and removals.

Greenhouse gas emissions

Science Based Targets 2030
42%
reduced emissions under Scope 1, 2 and 3. 30.3% reduced FLAG emissions

Target 2045
Net Zero
Target 2025
No deforestation
Target 2028
70% of suppliers have SBTs*
Long-term target**

* Share based on purchasing costs

** Long-term: Midsona AB commits to reduce absolute Scope 1 and 2 greenhouse gas emissions by 90 percent by 2045 from the baseline year 2022. Midsona AB also commits to reduce Scope 3 GHG emissions by 90 percent within the same timeframe. FLAG: Midsona AB commits to reduce absolute Scope 3 emissions by 72 percent within the same timeframe. The target includes FLAG emissions and removals.

Midsona's objective

Midsona's previously SBTi-approved short-term emission targets (SBTs for 2034) cover all relevant areas in Scope 1 and 2, as well as the following categories in Scope 3: 'Purchased goods and services', 'Fuel and energy', 'Waste generated in operations', 'Final processing of sold products', 'Business travel' and 'Downstream and upstream transportation'. As an important step in Midsona's work to reduce greenhouse gas emissions, the ambition is to reach net-zero emissions by 2045, with the aim of obtaining approval from SBTi in 2024 (see previous section on SBT). Therefore, in 2023 Midsona changed its disclosure of climate-related information, both climate-related targets and climate-related data, compared to previous years. The changes are thoroughly described in the section covering changes to climate-related information on pages 120-122.

How Midsona will achieve its objective

- Develop a long-term science-based Climate Transition Plan (CTP) aligned with Midsona's overall business strategy and 1.5°C temperature target, in accordance with the UN and SBTi (see more about Midsona's transition planning on pages 36-37 and 136-139, and the full CTP at https://www.midsona.com/globalassets/midsona/sustainability/climate-transition-plan/midsonas-climate-transition-plan-2023.pdf).
- Continuous strategy development and planning to reduce greenhouse gas emissions both in our own operations and in the value chain.
- Assessment of necessary measures to accelerate emission reductions.
- Mapping of how Midsona can offset unavoidable emissions.
- Annual reporting and transparency regarding the measures implemented.
- Regularly update Midsona's TCFD analyses of climate-related risks and opportunities, as well as the Group's scenario analysis of different time horizons to examine the flexibility of Midsona's business model and strategy for future climate change to be used for the Group's strategic and financial planning.
- As of 2024, the IFRS Foundation[1] will take over responsibility from the TCFD, because their International Sustainability Standards Board (ISSB) standards will begin to be adopted worldwide. Midsona will therefore consider applying the ISSB standards for these assessments in the future. Read more about climate-related risks and scenario analysis in the risk chapter on pages 135-139.

Progress in 2023

- Midsona's climate change strategy includes a Climate Transition Plan that is in line with the 1.5°C temperature target. It involves an action plan, which includes analyses of internal emission reduction initiatives, and the external societal developments that will lead Midsona towards an emission reduction target to achieve the 1.5°C temperature goal. This analysis includes linear transition and assumptions with yearly organic growth. Midsona's transition plan is published on Midsona.com https://www.midsona.se/globalassets/midsona/sustainability/climate-transition-plan/midsonas-climate-transition-plan-2023.pdf
- Midsona's TCFD analysis for transition risks (current and emerging regulations, legal, technological, market-related and reputational) as well as physical risks (acute, chronic) and opportunities is regularly updated to inform the Group's strategy and financial planning moving forward. This year, it includes an improved scenario analysis for a world with a 1.5-4 degree temperature increase, combining quantitative and qualitative scenario analyses. This result is included in Midsona's annual CDP reports and on pages 129 and 135–137, where it is applied to corporate risks.
- Midsona reports annually to the Climate Disclosure Project (CDP) on climate strategy, leadership, measures and performance. The CDP drives a climate change agenda in line with the latest UN science and global developments with new progress demands annually. These are used to guide Midsona's climate change agenda.
- Midsona has taken several initiatives to reduce the Group's Scope 3 emissions. For example, Midsona has reduced waste, transitioned to recyclable packaging and recycled materials, and to using materials from renewable sources (read more details on the initiatives under Relevant targets, as well as in Midsona's climate change report, CDP, C4.3b and C5.5a).
- In Scope 1 and 2, Midsona is working to replace the fossil-fuel-run vehicle fleet in the Nordic region. Midsona is reducing overall energy consumption and transitioning to renewable energy sources (read more under Energy on page 72).

[1] The IFRS Foundation is a not-for-profit, public interest organization established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards. https://www.ifrs.org/news-and-events/news/2023/07/foundation-welcomes-tcfd-responsibilities-from-2024/

Midsona today

- Climate-related information, the Group's climate targets and climate-related data changed significantly in 2023 from previous years. This is because Midsona has applied with SBTi for strengthened climate targets – from 2 degrees to 1.5 degrees and net zero – based on the newer SBTi Net Zero guideline and the new GHG protocol for land-use emissions (FLAG). See the previous section and also a detailed description of these changes on page 123. This includes a new base year, from 2019 to 2022, as well as a new target year, from 2034 to 2030. In 2023, Midsona's greenhouse gas emissions for Scope 1 and 2 totalled 3,488 tonnes of CO2e (3,408), which is a 2 percent increase compared to the new base year of 2022. This is due to increased use of non-renewable stationary combustion* in Castellcir and consumption of chemical processes in Division North Europe. Through improved follow-up using technical tools and better employee awareness, the use of CO_2 gas in production in Ascheberg has been reduced by 36 percent since 2022.
- Midsona's Scope 3 greenhouse gas emissions totalled 118,002 tCO2e (128,245) in 2023, an 8 percent reduction compared to the base year of 2022. The biggest reduction in Scope 3 is from purchased goods and services, end of life treatment of sold products (packaging out of Midsona) and downstream transportation and distribution.
- In 2023, FLAG emissions decreased by 16 percent from the 2022 base year, and an increased number of suppliers have set SBTs.
- Midsona's scientific Climate Transition Plan for low CO2e emissions is undergoing an upgrade, with new targets and data to guide the Group's greenhouse gas reduction efforts in 2024.

More information on the Group's work to reduce emissions can also be found in the sections on the following climate-related objectives:

- 100 percent renewable energy in all operations owned by Midsona by 2028, in accordance with Scopes 1 and 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 recycled food waste, in accordance with Scope 3.
- 100 percent fossil-free freight transport by 2030, in accordance with Scope 3.

* Scope 1 category under the GHG Protocol, which refers to the process of burning fuel to generate energy in fixed installations or units, such as industrial plants.

Read more in the section on Sustainability data on page 90-93.
Read Midsona's 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

Developing Midsona's recycling capacity is a key component
in mitigating the Group's overall climate footprint. This plays a central role in Midsona's low-carbon product portfolio, which represents a competitive advantage and is essential to the Group's ability to remain relevant in a low-carbon economy and society.

Waste arising from production, storage and packaging account for a significant part of the Group's climate impact and Midsona has been working for a long time to increase recyclability, both of our packaging and through sorting of waste at the facilities.

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.

Recyclability in the value chain: Midsona's packaging strategy is aligned with the European Commission's strategy for a circular economy. Read more on page 48.

Recycled waste from Midsona's facilities

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

Midsona's objective

Midsona actively works to reduce waste, which has been shown through a high level of sorting, recycling and reuse of waste in both production and storage. Midsona's ambition is for the Group's offices to be sustainable, which in turn contributes to raising awareness, reducing levels of waste and increasing reuse.

How Midsona will achieve its objective

- Mapping and determining metrics for waste generated in our own operations, waste management, sorting and recycling requirements.
- Improved mapping of waste for new facilities.
- Identification of the economic impact, i.e. what this will cost, in order to plan any future investments in the event of increased waste requirements in the short, medium and long term.
- Increase sorting fractions and update equipment in Midsona's production units, warehouses and offices to be able to increase the sorting rate.
- Collaboration for sustainable waste management with specialists, authorities and other actors.
- Reduce, re-use, and recycle as much waste as possible.
- The strategy for an effective value chain in Europe will make material use more efficient and reduce total waste.

Progress in 2023

- In Spain, a production waste programme was implemented during the year to reduce the quantity of waste; the new wastewater system is part of the programme. A wastewater system is a facility or system for collecting, transporting and treating wastewater.
- A new waste reduction method has been introduced in Denmark. Either the prices of goods with short expiration dates are reduced or the goods are donated. During the year, Midsona also carried out warehouse sales with reduced prices.
- In Germany, single-use items in the production areas have been replaced with reusable items, resulting in an estimated waste savings of 75,000 cups per year.
- Read more about food waste on page 70.

Midsona today

- In 2023, Midsona's recycling rate was 77 (78) percent, a decrease of 1 percentage point compared to 2022.
- In 2023, Midsona's total waste decreased to 1,786 tonnes, from 1,996 tonnes in 2022 – a 10 percent reduction.
- In 2023, Midsona's waste intensity was 33 (31) kg/tonne compared to 2022. The increase is due to a larger decrease in tonnes produced than in total waste. There is a challenge within the Group to adapt resources to a smaller quantity of tonnes produced, which is reflected in the increased intensity.

Read more in the section on Sustainability data on pages 93–94.

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

Reduce food waste

Target 2025
Reduced food waste and
100%
re-used food waste

Midsona's objective

According to the UN, the number of people suffering from hunger has slowly increased since 2014. At the same time, many tonnes of edible food are 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's goal is to reduce unnecessary food waste and increase re-use of unavoidable food waste. This is in line with both the UN's Agenda 2030 and the Swedish government's milestones for food waste.

How Midsona will achieve its objective

- Mapping and determining metrics for the Group's handling of food waste.
- Extending durability through smart packaging, quality assurance processes and labelling.
- Updating sorting options to be able to reduce food waste and spillage at our own production units, warehouses and offices.
- Recycling as much food waste as possible, including as biogas, manure, animal feed and compost.
- Sampling or selling goods with short expiration dates at reduced prices or donating them.
- Cooperating with various stakeholders for meaningful food waste management, which means reducing it as much as possible and ensuring that potential waste is used to feed people.
- Innovation and product design to find synergies among ingredients and goods, in production and ultimately with the consumer. Midsona's innovation process also takes product design and labelling into account.

Progress in 2023

- To reduce food waste in multiple channels, Midsona is donating large quantities of products with short expiration dates or selling them at reduced prices. During the year, Midsona began to deliver food waste that arose in connection with production of the Group's products at some of the suppliers to Matmissionen (part of Stockholms Stadsmission).
- In Sweden, an increasing amount of packaging is being updated with the phrase "best before, often good after". Midsona is also encouraging the reduction of food waste in the Group's own channels.
- In Denmark, efforts continued to minimise food waste. There has been a reduction of about 15 percent compared to 2022, but Midsona did not reach the target for the year, which was to reduce the amount of discarded raw materials, finished goods and packaging materials by 40 percent.
- Several initiatives were implemented in Division North Europe, including one important measure to introduce a new digital forecasting tool for improved sales forecasts in order to optimise production. Another initiative focused on extending the shelf life of over 80 Davert products by at least 3 months.
- In Division South, manufacturing residues, such as flaked cereals, are used to produce animal feed.

Midsona today

- In 2023, Midsona's food waste reuse rate was 79 (78) percent, an increase of 1 percentage point from 2022 to 2023.
- To reduce food waste, Midsona has donated products with a short expiration date and sold products at a discounted price. In 2023, Midsona donated a total of 51 tonnes of food (17) to charity, and a total of 400 (228) tonnes of products were sold at a discounted price.
- In 2023, food waste rose from 570 tonnes to 871 tonnes, but the greater portion of reuse was allocated to food for humans, which is the top of the reuse hierarchy, rather than other reuse purposes, compared to previous years. Going forward, Midsona will work to reduce the total amount of food waste.
- In 2023, 45 percent (40) of Midsona's products were labelled "Best before, often good after".

Packaging design extends shelf life and reduces food waste.
Learn more on page 47.
Read more in the section on Sustainability data on page 94.

GRI 303-1 | GRI 305-3 | GRI 306-1 | GRI 306-2 | GRI 306-4

[1] https://www.un.org/en/observances/endfoodwasteday

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Water consumption

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

Midsona's objective

Water is a resource that has become increasingly critical and important to protect. It is Midsona's responsibility to keep water use in production to a minimum in the countries where the Group operates, especially in drier and warmer countries in southern Europe. Midsona's operations use fresh water, both for products and in the production processes. To date, Midsona's facilities have had a relatively low water use and the Group operates mainly in countries with good access to fresh water. Midsona's modernised production facility in Spain has a higher level of water use, and is located where the risk of drought is relatively high. Despite the fact that improvements at the Spanish facility can ultimately contribute most to reducing the Group's total water use, all units are expected to contribute.

How Midsona will achieve its objective

- Mapping and determining metrics for Midsona's total water use (read more under Sustainability data on page 95) and re-use of wastewater.
- Updating of technology at Midsona's production units in Spain to reduce water use and setting of a dedicated budget for target fulfilment.
- Re-using water and collaborating with specialists and authorities to operate a safe production when using recycled water.
- Using our own water sources, such as our own wells and collection of rainwater.
- Water use shall be reduced, both in production and end products.

Progress in 2023

- In Denmark, water from the water-cooling process is being re-used and practices are in place to save water during the cleaning process.
- Midsona's Division South Europe has installed a new water treatment plant and a new system for reusing water from the autoclave in Spain, a pressure cooker for sterilising different materials.

Midsona today

- In 2023, Midsona's water use amounted to 55,943 m^3 (63,184), representing an 11 percent reduction compared to the previous year. Water intensity per tonne produced increased to 1.03 m^3 (0.98).
- 72 percent (73) of the Group's water use in 2023 occurred at the production unit in Castellcir, Spain. In 2023, water use in Spain fell to 40,356 m^3 (46,007), a reduction of 12 percent. Water intensity in Spain decreased by 13 percent, from 28m^3/tonne to 25m^3/tonne.
- Compared with the base year of 2020, Spain reduced its water use per tonne produced by 16 percent, while the Group increased by 16 percent. This is due to the relatively high ratio of water use to reduction in tonnes produced in the divisions, where the total reduction in water use is less than the total reduction in tonnes produced. The results show that Midsona is achieving results in the most focused locations, i.e. Spain. The Group has simultaneously lost focus on reducing water consumption elsewhere, but both water risk and impact are significantly higher in Spain for Midsona than for the other sites. To Midsona, it is therefore most important and thus most appropriate to focus primarily on Spain, where we have reduced water intensity by 16 percent this year.

Read more in the section on Sustainability data on page 95.

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

Energy

Target 2028
100%
renewable energy

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

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

1 Includes heat or energy in buildings and production processes.
2 Includes energy from company cars.

Midsona's objective

Midsona has worked with energy efficiency for a long time. The Group's ambition is that all proprietary operations shall use 100 percent renewable energy and for consumption to be kept to a minimum. Midsona also aims to reduce overall energy consumption by reusing energy, discontinuing energy-intensive products and processes and identifying the most energy-efficient solutions for our facilities. Besides purchasing renewable wind and hydro-power, solar energy is also generated by the Group's own solar panel installations. Part of Midsona's energy target includes the conversion of the vehicle fleet to fossil-free alternatives and this a part of both the energy target and Scope 1 climate targets. By 2028, Midsona will have replaced all company or benefit cars with fossil-free alternatives.

How Midsona will achieve its objective

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

- Mapping and determining energy consumption metrics in accordance with the GHG protocol guidelines.
- Improving energy management: Introduce more efficient energy management and operating systems in production and storage based on energy management system (EMS) principles, i.e. procedures, areas of responsibility, equipment, digital monitoring and follow-ups.
- Measures are being taken, such as cost simulation and budgeting for energy efficiency, energy-reduction efforts, efforts to mitigate energy losses during closing hours and investments in renewable energy. Always included: Reduction measures.
- Maintaining a strong focus on electrification for all categories relevant to the target. Within the low carbon world, electrification is the key to energy going forward.
- Changing to renewable or fossil-free energy, such as wind power, hydro-power and solar energy. If these are not available, switching to nuclear power should be considered. Nuclear power is fossil-free, and while it is not considered renewable, it is still considered a low-carbon alternative.
- Monitoring technological developments in fossil-free alternatives and updating in pace with development.
- Strategic investments to increase the proportion of self-produced, renewable energy.
- Strategy for an efficient value chain in Europe, with coordinated production and inventory, helping reduce energy consumption in our own operations.
- Using environmentally friendly buildings as Midsona's offices.
- Gradually switching to fossil-free transport in pace with rapid development. The key to a world with low CO_2 emissions from Midsona's vehicles is in the transition to 100 percent electric cars – which, for Midsona, means before 2028. As a first step, the Group must choose fuels based on a sustainable fuel hierarchy in descending order: electric, hydrogen, biofuel, hybrid, fossil fuel. Hybrid cars account for only 30 percent electric and 70 percent fossil fuel and serve only as a preliminary solution where other alternatives are not available.
- Available charging-infrastructure, such as charging stations for electric cars, should be investigated. Opportunities have also been identified for converting vehicles to fossil-free fuels that meet the Group's requirements for personal transport. Innovative companies are also in the process of developing electric cars that may ultimately charge while being driven, thus eliminating the challenges of charging and charging stations. Midsona must therefore constantly follow developments.
- This lays the foundation for a new, clear Group car policy aligned with the 1.5°C temperature target.

Progress in 2023

- An internal action plan to reduce energy consumption has been implemented, resulting in a 12 percent reduction in energy use in 2023 compared to 2022.
- In Midsona's production facility in Jakobstad, Finland, acquired in 2021, an investment was made in a new heating system, which was installed in late 2023. The system involves a switch from oil heating to renewable district heating. During the year, Jakobstad also changed to fossil-free electricity and 90 percent of the electricity used in the Nordic region is now from renewable sources.
- An energy management and control system was established in Midsona's Division North Europe. The focus is on the Ascheberg factory, with installation of an automatic control system to be completed in 2024
- In 2023 in Denmark, Midsona implemented measures such as replacing gas with renewable electricity at the Beauty production site in Mariager. Midsona is also exploring a transition to biogas in the factories in Onsild and Tilst, Denmark, and has developed an investment proposal for the possibility of heat recovery from the plant's roasting process and reuse of excess heat from production.
- In France, opportunities to increase in-house production of renewable energy are being studied. This would be in line with Midsona's largest facility in Germany (Ascheberg), which already has significant in-house production of solar energy.
- Midsona's Division South Europe is mapping possible changes to the energy sources in the electricity suppliers' energy mix (from non-renewable and fossil-based sources to low-carbon and renewable sources or nuclear power).
- Midsona has begun the transition to fossil-free company cars in Division Nordics. In 2023 in Sweden, a new company car policy was introduced that only allows electric vehicles and the process of replacing all company cars has begun. The change has already been made in Norway, and in Denmark work has begun on updating the policy. In Finland, work continues to find a workable business solution for electric cars.
- In Germany, all company cars are now hybrid or electric.
- At the production facilities in Ascheberg, Tilst and Mariager, electric charging stations have been installed for electric cars.

Midsona today

- Energy data is a component of Midsona's climate data, which has a new base year, from 2019 to 2022 (see description of changes to climate targets and climate data on pages 120–122). In 2023, the Group's total energy use, including direct and indirect energy, decreased by 12 percent compared to the new base year of 2022. 'Avoid' comes first in the energy hierarchy, as illustrated in this result for reduced energy consumption.
- The total share of renewable energy – including direct and indirect energy – decreased by 11 percentage points from 2022 to 2023, although several measures were taken in 2023, primarily in Division Nordics. The reason the figures show a decrease is the switch from wood pellets to propane for stationary combustion in Spain, which accounts for 57 percent of total stationary combustion in the Group. Excluding this change, Midsona is at 48 percent renewable energy, which is an increase of 3 percentage points from 2022.
- In 2023, Midsona's consumption of direct energy (energy in Scope 1) fell by 19 percent compared to the base year of 2022.
- In 2023, Midsona's consumption of indirect energy (energy in Scope 2), including consumption of self-generated electricity, decreased by 3 percent compared to the base year of 2022, with 67 percent (67) coming from renewable energy.
- In 2023, 61 percent (62) of electricity consumption came from renewable sources.
- In 2023, 77 percent (75) of district heating and cooling came from renewable sources.
- In 2023, Midsona produced 596 MWh (558) of its own solar energy, an increase of 7 percent (38) from last year.
- In 2023, energy consumption as mobile combustion via company cars fell by 23 percent compared to the base year of 2022.
- Note: In 2023 in Spain, renewable stationary combustion (wood pellets) was replaced with non-renewable energy (propane) due to a need to renew and stabilise the energy source. However, this is a short-term solution and a plan to switch from propane to renewable gas must be presented in the near future. A relatively large share of direct energy is from this combustion in Spain and had a significant impact on Midsona's share of renewable energy in 2023.

Read more in the section on Sustainability data on pages 95–97.

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

Efficient transports

Transport is a prioritised sustainability issue and one of Midsona's largest sources of climate emissions after purchased goods and services. The Group operates in a European market with production in several countries and has accordingly worked actively to reduce its environmental footprint, for example by:

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

Our work for efficient transports contributes to seven of the global Sustainable Development Goals.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Fossil-free transports

Target 2025
100%
fossil-free self-contracted domestic goods transports in Division Nordics*

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

*The new base year is 2022, in line with the submission to SBTi

Midsona's objective

Distribution of Midsona's products lies outside of the direct operations. Apart from a small part of Division South Europe, all distribution operations are outsourced to third-party transport providers and are therefore included in the Group's climate impact across the value chain (Scope 3), and thus in Midsona's climate targets.

Read more about what this entails in the Sustainability data section on pages 97–98.

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

How Midsona will achieve its objective

- Mapping and determining metrics for all transports, as well as mapping of economic significance with a dedicated budget.
- Transitioning from fossil-fuelled trucks to fossil-free solutions or low-emission transports, such as by rail or ship (less CO2e per transported volume, i.e., reduced emissions per tonne transported). The Group must choose fuel based on the sustainable fuel hierarchy in descending order: electric, hydrogen, biofuel, rail and ships, hybrid, fossil fuel. The key is the electrification of all types of transport.
- Switching to fossil-free transport in pace with rapid developments.
- Measures for reduction must always be included. Identify all possible transport-reducing measures, in terms of both consumer units and packaging materials in warehouses and transport.
- Optimising Midsona's European value chain with increased coordination of transport flows with distribution networks across national borders to reduce transport.
- Including transport efficiency in assessments of product design in the innovation process.
- Cooperating with suppliers and customers to reduce common transports.
- Offsetting of transport agreements if there is no other alternative.

To achieve this objective, the Group continuously maps new opportunities and sustainability developments among transport suppliers. One challenge is that there are currently few good fossil-free transport solutions, but this is about to turn around as there are many actors working on this issue, especially in the Nordics. At the same time, the pandemic has shown Midsona that intermodal[2] solutions, such as ship and rail, are advantageous in that they are stable and reliable, both in terms of CO_2 efficiency and goods supply, even during turbulent periods. Midsona therefore aims to further increase the share of rail transport. Today, it is also a challenge to obtain high-quality data on fuel types. The Group has consequently 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 2023

- In France, in Division South, Midsona switched to transport by electric trucks between the Group's production facility and external warehouses. In Germany in 2023, a cooperation with a transport company to test electric transport was initiated and will continue in 2024.
- In 2023, Division Nordics began a transport procurement, starting with Sweden, in which one of the main focus areas is fossil-free transport solutions in order to shift in 2024 to a larger share of fossil-free transport alternatives in and to the Nordic region.
- In Division Nordics, intermodal[2] solutions by rail have been chosen for the transportation of goods from Midsona's factory in Spain to the Nordic countries. This involves approximately 2,200 pallets per year, which is expected to grow. Transports go by rail from Spain to Helsingborg, where goods are divided for delivery to Sweden, Denmark, and Norway. Division North is also increasing the use of these transport options.
- The flow of goods from Italy to Denmark continued via intermodal solution to reduce emissions per tonne transported, which is estimated to correspond to about 3,500 pallets/year.[2]
- By assembling goods for delivery to Swedish customers into one warehouse, transports are consolidated and reduced overall. This shift accounts for 1,750 fewer deliveries per year.
- For one of Midsona's pharmacy customers in Sweden, the Group switched from five to two order days per week, which is expected to result in transport savings of 600 deliveries per year.
- By increasing the pallet height for Belgian corn cakes from six to seven layers per pallet, Midsona Sweden was able to increase the number of corn cakes per truck by 16 percent. This corresponds to about 65 fewer trucks per year from the Group's suppliers.
- For corn cakes produced in Belgium that are bound for Norway, Midsona has switched from trucks to ships, which is expected to significantly reduce emissions per transported corn cake.

Midsona today

- Transport data is a component of Midsona's climate data, which has a new base year, from 2019 to 2022 (see description of changes to climate targets and climate data on pages 120–122).
- Emissions intensity from transports increased by 20 percent in 2023 compared to the new base year of 2022. This is due to a decrease in the share of tonnes produced in the divisions, and to improved data quality in France and Division Nordics.
- Emissions intensity from Nordic transports rose by 16 percent in 2023 compared to the base year of 2022. This is due to a decrease in the share of tonnes produced in Division Nordics compared to 2022, and to improved data quality. However, Division Nordics took greater action earlier, significantly reducing transport-related emissions between 2019 and 2022.

GRI 305-3

Read more in the section on Sustainability data on page 97–98.

[1] https://www.dlf.se/transportinitiativet-2025/
[2] Intermodal transport means that two or more modes of transport are part of a transport chain. The goods are loaded onto a carrier, e.g. a container, which can be used on trucks, ships and trains.

Business travel

Midsona's objective

Midsona is striving to reduce the amount of business travel. This offers savings as well as efficiency gains, but above all, it reduces the Group's Scope 3 environmental impact in the value chain and is in line with the Group's climate targets. Prioritising digital meetings is not new to Midsona's employees and the number of virtual meetings has gone up each year. Employees were thus well prepared for the challenges posed by the pandemic, when opportunities for in-person meetings were significantly limited in 2020 and 2021.

How Midsona will achieve its objective

- Requiring better data and better mapping of all Group travel.
- Measuring and analysing travel statistics annually, as well as emissions and the environmental impacts in connection with business travel.
- Through the Group's business travel procedures, requiring all employees to consider digital alternatives to meetings requiring traditional travel.

Progress in 2023

- Division North Europe has begun a business agreement with German rail operator Deutsche Bahn to facilitate bookings and accounting, and to encourage green mobility.
- Midsona Division South has implemented measurement systems for business travel and has also taken action to encourage co-commuting between the different business units in France.

Midsona today

- Emissions from the Group's business travel totalled 216 tCO_2e in 2023 (225), representing a 4 percent decrease from 2022, and a 38 percent decrease from the previous base year of 2019. Business trips made by private car were also measured in 2022 and 2023, thus increasing the mapping of emissions. Emissions from private cars declined by 77 percent from 2022 to 2023. Emissions from travel by rail and air and from hotel stays increased by 48 percent from 2022 to 2023 (35 percent from 2021 to 2022). The total distance travelled by rail in 2023 was 211,176 km (107,859).
- The trend clearly shows how the coronavirus pandemic reduced opportunities for travel in the Midsona Group, and the increases in 2022 and 2023 were consistent with Midsona's expectations.

GRI 305-3

Read more in the section on Sustainability data on page 99.

Stakeholder dialogue

Midsona has developed a communications plan to ensure a functioning stakeholder dialogue, and that the Group continuously follows up with and keeps stakeholders informed. The plan is part of Midsona's Communications Policy.

In conjunction with the double materiality analysis conducted in 2023 and the criteria for identifying important stakeholders according to CSRD, Midsona has set up a new, updated stakeholder list for the Group, which includes the following stakeholders:

- Employees
- Customers
- Consumers
- Suppliers and supply chain
- Shareholders and potential investors, lenders and other creditors (including asset managers, credit institutions, insurance companies).
- Analysts and academics
- Trade unions and social partners
- UN and non-governmental organisations (NGOs)
- Media
- European Commission and governments
- External experts
- Other business partners of Midsona (for example, certain certification bodies)

How Midsona creates value for our key stakeholders:

Our stakeholders	How Midsona has created value	How Midsona interacts with stakeholders
Employees	A good work environment, health, satisfaction, development opportunities, fair wages, benefits.	In-person meetings, development talks, employee surveys, intranet, union organisations.
Customers	By supporting Midsona's customers in their sustainability efforts on their customers' behalf, such as by developing sustainable products and packaging that affects several aspects, including quality, storage and transport possibilities.	In-person meetings, discussions with sustainability managers of MIdsona's customers, customer conferences, industry initiatives, trade fairs.
Consumers	Accurate product information, labelling and certifications assuring social or environmental conditions, helping the consumer obtain sustainable and healthy products. Anyone who chooses Midsona's products will know that they are simultaneously contributing to favourable conditions in areas including climate, biodiversity, human rights, labour law, business ethics and animal husbandry.	Consumer surveys, traditional customer contacts, social media, influencers.
Suppliers/supply chain	Through the Group's Supplier Code of Conduct that suppliers must sign and the self-assessment that they must complete on Midsona's portal for supplier evaluation, Midsona has gained more opportunities to clarify to suppliers our expectations of their work based on quality assurance and sustainability perspectives. The Group's climate-related target for supplier engagement, as well as due diligence in the supply chain will require an even closer dialogue with suppliers going forward and a much greater degree of transparency. The aim is to ensure the right deliveries and sustainable development for all parties throughout the value chain.	Supplier Code of Conduct, supplier portals, audits, in-person meetings and continuous dialogue, for example in purchasing negotiations.
Shareholders and potential investors, lenders and other creditors (including asset managers, credit institutions, insurance companies).	Through credible sustainability work, the image of Midsona is shown as a reliable company that is an industry leader in sustainability, with raw materials and products that are more durable, safer and of good quality, which leads to better business opportunities.	Investor reports such as CDP reports, Annual Reports, financial reports, Annual General Meetings, investor meetings, share savings meetings, rankings/recognitions, website, press releases.
Analysts and academics, trade unions, UN and NGOs, media, European Commission and governments, external experts, others	As a company, Midsona takes responsibility in society for measures that contribute to the fulfilment of national and global targets. For example by engaging in dialogue and gaining knowledge from analysts and academics as well as investigative media, connecting to various initiatives and NGOs, and following government regulations, external experts and international global frameworks. To understand and gain insight into the wishes and requirements of these important stakeholders, it has been important for Midsona to conduct independent studies of: UN documents and scientific papers, European Commission and local authority regulations, guidelines, policies and measures, ETI's work and recommendations, SBTi, TCFD, TNFD and CDP guidelines.	*Globally*: Climate goals in accordance with, and approved by, the Science Based Target initiative. Annual reports to the UN Global Compact. Annual reporting to the CDP (Carbon Disclosure Project), which together with mapping and analysing climate risks in accordance with the TCFD's recommendations, ensures best practice in climate reporting. Officially available transition plans. *Local*: Annual Sustainability Report as part of the Annual Report, various community engagements and sponsorships. Follow-up and reporting to industry organisations such as DLF, as well as local certifications, such as Germany's WeCare certification (Sustainability Management System) and Finland's WWF Green Office certification.

Midsona regularly communicates with its stakeholders through many different channels during the year, including direct dialogue and meetings, studies of stakeholders' reports and websites, and other correspondence. These dialogues help Midsona to understand stakeholders' needs and expectations, and also provide input for continuous improvements.

They also provide important information in relation to how Midsona's impact should be managed, as well as the areas in which the Group should focus its actions and reporting initiatives in order to obtain the greatest impact.

Sustainability data

Midsona's sustainability work builds on the Group's strategy and analysis to enable the Company to set meaningful goals. This includes analyses of the types of risk and opportunity that exist in the sector, as well as the principal drivers for sustainability in each area. Midsona identifies where in its value chain this is relevant, determines the time horizon and carries out probability assessments to achieve the targets set. Reports and analyses ensure proper management and follow-up of the targets and that the Group's sustainability targets become part of day-to-day operations.

Acquisitions alter the basic sustainability data, both retroactively and prospectively. According to standards such as the GHG protocol, changes that affect operations, such as acquisitions and disposals, must be included in Midsona's data back to the baseline year to enable the Company to calculate the actual reduction in climate impact. However, climate data are measured against a new baseline year from 2019 to 2022 linked to more rigorous climate targets according to the SBTi's Net Zero standard. As a result, the climate-related targets no longer refer to the former baseline year, 2019. For more on changes in climate disclosures, see pages 120–122. For other data, the following applies:

- Figures for 2019 include Division Nordics (excluding System Frugt and Jakobstad), and Division North Europe with the production unit in Ascheberg, Germany (excluding Lauterhofen).
- Data for 2020 include all three Divisions of the Midsona Group, excluding System Frugt, which was acquired at the end of the same year, and excluding Jakobstad. Division North Europe now includes two production units, Ascheberg and Lauterhofen.
- Figures for 2021 include the entire Midsona Group, excluding Jakobstad
- Figures for 2022 and 2023 include the entire Midsona Group, including Jakobstad.

Midsona is constantly working to improve the quality of its sustainability data and is continuously integrating new entities through acquisitions that initially are rarely well-prepared for data collection. This means that some data points have been adjusted and updated retroactively.

Sustainable brands

Plant-based and vegetarian foods

Target 2030
100%
Vegetarian or plant-based product range

Plant-based and vegetarian range – own brands (%)

	2023	2022	2021
Product range			
of which, vegetarian or plant-based	98	94	91
of which, plant-based	88	88	83
Priority brands – product range			
of which, vegetarian or plant-based	99	99	99
of which, plant-based	92	91	95

Comments on data

The objective is for the Group's product range to be 100 percent vegetarian or plant-based. All in all, across the entire product range, Midsona is placed very highly, with 98 percent target achievement. Priority brands show 99 percent. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022.

See also page 90 regarding Scope 3 greenhouse gas emissions in tonnes of CO2 equivalents (CO2e) for purchased goods and services, which include emissions relating to Midsona's products and raw materials.

GRI 305-3

Organic and other certifications

Midsona's objective

Midsona strives both to increase its sales of plant-based foods and, at the same time, to offer a wide range of products that in various ways impact on social and environmental issues, including biodiversity.

Product certifications, share of product sales (%)

	2023	2022	2021	2020
Sales				
of which, organic[1]	51%	49%	51%	57%
KRAV	5%	6%	8%	4%
ECOCERT Cosmos	4%	5%	5%	4%
Demeter	1%	1%	1%	2%
Friends of the Sea	1%	<1%	2%	–

[1] Certified in accordance with 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. Regulations on organic farming also encourage a high standard of animal welfare and require farmers to meet the specific behavioural needs of their livestock. 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 consumer 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

Comments on data

Organic products, ECOCERT: Midsona's sales of organic products[1] today account for 51 percent of the Group's sales. Most are organic food products. Of the Group's sales, four percent was attributable to the organic beauty brand Urtekram Beauty, which is certified under the ECOCERT Cosmos scheme, among others. As a key supplier in the market for vegan and ECOCERT-certified hygiene and beauty products, Midsona is continuously driving innovations within Urtekram Beauty.

FoS: Friend of the Sea (FoS) has become the leading certification standard for products and services that respect and protect the marine environment. This certification assures sustainable methods in fishing and aquaculture, as well as in the production of fishmeal and Omega 3 fish oil[3].
Of the fish oil that Midsona buys for in-house production of Omega 3, 94 percent is FoS-certified. Today, Omega 3 production represents to <1 percent of the Group's total product range. The remaining 6 percent that is not FoS certified consists mainly of Friggs Omega 3 products.

KRAV: With KRAV being Sweden's best-known sustainability label for organic food, the strongest focus is in Division Nordics. KRAV labelling provides a guarantee that a product is organically cultivated and that no artificial fertiliser or biohazardous chemical biocide is used in production. Strict demands are also imposed with regard to biodiversity, animal welfare, social responsibility and improved working conditions for employees, as well as climate impact[4].

Demeter: Demeter's main focus is in Division North Europe. Demeter certification assures an organic and biodynamic cultivation process focusing on cycle-based agriculture[5]. For example, the Davert brand won BIOFACH's 2021 Best New Product Award for its concept of organic and Demeter- and Fairtrade-certified red lentils.

[1] https://eur-lex.europa.eu/SV/legal-content/summary/eu-rules-on-producing-and-labelling-organic-products-from-2022.html
[3] https://friendofthesea.org/friendofthesea/
[4] https://www.krav.se/kravmarkt/
[5] https://demeter.net/

Sustainable packaging

Midsona's objective

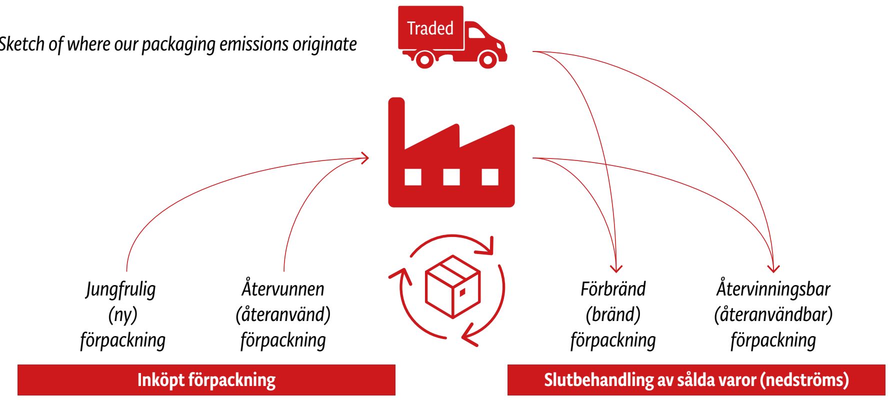
To meet the requirement for circular packaging, Midsona has to increase both the volume of recycling and the amount of recyclable packaging, while at the same time the total volume of packaging material has to be reduced. With innovations and product range processes, the Group is able to drive up demand for recycled packaging materials, but also promote levels of sorting and collection of plastic waste that in turn can be reused. This has major impact on Midsona's greenhouse gas emissions (packaging accounts overall for around 5 percent of total Scope 3 CO2e emissions) and reduces the overall consumption of resources and littering of plastic and other packaging in the landscape. As part of Midsona's Climate Transition Plan and analysis, the Group uses all types of packaging materials.

Read more about certification of risk raw materials in the Sustainable raw materials section on pages 56–57.

GRI 304-2

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Sketch of where our packaging emissions originate



Purchased packaging materials (tonnes)

	2023	2022	2021	2020
Plastic	814	789	1351	593
of which, recycled or renewable material	79	87	113	130
	10%	11%	8%	22%
Paper	2317	2,170	2,153	2,614
of which, recycled or FSC	1981	1,990	1,405	2,059
	85%	92%	65%	79%
Glass	1283	1,314	780	897
of which, recycled	586	533	353	506
	46%	41%	45%	56%
Metal	105	95	202	197
of which, recycled	4	6	7	0
	4%	6%	3%	0%
Total purchased material	**4519**	**4,368**	**4,486**	**4,301**
of which, recycled or FSC	2650	2,616	1,877	2,695
	59%	60%	42%	63%

In depth – purchased packaging material per division (tonnes)

2023	Nordics	North	South
Total purchased material	2029	1825	665
of which, recycled	1237	1164	249
Percentage recycled (%)	**61%**	**64%**	**37%**

Comments on data

In 2023, 59 percent (60) of the Midsona Group's total purchased packaging materials consisted of recycled or FSC-certified input materials, a decrease of 1 percentage points from 2022, but including a 7 percent decrease in recycled paper.
This was the result of stricter greater demands being placed on paper quality in Division Nordics, the largest of the Company's divisions.

Plastic: Midsona still purchases a relatively low share – in all 10 percent – of recycled plastic in the Group's packaging.
This is because of basic food safety rules for materials coming in contact with food. Use of recycled plastics in food packaging remains a challenge to the food industry due to a lack of safe materials, although technological development is expected to speed up in this area in future. The share of the recycled plastic packaging purchased is currently produced from sugarcane waste. The plant-based plastic is mainly used in the Urtekram Beauty range, as well as for Mivitotal vitamin supplements in Division Nordics and Division North Europe.

Board/paper: Recycled or FSC-certified paper represents the largest share, in order to reduce the risk of deforestation. Midsona uses a high percentage of recycled or FSC-certified paper. Despite the target to increase the share of recycled packaging material, the share of recycled paper decreased in 2023. In 2023, the share of FSC-labelled or recycled purchased paper packaging was 85 percent (92). This was decrease of 7 percentage points from the preceding year. The share of recycled paper has increased in Division South Europe, but decreased sharply in Division Nordic. This has major impact on the total, in the form of a deterioration from 92 to 85 percentage points. However, this was attributable to more rigorous requirements as to paper quality in this division. As a result, the total share of recycled or FSC-certified paper material for the Midsona Group has decreased due to stricter grading of paper material of unknown origin/material in Division Nordics. For more about paper as a risk raw material, see the Sustainable raw materials section on pages 56–57.

Glass: The share of recycled glass increased by 5 percentage points from the preceding year. In 2023, Midsona focused on increasing the percentage of recycled glass as part of the Group's climate transition plan, as new glass has 34 times higher emissions than recycled glass.

Metal: Today, the percentage of recycled metal is currently small. Midsona is already examining how to increase this share, as virgin metal has a major impact on greenhouse gas emissions compared with the recycled variety. This is particularly true of aluminium packaging. Newly produced aluminium generates emissions 20 times higher than recycled aluminium.

Recycling instructions: The share of product packaging labelled with recycling instructions has increased by 6 percentage points, from 35 to 41 percent. In 2023, initiatives were progressed to compile the data set and to increase the share of product packaging labelled with recycling instructions. Recycling instructions are important in terms of enabling the consumer to sort the packaging material when disposing of it as waste, that is, in final disposal of Midsona's packaging material.

See also (Scope 3) emissions of greenhouse gases in tonnes of CO2e-equivalents for packaging material purchased and final disposal of products sold, on page 90.

Read more in the Sustainability Report on page 47.

GRI 301-2

GRI 304-2

GRI 305-3

Recyclable plastic packaging

The final treatment of our packaging by the consumer is important in terms of recycling options. Here, both type of packaging material and labelling and recycling instructions on the packaging play an important role. Emission factors for recyclable packaging are unrelated to type of material. Packaging sent for incineration generates emissions 24 times higher than for recyclable materials[1].

[1] These are official emission factors from DEFRA, the UK Department for Environment Food & Rural Affairs.

Target 2025
100%
recyclable plastic packaging for own brands

Reference from Midsona's Sustainability Report, page 48:

Mapping and metrics for packaging relative to recycling requirements requires:

- Mapping and metrics for all Midsona's 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
  - Percentage of printing area of packaging
  - Ink
  - Recycling instructions

Mapping financial impact requires:

- Earmarked costs for changes in the divisions' budgets for increased use of recyclable plastic packaging.
- Reduction in use of plastics in Midsona's products through investments in technology and capacity, as well as in innovation and product design

Recyclable packaging material, Final treatment of goods sold (tons)

	2023	2022	2021
Plastic	1263	1,025	1,645
of which, recyclable	679	448	521
	54%	44%	32%
Paper	2097	2,388	3,245
of which, recyclable	1754	1,774	2,209
	84%	74%	68%
Glass	1596	1,885	2,181
of which, recyclable	361	543	606
	23%	29%	28%
Metal	279	376	382
of which, recyclable	25	52	67
	9%	14%	18%
Aluminium	5	11	1
of which, recyclable	0	9	0
	0%	82%	0%
Wood	112	71	–
of which, recyclable	112	71	–
	100%	100%	
Total, packaging materials	5353	5,756	7,454
of which, recyclable	2932	2897	3,403
	55%	50%	46%

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

In depth – Recyclable plastic packaging material per division, tonnes

2023	Nordics	North	South
Plastic	742	74	446
of which, recyclable	350	44	286
	47%	60%	64%

Comments on data

The total share of recyclable packaging material in the Midsona Group is 55 percent (50). An increase of 5 percentage points on the previous year. This is in line with the Group's climate transition plan, aiming at 100 percent recyclability by 2030.

Plastic: The total share of recyclable plastic in the Midsona Group is 54 percent (44). An increase of 10 percentage points on the previous year. Although the Group achieved an increase for the year, work must be stepped up in 2024 if the target of 100 percent recyclable plastic by 2025 is to be achieved. This is a target shared with DLF, a trade association, of which Midsona is a member, for companies in the groceries sector in Sweden. Various concrete actions have been initiated in 2024 to increase the percentage of recyclable plastic used. This applies in Division Nordics above all going forward, as the Group's biggest customers are demanding it. In the Division South Europe, a substantial increase of 44 percentage points in recyclable plastic packaging material has been recorded. The increase is attributable to improved data quality and to the impact of the closure of the production facility in Jerez, Spain, which accounted for a high share of non-recyclable plastics in 2022.

Paper: The total share of recyclable paper in the Midsona Group is 84 percent (74). An increase of 10 percentage points on the previous year. This is in line with the Group's Climate Transition Plan. Midsona will continue to work on paper, going forward, with the ambition of 100 percent recyclable by 2030.

Glass: The total share of recyclable glass in the Midsona Group is 23 percent (29). A decrease of 6 percentage points on the previous year. Attention will continue to focus on glass, with an ambition of 100 percent recyclable in the future.

Metall/Aluminium: The total share of recyclable metal in the Midsona Group is 9 percent (14). A decrease of 5 percentage points on the previous year. Compared with other packaging materials, Midsona uses little metal and this is not the area where the Group's impact is greatest. In line with Midsona's climate transition plan, work on metal will continue, with the ambition of 100 percent recyclable by 2030.

See also (Scope 3) emissions of greenhouse gases in tonnes of CO2e-equivalents for packaging material purchased and final treatment of products sold, on page 90.

Read more in the Sustainability Report on page 48.

GRI 301-1 | GRI 305-3

GRI 306-1 | GRI 306-2

GRI 306-4

Healthy and sustainable work environment

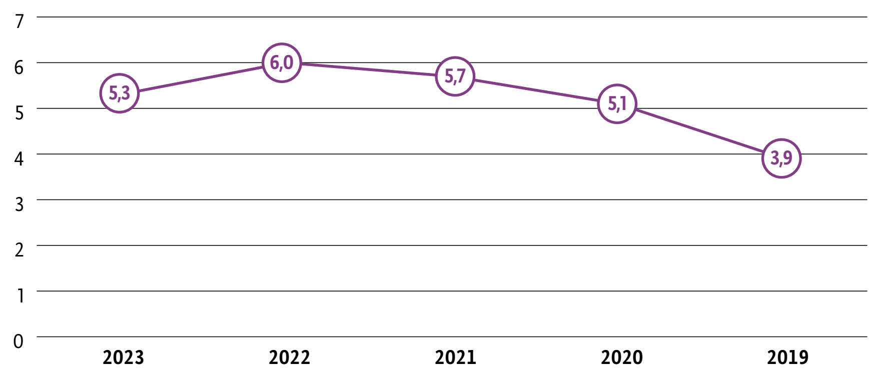
Occupational injuries

	2023	2022	2021	2020	2019
Number of cases of occupational injuries					
Division Nordics	13	10	6	0	3
Division North Europe	2	11	8	11	10
Division South Europe	2	17	19	11	n/a
	17	**38**	**33**	**22**	**13**

Healthy work environment
Healthy workplaces that promote good health among employees

Sick leave (%)

	2023	2022	2021	2020	2019
Sweden	2.7	3.4	3.6	2.4	1.3
Norway	7.5	3.5	4.9	2.9	4.2
Finland	3.6	3.1	3.5	3.0	1.6
Denmark	3.7	4.9	4.2	5.8	4.7
Germany	7.5	9.7	6.9	6.3	5.4
France	4.2	5.2	4.4	3.3	1.7
Spain	8.0	7.5	13.0	9.0	7.5
	5.3	**6.0**	**5.7**	**5.1**	**3.9**



Comments on data

In 2023, 17 occupational injuries (38) were reported, a decrease of 21 compared to 2022 that was attributable to a major effort to reduce occupational injuries in 2023. Most injuries are still sustained in Midsona's production units and warehouses. In every industry, the risk of injury is generally much higher among industrial workers in production units than among office workers. This also applies to units in the Group. At Midsona, the highest percentage of occupational injuries is in Denmark, where one of the largest production units is located. Denmark consists of two large production units, Tilst and Mariager, where the percentage of industrial workers is high.

In Castellcir, Spain, Midsona therefore took actions in 2023 with the focus on ergonomic processes. This meant obtaining more information on work, in terms of the work environment, working posture and stress. The measures were required in view of the fact that incidence of occupational injuries was at an absolute peak at Castellcir in 2022, due to sharply higher sales and as a result an increase in the total number of hours worked. However, occupational injuries have been reduced from 17 to 2 this year. Occupational injuries range from the relatively serious to minor, such as body aches and back soreness, as well as minor blows, cuts, etc. Physical pain in the musculoskeletal system is one of the most common causes of long-term sick leave according to the Swedish Employers' Association. Problems of this nature are sometimes due to poor ergonomics, in combination with stress-related problems[1]. The rate of sick leave has decreased from 6.0 percent to 5.3 percent.

Occupational injuries decreased considerably in the Group this year, but both work-related injuries and sick leave will be areas that Midsona's HR departments, together with production managers, must continue to focus on going forward. A concrete action plan is needed to alleviate activities liable to cause injuries, as well as to introduce better processes and regular education and training. In addition to the actions taken at Castellcir and in Division North Europe in 2022, Midsona had already initiated several measures that were followed up in 2023 to improve on that work.. For more information on progress in 2023, see the "Promote a safe and healthy workplace" section on page 51.

LTIFR, which calculates accidents per 1 million working hours, decreased from 21 to 11 between 2022 and 2023. This data point is a useful KPI for Midsona, which, through the acquisition of production facilities, has increased the number of production workers in the Group.

Midsona is striving constantly to create a healthy work environment for its office employees. Actions include the introduction of optimised and eco-friendly office premises with good lighting and various measures to address screen light pollution, such as blue-light filters to prevent fatigue and headaches. Ergonomic solutions have also been introduced for office desks that can be lowered and raised to prevent back and neck problems. In most countries, both the number of injuries and rate of sick leave are relatively low among Midsona's office employees.

[1] https://www.arbetsgivarverket.se/ledareistaten/arbetsgivarguiden/arbetsmiljo/ergonomi/

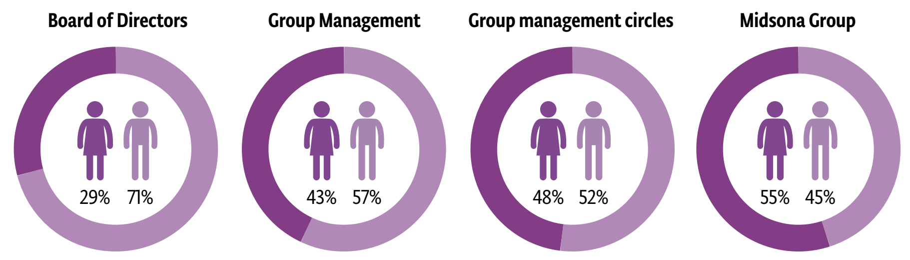
Read more in the Sustainability Report on page 51.

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

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

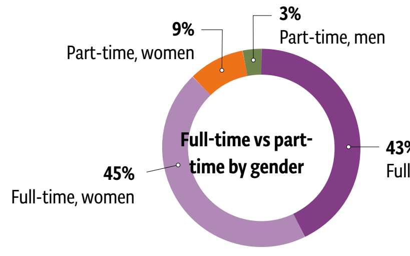
Diversity, inclusion and equality

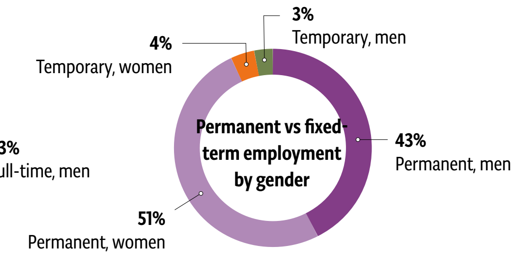
Target
50/50
gender distribution in management positions



*The Group's management circles encompasses all Group-level managers at Midsona AB, including all members of division-level management teams.

	Board of Directors	Group Management	Group's management circles	Gender balance, Midsona Group
Women	2	3	20	474
Men	5	4	22	394





Comments on data

The figures for gender balance in the Group's management circles improved in 2023, from 47/53 to 48/52 percent female/male. The gender balance both in Group Management and on the Board of Directors is the same as in 2022. In Group Management, the balance advanced from 33/67 percent women/men in 2021 to 43/57 percent men/women in 2022, when Group Management appointed a female Legal Director to Group Management. The situation was unchanged in 2023. The same trend is evident on the Group's Board, which remains at 29/71 percent. Overall, for all employees, Midsona also had reported a higher percentage of women, both in 2023 (55/45) and in 2022 (52/48).

As regards the gender difference between permanent and fixed-term employment, and full-time and part-time, the figures show that in that respect, gender treatment at Midsona is relatively equal. Pay differentials between female and male employees is also relatively evenly balanced. However, the figures show that Midsona's male managers have higher salaries than female managers. This is partly because roles with considerable responsibility, such as the CFO and CEO, are held by men. Midsona's target of equal gender distribution includes equal working conditions with equal pay for equal work. This pay differential is therefore an issue that Midsona must work on, going forward.

Read more in the Sustainability Report on page 53.

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

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Responsible sourcing

Sustainable raw materials

Target 2025
100%
our own brands free from palm oil

In addition to a closer focus on human rights and social conditions in the Group's value chains, as described in the section "Human rights and social conditions in Midsona's value chains" on page 55, Midsona has identified raw material risks and opportunities from a dual perspective. In terms of both external impact and how Midsona's financial situation may develop in the future.

This analyses risk areas including climate change, deforestation, water stress and biodiversity. With a lack of water for irrigation, pressure on crops due to climate change, soil degradation and the uncertain impact of new technologies, there is uncertainty about whether the goals of increasing the global food production necessary to feed a growing population can be achieved, and thus Midsona's supplies of raw materials[1]. Midsona operates in countries with small and open economies and a need for raw materials with close links to the international trade market. This leaves the Group vulnerable to global climate risks and challenges, in terms of both price and supplies of various raw materials. The most important aspect of managing risk raw materials arises via suppliers' classifications of risk, requirements of the Group's Code of Conduct, dialogue and long-term cooperation with suppliers, audits and various environmental and social third-party certifications of raw materials and products. For more on this subject, see the section "Organic and other certifications" on page 46. To further assure appropriate handling of risk raw materials, Midsona works to a Group-wide set of instructions "Midsona's guidelines regarding GMOs, palm oil, fish oil, use of paper and animal welfare". This is included in Midsona's Sustainability Policy and, along with a high percentage of plant-based and organic products in the Company's product range, represents a plan to protect the climate and biodiversity in fisheries, forestry and agricultural production along the value chain. In 2023, an analysis of biodiversity risk was further improved through the inclusion of TNFD in the analysis. At the same time, Midsona has, with the aid of Sedex, performed a further risk assessment across the supply chain for all the Company's raw materials, with regard to human rights and other environmental conditions.

[1] https://nibio.brage.unit.no/nibioxmlui/bitstream/handle/11250/2567268/NIBIO_RAPPORT_2018_4_115.pdf?sequence=2

Raw material risks identified at Midsona

GMO: Rice, soya and corn represent the greatest potential for GMO risk Midsona's raw materials. This risk is assured by requiring 100 percent GMO-free raw materials and products at Midsona through quality assurance departments at suppliers. For more on what constitutes this risk, see page 57.

Deforestation, biodiversity, climate: Deforestation is defined as the conversion of natural forest to farmland or other uses, where both climate change via loss of carbon sinks and conditions of devastation affect many of Midsona's plants and animal species that depend on the forest. Forests are also important to the living conditions of many indigenous peoples. To Midsona, palm oil, soya, cocoa and wood-based paper pose a potential risk with regard to deforestation. On that basis, these raw materials also risk contributing both to climate change and loss of biodiversity. Wheat, rice, soya, fish oil and corn are products that are sensitive to climate change. These commodities cannot tolerate drought, major fluctuations in temperatures and other climate change, and in that way pose a financial risk to Midsona's supplies of raw materials.

The Group hedges the risk of deforestation from the use of palm oil through the target that Midsona's own brands will be free of palm oil by 2025 and until then will use 100 percent RSPO-segregated and certified palm oil. Supplies of wheat, corn and soya are secured via supplier and raw material control. Both the risk of deforestation and the risk to Midsona's supplies of raw materials are combated, for example, by buying soya produced from regions where there is no risk of deforestation or very high temperature fluctuations. Although there have been examples of significant climate change in Europe, the Group does not consider this part of the world to be as vulnerable to climate change as more exposed areas such as Asia, Africa and South America. There is also a much lower risk of deforestation, littering and human rights violations in Europe. Buying raw materials produced in Europe is therefore a way to reduce these risks (see also table below).

The Group hedges the risk of deforestation through the activities of Midsona's paper mill by using recycled or FSC-certified paper. The Forest Stewardship Council (FSC) is an independent, international organisation that through its certification system encourages environmentally sound, socially beneficial and economically viable use of the world's forests. FSC certification is the world's most trusted label for sustainable forestry, and each FSC certification is an assurance of sustainable purchasing that puts forests and people first[1]. By using both recycled carton board and paper, the need for production of new virgin paper is reduced, preventing deforestation. The most important way of reducing the risk of damage to the Group's biodiversity lies in the high percentage of organically certified raw materials and products that it used. The European Commission has defined organic farming with reduced pesticides as an important means of nurturing biodiversity, and has itself set an EU target for increased organic farming. The Commission has presented the European Union with a comprehensive plan of action for organic work. The Commission's goal is to achieve the European Green Deal's objective of organic farming on 25 percent of farmland in the Union by 2030[2].

In 2023, Midsona worked on mapping the greenhouse gas emissions of products and services, broken down into energy and industry data and FLAG data. This has provided the Group with even greater insight into which raw materials and products have by far the highest greenhouse gas emissions. The project has produced a more detailed picture of the risks of deforestation. It is part of Midsona's submission to SBTi and is currently under evaluation. This will drive the agenda on risky raw materials, going forward, and is part of the assessment and development process for any new measures that will be devised in 2024. Read more about FLAG on page 123.

[1] https://fsc.org/en/whatthefsclabelsmean
[2] https://agriculture.ec.europa.eu/farming/organicfarming/organicactionplan_en

Water: Raw materials that require high volumes of water in production and that are produced from regions where water supplies are under great pressure represent a high degree of water risk. The most significant water-intensive agricultural commodities that Midsona sources are rice, sugar, palm oil and soya. Most of the soya and corn, as well as a large percentage of Midsona's rice is sourced from Europe, where there is relatively little risk of water stress compared with high-risk areas such as India. Rice produced in poor countries like India, where there is a great deal of drought, is the agricultural product with the greatest water risk and impact on the Group. The location of rice production in Kotwa, India, is marked on the map where Division North Europe operates. This is an area under extreme stress with a high level of water risk. However, these raw materials are secured via a community initiative with the supplier. The project involves rice production that requires less water and where the rice is also 100 percent organic, Demeter and Fairtrade certified.

Animal welfare: Midsona's high share (88 percent overall and 92 percent of priority brands) of plant-based alternatives to animal-based food. Targets in this area are the most important measure both to address greenhouse gas emissions from animal husbandry and production, and to protect animals and animal welfare. For vegetarian products, in which products such as eggs and milk are used, Midsona assures animal husbandry in line with its supplier and raw material controls.

Other risk areas: Other commodity sectors relevant to Midsona, that are facing urgent environmental and social challenges are cocoa, sugar, tea and hazelnuts. To reduce this risk, Midsona's purchases of these products are largely certified (as a member of the organic organisations UTZ/Rainforest Alliance, KRAV and Fairtrade). Through UTZ labelling, the Group is helping to build a better future and deliver optimum value to the more than four million farmers and workers and thousands of businesses that use Rainforest Alliance certification. The certification is used to drive more sustainable agricultural production and responsible supply chains and is used in more than 70 countries worldwide[3]. Read more about the above and Midsona's certifications in the product certifications section on page 46.

[3] https://www.rainforestalliance.org/utz/

Purchases of rice raw materials (tonnes)

Total purchases of raw materials, tonnes: 39,263 tonnes

	2023	2022	2021	2020	2019
Palm oil	30	40	45	50	97
of which, RSPO-segregated	30	40	45	50	97
Composite raw material with palm oil or palm oil derivative	90	103	187	–	–
of which, RSPO-segregated	72	82	164	–	–
Fish oil	49	73	85	78	71
of which, FoS-certified	46	85	78	78	71
Soya	922	1,025	863	828	290
of which, GMO-free	922	1,025	863	828	290
of which, country of origin: EU	787	894			
Rice	4736	5,160	5,956	–	–
of which, GMO-free	4736	5,160	5,956	–	–
of which, country of origin: EU	3618	3255			
Maize	900	945	346	–	–
of which, GMO-free	900	945	346	–	–
of which, country of origin: EU	761	821			
Wheat	3328	2,919	–	–	–
of which, country of origin: EU	3318	2,886	–	–	–
Sugar	1933	2,245	–	–	–
of which, organic	1671	2,240	–	–	–
Hazelnuts	208	217	–	–	–
of which, organic	69	73	–	–	–
Cocoa	76	73	–	–	–
of which, organic	75	73	–	–	–
of which, Fairtrade, KRAV or UTZ	65	40	–	–	–

Reservations are made for any deviations in the data.

Division South Europe included as of 2020.

GRI 304-2

GRI 305-3

GRI 308-2

Supplier control

Midsona's objective

The Group's objective in classifying suppliers is based on an assessment in Kodiak, or equivalent risk assessment of the suppliers, and those that have signed Midsona's Supplier Code of Conduct. Kodiak is mostly used as a tool in Division Nordics.

Division North Europe uses other methods, such as the Sedex platform, for risk assessment and classification of suppliers in order to manage and assess sustainability performance and to meet supply chain targets. More than 74,000 companies worldwide have chosen Sedex as their trusted partner to create more socially and environmentally sustainable companies and supply chains[1]. As part of Midsona's ongoing work on supply chain due diligence, as described in the section Responsible purchasing, Sedex was applied in this process across the entire Group in 2023. This was in addition to Kodiak, which first and foremost risk-assesses Midsona's direct ("Tier 1") suppliers .

In Division South Europe, suppliers are assessed on the basis of internal supplier approval procedures, but are expected to implement Kodiak in the near future. Although Division South has its own manual procedures for checking its suppliers, they are rated as 0 in the data summary in the table below.

[1] https://www.sedex.com/whysedex/

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

Risk assessment/classification of suppliers (Tier 1)*

	2023	2022	2021	2020
Midsona Group	54%	44%	32%	47%
Division Nordics, assessed in Kodiak	88%	82%	75%	74%
Division North Europe, assessed in Sedex	57%	62%	0%	–
Division South Europe, assessed in Kodiak	0%	0%	0%	

SCOC (Tier 1)*

	2023	2022	2021	2020
Midsona Group	54%	49%	51%	78%
Division Nordics	76%	80%	79%	78%
Division North Europe	79%	75%	–	–
Division South Europe	0%	0%	0%	–

Supply chain risk analysis via Sedex for inside-out risk analysis (Tier n)*.

	2023
Percentage share based on the number of supply chains:	
Midsona Group	47%
Raw materials	73%
Finished goods	25%
Percentage share based on quantity/weight, kg:	
Midsona Group	73%
Raw materials	89%
Finished goods	32%

*Tier 1 suppliers: These are direct suppliers of the final product. Tier 2 suppliers: These are suppliers or subcontractors of Midsona's Tier 1 suppliers. Tier 3 suppliers: Suppliers or subcontractors of Midsona's Tier 2 suppliers. These levels may extend beyond three.

Comments on data

Division Nordics: Midsona's Kodiak supplier assessment system was implemented in Division Nordics in 2019 and since then the number of suppliers assessed in the system has steadily increased. Today, 88 percent of all suppliers to Division Nordics are Kodiak-approved. It was not until 2022 that Midsona began introducing suppliers to business unit Consumer Health into the Kodiak system in Division Nordics (see description of the Kodiak risk assessment process on page 131).

Division North Europe: Of the total number of suppliers to Division North Europe, including suppliers of raw materials, merchandise and packaging materials, 57 percent have been risk classified. The supplier risk assessment covers both quality and sustainability. Division North Europe uses other recognised methods, such as Sedex, to assess and classify suppliers.

Division South Europe: Division South Europe was ready to use Kodiak in 2023, but the process has not yet started. Being in the start-up period, target achievement for Division South Europe will be zero. As a result, this will significantly reduce Midsona's overall goal achievement, as this division has approximately the same number of suppliers as Division Nordics and therefore has major impact on the data (33 percent of suppliers). Suppliers yet to be processed in Kodiak are assessed in accordance with current legislation and the relevant certification requirements.

SCOC: Midsona notes a 5 percentage point increase in the number of suppliers to have signed up to Midsona's Supplier Code of Conduct (SCOC), or equivalent Supplier Code of Conduct. In contrast, the number has decreased in Division Nordics, as a result of the closure of some smaller supplier businesses and some uncertainty in the data that will be analysed in 2024. Published data from last year for Division Nordics has been adjusted on the basis of upgrading of data and methodology from 2022.

Midsona has a total of 951 suppliers.

Supply chain risk analysis Tier n via Sedex for inside-out risk analysis: Midsona's supply chain analysis down to Tier N encompasses all purchases of primary agricultural products and raw materials. The number of supply chains for purchases of agricultural-based products in 2023 totalled 2,812. The total volume/weight of purchases of agricultural-based products in 2023 was 54,000 tonnes. Supply chains that are not primarily agricultural are not included in the analysis, which number 1,488 and have a total weight of 14,385 tonnes. This risk analysis has served as a basis for identifying the absolutely most important risks in our supply chain in performance of the dual materiality analysis. In 2024, Midsona will continue to work on this analysis to identify what are by far the most important risk reduction measures going forward.

Origin of purchase (%)

	2023	2022	2021	2020
Purchases of raw materials within EU (%)				
Division Nordics	48	43	41	45
Division North Europe	46	47	38	39
Division South Europe	83	96	78	88
Total purchases of raw materials within EU (%)	**56**	**60**	**48**	
Purchases from the country of origin of the raw material (%)				
Division Nordics	41	46	32	12
Division North Europe	75	69	63	65
Division South Europe	66	69	37	59
Total purchases from the country of origin of the raw material (%)	**65**	**64**	**58**	
Purchases of finished products from suppliers within EU (%)				
Division Nordics	93	97	90	92
Division North Europe	95	98	99	95
Division South Europe	99	99	75	77
Total purchases of finished products from suppliers within EU (%)	**94**	**97**	**91**	

Read more in the Sustainability Report, on pages 58–59.

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

Safe products and quality

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 2022, all products launched were assessed. The health and safety impacts of products are assessed for improvement in the following life cycle stages, according to product sector and regulations:

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

Events involving product information, labelling or quality issues

	2023	2022	2021
Total number of non-compliance incidents involving product safety, labelling and marketing information resulted in:			
Correction	41*	12	15
Recalls	3	2	7
Withdrawals	9	9	16
Fines or penalties	0	0	0

Comments on data

In 2023, Midsona had no incidents of non-compliance regarding product and marketing information that resulted in fines or penalties. This year, Division South has improved data quality for incidents regarding product safety, labelling and marketing information incidents that led to corrections, resulting in an increase of 29 percentage points. The increase reflects an improvement in data gathering, and not an actual increase in incidents alone*.

Midsona conducted a total of 3 product recalls and 9 product withdrawals in the Group.

Read more in the Sustainability Report, on page 63.

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

Efficient use of resources

Greenhouse gas emissions

Midsona reports climate data in accordance with the Greenhouse Gas Protocol Corporate Standard the Corporate Value Chain (Scope 3) Standard and the GHG Protocol Land Sector and Removals Guidance. Climate data extends to the entire Group, including head office and all divisions.

The head office (Parent Company) is located in Malmö, Sweden, and the Company's climate data is broken down into three divisions: Midsona Nordic (Division Nordics), Midsona North Europe (Division North Europe) and Midsona South Europe (Division South Europe).

Division Nordics operates in Sweden, Norway, Denmark and Finland. Midsona North Europe operates in Germany and Midsona South Europe operates in Spain and France. Division South Europe (France and Spain) was acquired and was integrated into the Midsona Group's sustainability data in 2020. Division Nordics accounts for 66 percent (69) of Midsona's sales, while Division North Europe and Division South Europe account for 23 percent (22) and 11 percent (9), respectively. Midsona has no other subsidiaries of relevance.

Midsona has changed the baseline year in 2023 from the former 2019 to 2022. This is due to the adoption of Midsona's new science-based climate targets based on the Science Based Targets initiative's new Net Zero standard, which requires more climate targets and a more extensive database. For more information on this topic, see Changes in climate disclosures on pages 120–122.

In the CDP report, climate data is broken down to a much greater extent and is described in far greater detail.
Read about Midsona's target achievement in relation to the Group's SBT, Net-Zero and greenhouse gas report in CDP at *https://www.midsona.com/en/sustainability/sustainability-targets/-sustainability-reports*

GHG Emissions (tCO_2e)

	2023	2022
Scope 1 – Direct emissions		
Refrigerant	53	58
Stationary combustion	1713	1,332
Chemical processes	560	852
Mobile combustion	475	590
Total emissions, Scope 1	*2802*	*2,832*
Change since baseline year, Scope 1 (%)	*-1%*	*baseline year*
Scope 2 – Indirect emissions*		
Electricity	608	486
District heating and cooling	67	65
Electric and hybrid cars	12	26
Total emissions, Scope 2	*687*	*576*
Change since baseline year, Scope 2 (%)	*19%*	*baseline year*
Total emissions, Scopes 1 and 2	**3488**	**3,408**
Change since baseline year, Scopes 1 and 2 (%)	*2%*	*baseline year*
Scope 3		
Capital goods	305	361
Fuel and energy related activities	803	836
Upstream transport and distribution	9645	9,358
Waste generated in operations	236	249
Business travel	216	225
Employee commuting	719	735
Downstream transport and distribution	4485	4,610
Final disposal of products sold	2457	2,575
Total emissions, Scope 3, excluding goods and services	**18,866**	**18,949**
Scope 3, category 1, Purchase of goods and services**		
Industry and energy	36,421	34,629
FLAG	62,705	74,645
– of which sLUC	31,758	39,079
– of which LM CO2e	10,588	12,395
– of which LM non-CO2e	20,359	23,171
– of which, removals	0	0
Total emissions, goods and services	**99,126**	**109,274**
Total emissions, Scope 3	**118,002**	**128,245**
Change since baseline year, Scope 3 (%)	*-8%*	*baseline year*
Water	10	22
Total emissions, Scopes 1, 2 and 3	**121,490**	**131,654**
Change since baseline year, Scope 1, 2 and 3 (%)	*-8%*	*baseline year*

* Data produced using the market-based method. Midsona presents both market-based and location-based data in CDP in accordance with the GHG protocol's structure. **Included in goods and services: food, production packaging, packaging for merchandise and purchased water. Midsona has calculated sLUC (statistical data from databases), and not dLUC or iLUC.
Climate data encompasses all seven greenhouse gases (CO2, CH4, N2O, HFCs, PFCs, HF6, NF3) where relevant.

Target 2045
Net-Zero

Target 2025
No deforestation

Target 2030
30.3%
reduced FLAG emissions

Target 2028
70%
suppliers with SBT*

*Share based on purchasing costs.

Target 2030
42%
reduced emissions in accordance with Scopes 1, 2 and 3

Long-term targets are described on pages 66–67.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Comments on data

Brief description or reason for exclusion (if any) for all 15 categories in Scope 3 (GHG Inventory data Scope 3) 2023.
A new comprehensive Scope 3 inventory is conducted to set targets and data for the new baseline year 2022. Explanations are given for all categories for which no emission calculation is provided. For further guidance on Scope 3 emissions, including the description of the 15 categories, see please see the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, in particular Chapter 5 Identification of Scope 3 emissions. Deviations from Midsona's Annual Report 2022 or previous CDP responses or other public information are described on pages 120–122. Where categories are not applicable, "Not applicable" is entered, with a brief explanation if appropriate. For categories with negligible emissions, "Negligible" is entered, where appropriate with an estimate of the relevant percentage of total Scope 3 emissions. Midsona has not excluded categories of relevance as they have not yet been calculated.

Name of category, Scope 3:
Category 1: Purchased goods and services: Industry and energy emissions after removal of FLAG emissions. This consists of the purchase of raw materials, packaging materials, water and purchases of finished goods for onward sale and distribution. See more on category 1 below.

Category 2: Capital goods: These consist of emissions from capital investments from the accounts "plant and machinery", "equipment and tools" and "other tangible fixed assets".

Category 3: Fuel and energy related activities: Upstream emissions from activities reported in Scopes 1 and 2.

Category 4: Upstream transport and distribution: Upstream emissions from all Midsona transports, both inbound and outbound. Includes WTW calculations.

Category 5: Waste generated in operations: Waste generated in Midsona's operations. Reports are generated at fraction level, including metal and glass.

Category 6: Business travel: Includes air and rail travel, mileage and emissions related to overnight hotel accommodation. Includes WTW calculations.

Category 7: Employee commuting: Employee-related emissions have been estimated by country and location based on national statistics for employee commuting patterns. Includes WTW calculations.

Category 8: Leased upstream assets: Not applicable to Midsona's current operations. The Midsona Group does not have any leased upstream assets.

Category 9: Downstream transport and distribution: Downstream transport attributable to Midsona's portfolio of customers, to their sites, at the expense of and organised by the customer. Includes WTW calculations.

Category 10: Processing of products sold: N/A.

Category 11: Use of products sold: N/A.

11a. Downstream emissions from fossil fuels distributed but not sold by the company: Fossil fuels that are distributed must be accounted for with reference to the GHG inventory and target limit, even if not sold directly by the Company. N/A.

Category 12: Final disposal of products sold: Includes both recyclable and non-recyclable packaging materials. Data is recorded for all packaging materials by type.

Category 13: Downstream leased assets: N/A.

Category 14: Franchising: N/A.

Category 15: Investments: N/A.

Category 1, Scope 3, Purchased goods and services
Emissions from purchased goods and services are reported in two categories: industrial and energy emissions and FLAG emissions.

Industry and energy emissions: Industry and energy emissions after removal of FLAG emissions. This consists of the purchase of raw materials, packaging materials, water and purchases of finished goods for onward sale and distribution.

FLAG emissions:
Midsona operates mainly as a manufacturer and seller of food products, food supplements and beauty products. As a result, there are no Forest, Land and Agricultural (FLAG) emissions directly associated with Midsona's core business, and they are regarded as negligible in Scope 1. However, Midsona purchases single and mixed raw materials, finished goods and paper packaging of agricultural or forestry origin for production, trade and sales.

In accordance with the latest draft of the GHG Protocol Annex, Land Sector Removals Guidance (2022) and the SBTi Forest, Land and Agriculture Science Based Target Setting Guidance version 1.1 (2023), Midsona accounts for its emissions from forest, land and agriculture for purchased goods and services (Scope 3). In view of Midsona's extensive portfolio and the lack of globally recognised, comparable accounting standards, Midsona bases its accounting on generally accepted statistical secondary data sources.

sLUC: Statistical Land Use Change
A consolidated figure for all CO2 emissions from changes in carbon stocks and pools through conversion of agricultural land such as forests, wetlands and grasslands to agricultural land over a 20-year assessment period. In line with the above-mentioned guidelines, Midsona uses statistical estimates based on land and crop to calculate its related emissions. *Note that indirect land use change (iLUC) is not currently included in Midsona's carbon accounting.*

LM CO^2: Land Management CO^2 & Land Management Non-CO^2
Land management (LM) emissions include all land-related emissions (biogenic CO^2, N^2O and CH4) directly related to agricultural and forestry activities at the level of a cultivation unit (farm) in operation, excluding those related to land use change. According to the above mentioned guidelines from GHG and SBTi, Midsona further distinguishes between LM emissions CO^2 and LM emissions non-CO^2.

LM CO^2 consists of the biogenic CO^2 emissions related to carbon dioxide losses caused by land management practices within a given time period.

LM non-CO^2 consists of CH4, N^2O and non-biogenic CO^2 as additional anthropogenic greenhouse gas emissions from the management of agricultural systems, including organic and inorganic inputs and agricultural outputs and use of vehicles at farm level.

Removals
SBTi FLAG addresses removals in coordination with the GHG Protocol Land Sector and Removals Guidance, with particular attention to removals in the area of land-intensive sectors, and does not include removals that do not form part of a FLAG target or that are outside the FLAG sector (e.g. direct air capture or other technology-based removals). No biogenic removals from FLAGs can be included in energy/industry (non-FLAG) targets. Note that bioenergy is not covered by the FLAG guidance, and in some cases bioenergy removal may be included in energy/industry (non-FLAG) targets. Midsona's inventory does not include biogenic removals.

Data quality

Midsona focuses continuously on expanding and improving the ways in which the Group's climate data is collected, calculated and estimated. For 2023, Midsona thus presents more extensive data on carbon dioxide, based on data obtained from the Group and on estimates based on best practice. The quality of the data volume will rise as estimated industry standards (emission factors) improve, as improvements are made to internal procedures and as suppliers and stakeholders improve their capacity for measuring and sharing data on their carbon emissions. Nevertheless, Midsona chooses to present the data that is available today in the interests of greater transparency. Note that combustion of oil has been moved from Scope 2 to Scope 1, Stationary combustion.

Source of emission factors per category and how the estimates are made:

The following applies to the emission factors described below. The sources for the 2023 climate accounts are for the year 2023.
The same sources apply to the 2022 figures, but date from 2022.
Scopes 1 + 2:

- Scope 1 emissions are based on actual consumption data and are calculated using emission factors from DEFRA 2023. For baseline year 2022, DEFRA 2022.
- Scope 2 emissions from electricity are calculated using a market-based method with emission factors from AIB (2023). European Residual Mixes 2023. For baseline year 2022, AIB 2022.
- Scope 2 emissions from district heating and cooling are calculated using a hybrid methodology. Market-based method using emission factors from AIB (2023), European Residual Mixes 2023, and location-based method using local factors from e.g. Fjernkontrollen (no), Miljövärden 2023 (se), KI paastolaskuri 2023 (fi) and Energistyrelsen 2021 (dk). Same source for baseline year 2022, but equivalent for 2022.

Scope 3:
Emissions from "Packaging purchased" are based on actual consumption data and calculated using emission factors (mainly) from DEFRA 2023. For baseline year 2022, DEFRA 2022.

Emissions from "Purchased goods and services" include food, as food is of the greatest importance to Midsona, based on sales in accordance with GHG and is based of a categorisation of food products. This categorisation was made on the basis of a more in-depth analysis in 2019, in which all product lines were analysed and data for various emission factors reported. For baseline year 2022, DEFRA 2022.

The emission factors used are derived from different LCA analyses from different sources.

- In the case of water consumption (part of Scope 3, no known category), the figure is based on actual consumption, based on factors from DEFRA 2023. For baseline year 2022, DEFRA 2022.
- Emissions from "Fuel and energy-related activities" are based on actual Scopes 1 and 2 consumption, based on factors from DEFRA 2023. For baseline year 2022, DEFRA 2022.
- Emissions from "Upstream transport" are based on data from transport providers and are reported in tCO2e. Today, all emissions from Midsona's transport suppliers are also calculated on a well-to-wheel (WTW) basis.
- Emissions from waste generated in own operations are based on actual consumption data, using factors from (mainly) DEFRA 2023. For baseline year 2022, DEFRA 2022.
- Emissions from "business travel" are based on actual travel data from offices and travel agencies, based on factors from DEFRA 2023. For baseline year 2022, DEFRA 2022. Some air transports are directly accounted for in tCO2e based on figures from suppliers.
- Emissions from downstream transports are calculated for 2023 based on 2019 emission estimates and sales. In 2019, the calculation was based on the total weight sold, multiplied by the average distance, to calculate tkm (thousands of kilometres). The factors used were from DEFRA.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Comments on data

[1]**Key assumptions**
- 5 percent annual organic growth
- Organic growth = growth in activity data
- Linear transition to achieve all targets

Midsona's Scope 1 greenhouse gas emissions in 2023 totalled 2,802 tCO2e. This represents an increase of 1 percent, from 2,832 tonnes in 2022. The low amount of decrease is attributable to increased combustion of non-renewable stationary at Castellcir, Spain, and consumption by chemical processes in Division North Europe. On the other hand, with improved monitoring using technology-based tools, as well as increased awareness among employees, use of CO2-gas in production at Ascheberg was36 percent lower than in 2022.

Midsona's Scope 2 greenhouse gas emissions in 2023 totalled 687 tCO2e. Scope 2 only consists of indirect energy data. This is an increase on 576 tCO2e in 2022. The result is attributable mainly to increased electricity consumption in Division South Europe, where today non-renewable electricity is used. However, an increase in emissions in 2023 is a trend Midsona wants to reverse, and highlights the fact that this is an area that needs higher priority in 2024. Read about the actions that Midsona has identified, below.

The following actions were analysed, identified and initiated in 2022/2023 and will continue in 2024 with regard to Scopes 1 and 2 (also includes energy data). This is being done to enable progress to be made towards the Group's long-term Climate Transition Plan:

- *Electricity:* Action required to increase the percentage of verifiable renewable electricity in Division South Europe.
- *District heating:* Action is needed to increase the share of verifiable renewable district heating in Tilst, possibly by 2028 according to the district heating supplier in Aarhus, Denmark.
- *Fuel (diesel/petrol) for company cars:* Action initiated to increase the percentage of company cars using verifiable renewable fuel in Division Nordics.
- *Stationary combustion of fuel:* Action is needed to increase the percentage of verifiable renewable gas from natural gas in Division North Europe. Action is needed to increase the share of verifiable renewable gas from natural gas and LPG in Division South Europe.
- *Chemical process:* Action is needed to reduce CO2 gas in Division North Europe, where a large share has already been reduced in 2022 and 2023 (ref comment from Scope 1).
- *Always included:* Actions for energy reduction and energy efficiency.

Midsona has already seen the impact of some of these actions in the data for 2023 and they will be able to deliver further considerable improvements in 2024.

Midsona's Scope 3 greenhouse gas emissions in 2023 totalled 118,002 tCO2e. This is a decrease from 128,245 tCO2e in 2022, a decrease of 8 percent from the baseline year. The largest reduction is evident in purchased goods and services, end of life treatment of sold products of products sold and downstream transport and distribution.

Read more on pages 67–68 in the Sustainability Report.

Read Midsona's 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

Recycled waste from own facilities

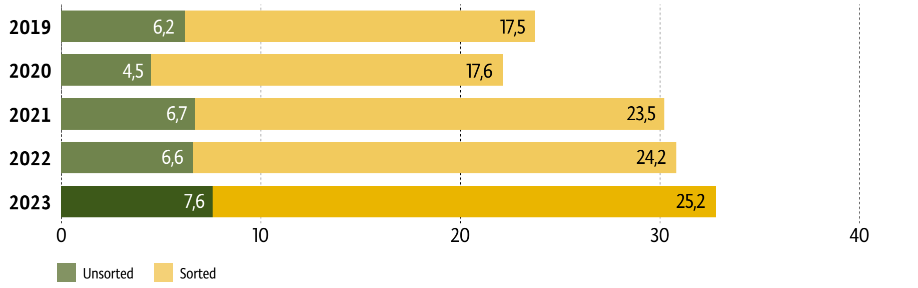
Waste (tonnes)

	2023	2022	2021	2020	2019
Metal	44	35	12	10	9
Glass	18	25	13	15	14
Carton board	450	527	572	328	239
Plastic	88	108	435	161	80
Organic	627	722	584	566	422
Toxic	2	30	0	14	3
Electrical	1	2	1	2	0
Wood	34	0			
Other sorted	108	117	48	32	25
Totally sorted	1,373	1566	1664	1186	792
Totally unsorted	414	430	477	306	281
Recycling rate	77%	78%	78%	79%	74%
Overall, Midsona Group	**1,786**	**1996**	**2142**	**1492**	**1073**

Target 2025
90%
recycling of waste generated in own operations

Waste intensity, tonnes of waste/tonnes produced

Total Midsona Group

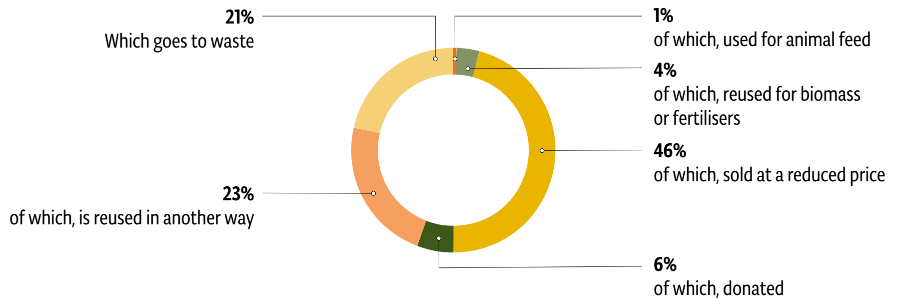


Comments on data

In 2023, Midsona reduced its total waste from 2022 by 10 percent (7) from 1,996 tonnes to 1,786 tonnes. In 2023, the Group also reported a smaller share of plastic waste than in previous years, but the recycling rate has decreased by 1 percentage point, from 78 percent to 77 percent. Although the recycling rate is high, Midsona will continue to strive both to reduce waste and increase the recycling rate towards the Group's target, 90 percent. One of the areas that Midsona is focusing on is cutting down on scrapping and increasing the number of fractions in waste sorting, thus improving the sorting rate. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022.

Reduce food waste

Food waste (%)



Food waste, tonnes

	2023	2022
Total food waste	871	570
of which, used for animal feed	6	85
of which, reused for biomass or fertilisers	31	49
of which, sold at a reduced price	400	228
of which, donated	51	17
of which, reused in another way	198	64
Which goes to waste	185	128
Re-used food waste	79%	78%

Comments on data

Food waste is wherever possible to be reduced, with top priority being use in other food products. This may then be distributed and reused for other purposes. In 2023, Midsona focused on donating or selling this food for human consumption at reduced prices, rather than reusing it for other purposes. This is a more sustainable solution for reuse, but it led to an increase of only one percentage point in the reuse rate over the year. For example, we see a lower percentage of food waste going to animal feed this year than last year. Midsona works continuously on improving data quality for food waste, with an increased focus in 2024 on reducing the total amount of food waste, as the recycling rate increases.

Read more on page 69 of the Sustainability Report.

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

Target 2025
100%
re-used food waste

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

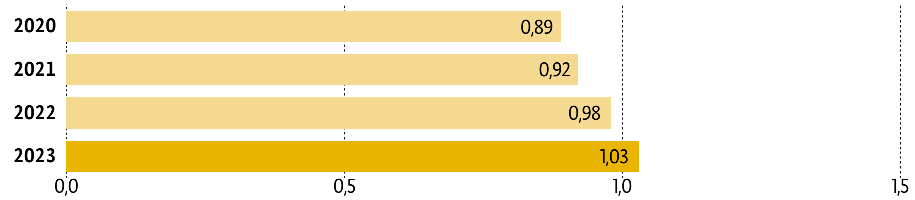
Water use

Water use per division (m³)

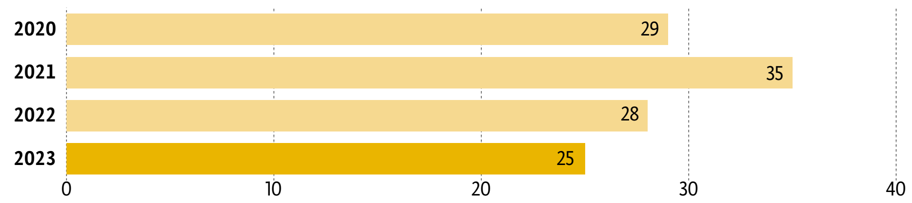
	2023	2022	2021	2020
Division Nordics	8865	9264	9,494	6759
Division North Europe	4087	6113	8,718	10,967
Division South Europe	42,991	47,807	46,712	42,081
TOTAL	**55,943**	**63,184**	**64,924**	**59,807**

Water intensity (m³/tonne)

Total Midsona Group



Midsona Castellcir



Comments on data

In 2023, Castellcir reported a reduction of 16 percent in intensity per tonne produced since the baseline year of 2020, and of 11 percent since 2022. Midsona has been working actively on reducing its water use at Castellcir by continuing to progress the water reduction plan initiated in Spain. Around 85 percent of water use in Spain comes from a private well. The target is a 10 percent reduction in intensity per tonne produced for the Group by 2030, with strengthening of a former interim target at Castellcir. Based on major developments at Castellcir in 2021/22, Midsona has been forced to advance the water target from 2023 to ahead of schedule in Spain. Even if the outcome for 2023 is good, Midsona will continue to work harder to reduce water consumption in Spain. According to Midsona's materiality assessment, both water risk and impact are significantly higher in Spain to Midsona than at the other sites. To Midsona, it is therefore most important and thus most appropriate to focus most closely on Spain, where we have reduced water intensity by 16 percent this year. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022.

Energy

Direct energy consumption (MWh)

	2023	2022
Renewable stationary combustion	22	3,210
Stationary combustion	7,754	6,345
Total stationary combustion	7776	9,555
Mobile combustion	1,836	2,377
Total direct energy consumption	9,612	11,932
Percentage of direct energy consumption relative to baseline year (%)	-19%	baseline year

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

Read more on page 71 of the Sustainability Report.

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

Indirect energy consumption (MWh)

	2023	2,022
Renewable electricity	4,375	4,744
Non-renewable electricity	2,713	2,943
Total electricity	7,088	7,687
Renewable district heating and cooling	1,745	1,647
Non-renewable district heating and cooling	534	544
Total district heating and cooling	2,279	2,191
Electric and hybrid cars	115	106
*Total indirect energy consumption, excl. Self-generated**	9,482	9,878
*Total indirect energy consumption, incl. Self-generated**	10,077	10,436
Percentage of indirect energy consumption compared with baseline year (%)	-3%	baseline year

* Self-produced electricity generation

Total direct and indirect energy consumption (MWh)

	2023	2022
Total direct and indirect energy consumption	***19,689***	***22,368***
Share of total energy consumption compared with baseline year (%)	-12%	*baseline year*
Renewable energy, indirect energy (%)	67%	67%
Renewable electricity (%)	62%	62%
Renewable district heating and cooling (%)	77%	75%
Total share renewable energy (%)	34%	45%

Electricity generation (MWh)

	2023	2022
Consumption of self-generated	596	558
Sale of self-generated	218	182

Comments on the data:

Energy from direct and indirect consumption includes stationary combustion (LPG, natural gas, fuel oil, diesel fuel oil and propane in production), mobile combustion (company cars), electricity, district heating and cooling. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022.

Comments, direct energy: In 2023, Midsona's stationary and mobile combustion totalled 9,612 MWh (11,932). This was a decrease of 19 percentage points from the new baseline year 2022. Direct energy consumption is mainly attributable to stationary combustion, with Division South showing the highest level of consumption, followed by Division Nordics and then Division North. In 2023, the overall share of non-renewable energy of direct energy use in the Group increased, despite its energy target of 100 percent renewable energy by 2028. The negative increase was attributable to Castellcir, Spain, which has switched its energy source from renewable wood pellets to non-renewable propane gas in production. The change arose through considerable change and expansion of production at Castellcir, with an increase in and adaptation of gas consumption. This required a more stable energy source and consequently a switch to butane. However, this is a short-term solution, and a plan needs be established to phase out propane in favour of renewable biogas. Part of the total gas consumption in the Group has already been replaced with renewable gas. In Germany and Denmark, for example, CO2 emissions from gas consumption in production has been reduced. However, stationary combustion is a key area for Midsona to reduce and transition to renewable energy. Actions to reduce use of this gas and transition to fossil-free remained an important process in 2023 (see the action list below and progress towards the 2023 energy targets in the energy chapter on pages 72–73). At Division Nordics, another major percentage is represented by non-renewable direct energy in company cars (mobile combustion). Against that background, work started in 2023 on transitioning the car fleet from fossil-free and hybrids to electric cars.

Comments, indirect energy: Midsona's consumption of electricity, heating and cooling decreased by 4 percent to 9,482 MWh from 9,878 in the baseline year 2022. The share of renewable electricity, heating and cooling in 2023 was 67 percent, the same as in 2022. Total consumption of district heating and cooling has remained relatively stable over the past three years, with the share of renewable district heating and cooling increasing from 75 percent in 2022 to 77 percent in 2023.

Comments, direct and indirect energy total: Total energy from direct and indirect energy in 2023 was 12 percent lower than a year earlier. The total share of renewable energy, including direct and indirect energy, decreased from the preceding year, despite the Group's energy target of 100 percent renewable energy by 2028. This was attributable to the switch to propane gas at Castellcir in 2023, which is a short-term solution and is soon to be replaced by renewable biogas. Disregarding the new use of propane gas at Castellcir, Midsona reports a total increase of 3 percentage points in renewable energy, from 45 percent to 48 percent. The increase arises from good initiatives in the right direction, especially in Division Nordics, as well as in Division North, which will generate will greater impact in 2024.

Target 2028
100%
renewable energy

Direct
100%
fossil-free stationary combustion1
fossil-free mobile combustion[2]

Indirect
100%
renewable district heating (steam and cooling)
of the electricity purchased is to be renewable

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Midsona faces challenges in Division South Europe. Both at Castellcir and in France, energy supplies are via a combination of renewable, nuclear and non-renewable energy, although the breakdown cannot currently be verified. As a result, Castellcir's contribution to the share of renewable electricity is negative, while renewable production is otherwise increasing and gaining in importance. For this reason, action to increase verifiable renewable electricity in Division South Europe is important. On the other hand, a considerable share of the facilities in Division Nordics and Division North Europe are powered by 100 percent renewable electricity, mainly from wind, water and solar energy.

To summarise, the low share of renewable energy is entirely attributable to fossil-fuelled natural gas, company cars, district heating and finally electricity.This indicates that in 2024 the Group must focus extra closely on increasing the share of renewable energy, including Scope 1 direct energy, in order to achieve the target of 100 percent renewable energy by 2028. The following actions have been analysed, identified and initiated in 2022/23 and will continue to be implemented in 2024 to reduce energy consumption and increase the share of renewable energy:

- *Electricity:* Action is required to increase the share of verifiable renewable electricity in Division South Europe, both electricity consumption and its source type, with Spain being the priority.
- *District heating:* Action is required to increase the share of verifiable renewable district heating at the production facility in Tilst.
- *Fuel (diesel/petrol) in company cars:* Action is required to increase the share of company cars using verifiable renewable fuel in Division Nordics.
- *Stationary combustion of fuel:* Action is required to increase the share of verifiable renewable gas in Division South Europe and the other divisions.
- *Actions is required in all divisions:* Actions for energy reduction and energy efficiency.

See Scopes 1 and 2 greenhouse gas emissions and actions to achieve the Scopes 1 (direct energy) and 2 (indirect energy) climate targets, which include energy in the section on greenhouse gas emissions on page 90 earlier in this chapter.

Read more on pages 72–73 of the Sustainability Report.

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

Efficient transports

Fossil-free transports

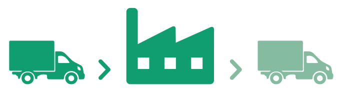
Midsona's transport target, requirements:

Transport actions within Scope 3 for Midsona's greenhouse gas accounting.*

Scope 3

100 percent fossil-free combustion, meaning fossil sources for all transports at Midsona's expense:

- Inbound from suppliers
- Inbound, within or between Midsona's facilities
- Outbound from facilities to customers, at Midsona's expense



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

Mapping and measuring points for all Midsona's transports applies to all transports in accordance with the GHG protocol. Inbound, internal and outbound for all facilities, including:

- An overview of type of transport such as truck, rail, ship, air
- Type of fuel
- Quantity. That is, tonnes of goods transported and kilometres transported
- Inbound or outbound transports
- Whether Midsona pays for the transport

Mapping of economic importance with a dedicated budget means determining the primary economic impact and the scope for target achievement. A dedicated budget for increased transport efficiency and investments in fossil-free transports, rail and ship. That is, replacement of existing fossil-fuel transports by electric cars, hybrid cars or other fossil-free fuels. Alternatively, climate-offset as a temporary solution, where the above is not available.

Target 2025
100%
fossil-free Midsona-contracted domestic transports in the Nordics

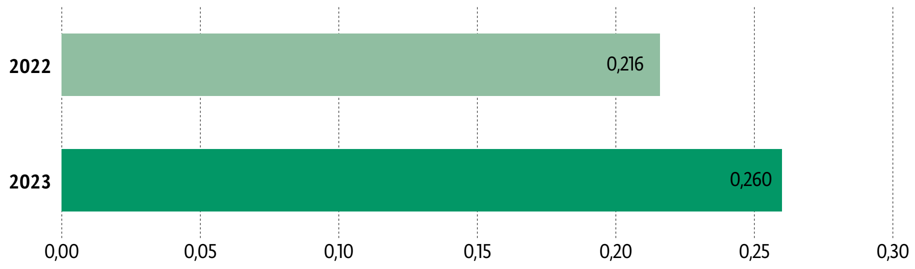
Target for Europe in 2030
100%
fossil-free Midsona-contracted domestic transports within Europe

Greenhouse gas (GHG) emissions , CO_2e***

Transport, Scope 3 (tCO_2e)

	2023	2022
Downstream transport and distribution	4,485	4,610
Upstream transport and distribution	9,645	9,358
Total, freight transport	**14,130**	**13,968**

Transport intensity

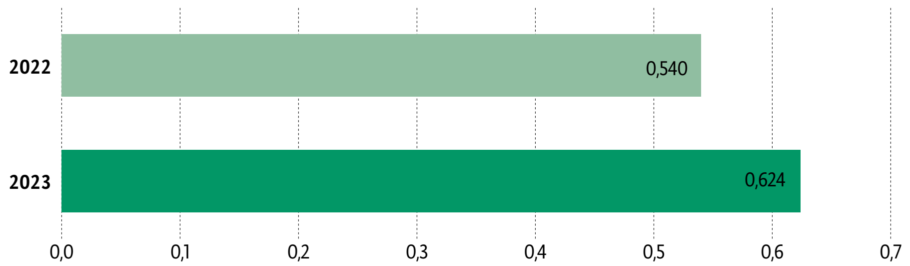


* Outbound transports that customers pays for themselves is not included in Midsona's target, but is included as part of the Group's greenhouse gas accounting.
*** The share of fossil-free fuel is measured and reported based on total emissions in CO2e. Fossil-free and renewable fuel is directly related to/in proportion to emissions (amount of CO2e).

Division Nordics – Transport, Scope 3 (tCO_2e)

	2023	2022
Downstream transport and distribution	3,009	3,195
Upstream transport and distribution	3,768	3,548
Total, freight transport	**6,777**	**6,743**

Transport intensity Division Nordics



Comments on data

All downstream transport is regarded as 100 percent fossil fuel as we have no data on customer transports. The Group's emissions intensity from its transports increased by 20 percent relative to the new baseline year 2022, and by 16 percent for Division Nordics. In contrast, Division Nordics has taken a firmer grip in the past, considerably reducing its transport-related emissions between 2019 and 2022. Midsona will continue to make further progress in 2024 and beyond to reduce its overall transport emissions. As greenhouse gas emissions decrease in pace with the transition to fossil-free renewable fuels, Midsona reports climate data directly based on the percentage of fossil-free fuel. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022. Transport intensity is still calculated as tCO2e/tonne produced and not as tCO2e/tonne transported, which is the target, leading to a major margin of error. This is because of poor data quality on emissions per tonne transported. This will be changed in the next year financial year. Because Midsona reduced the number of tonnes produced in 2023 compared to 2022, the margin of error is strengthened in the intensity data.

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

- Truck average: 0.1782
- Ship average: 0.0132
- Rail average: 0.0278

This means that the transition from road to rail or ship provides a major climate benefit in the form of a very large reduction in climate emissions. Work is ongoing to transfer transports to rail and ship in the Nordics Division, which accounts for a high proportion of transports within the Group.

12 percent of Midsona's total CO_2e emissions are produced in Scope 3, transports.

Read more on page 75 of the Sustainability Report.

GRI 305-3

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Business travel

Midsona's objective

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

Business travel (tCO_2e)

	2022	2022	2021	2020	2019
Rail	1	1	0	1	0
Air	182	115	73	67	342
Road	21	93	51	1	–
Overnight hotel accommodation	13	16	17	16	8
	216	**225**	**142**	**84**	**351**

Comments on the data

Emissions for Midsona Group totalled 216 tCO2e in 2023, a decrease of 4 percent from the previous year. In 2023, the Group also measured business trips made by private car, which extends the scale of Midsona's emission mapping. The total distance travelled by rail in 2023 was 211,176 km (107,859). The trend clearly shows how the Covid-19 pandemic reduced the scope for travel in the Midsona Group. As expected, Midsona reports an increase in emissions from business travel from during 2023, albeit not to the same levels as before the pandemic. Published data from last year has been edited on the basis of identified upgrades of data and methodology from 2022.

Read more on page 76 of the Sustainability Report.

GRI 305-3

Business travel and company cars

Midsona's objective

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

Company cars (tCO_2e)

	2023	2022	2021	2020	2019
Company cars (business use), fossil fuels	364	467	413	486	350
Hybrid cars	121	140	66	23	–
Electric cars	1	2	–	–	–
	487	**614**	**479**	**509**	**350**

Comments on the data

From 2022 to 2023, the Midsona Group's total carbon dioxide emissions from company cars decreased by 21 percent, corresponding to approximately 127 tonnes of CO2e. Midsona is striving to phase out fossil-fuel cars with hybrid cars as the Group replaces company cars. However, hybrid cars still represent an intermediate solution. According to Midsona's climate transition plan, all company cars are to be switched to electric cars, which will be a focus of the Group in 2024.

Division South Europe included as of 2021.

Read more on page 76 of the Sustainability Report.

GRI 302-1

GRI 305-1

Midsona's reporting in accordance with the EU taxonomy for sustainable investments

Focus on climate, environment and sustainable companies

The EU taxonomy regulation (EU 2020/852) is the European Commission's classification system for sustainable economic activities. Through a common classification system for sustainable finance, the Taxonomy Regulation facilitates the identification and comparison of environmentally sustainable investments. Large companies that are required to report in accordance with the EU Non-Financial Reporting Directive (NFRD) are required to report in accordance with the taxonomy regulation, for the parts of the operations that are eligible. In 2023, Midsona assessed the economic activities of relevance for Midsona and prepared for compliance and reporting in accordance with the taxonomy.

Taxonomy-relevant activities for Midsona in 2023

The taxonomy includes the economic activities with the greatest climate-impacting emissions and the greatest opportunity for transition that significantly contribute to any of the EU's environmental goals. These operations play the foremost role in the transition to a low-carbon, resilient and resource-efficient economy. Midsona has assessed all of the economic activities in its operations to ascertain whether they are meet the requirements of the taxonomy (taxonomy-eligible activities) using the EU Taxonomy Compass.[1] An economic activity is defined as: the process that takes place when resources such as capital goods, labour and raw materials/intermediaries are combined to produce a good or service.

Qualitative assessment Midsona 2023

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

Assessment of compliance

Midsona made an inventory of its activities by reference to activities described in the Delegated Regulation regarding the climate goals, as well as in the areas of water, circular economy, pollution, biodiversity and ecosystems incorporated in the 2023 taxonomy in order to identify potential activities that meet the requirements of the Taxonomy Regulation. The EU's Taxonomy Delegated Regulation regarding climate goals and the other nature-related goals in the areas described above is still currently focused on sectors where Midsona does not operate. As a result, Midsona's principal operations do not appear among the taxonomy's activities. Midsona has, however, identified a limited part of its operations that may be classified as purchasing of taxonomy-related products and services within the economic activities mentioned in the taxonomy's first two delegating acts on limiting the respective adaptation to climate change or other impact on nature, and meet the requirements of the taxonomy (are taxonomy-eligible). Midsona has assessed sales, capital expenditure (CAPEX) and operating expenditures (OPEX) as associated with these activities according to the accounting policies. The activities reported here are:

- CCM 6.5: Transport by motorcycles, passenger cars and light commercial vehicles
- CCM 7.7: Acquisition and ownership of buildings

In addition to the above, an account is provided as to how Midona's business encompasses nuclear and fossil gas activities in accordance with the requirements: Nuclear and fossil gas related activities[2].

Despite the fact that Midsona's main activity is not described among the taxonomy's activities, we make a contribution. Given Midsona's ambitious sustainability agenda, incorporating sustainability targets in water, circular economy, biodiversity and ecosystems that are in line with the targets of the Paris Agreement, and the SBTi-approved climate goals, we can still contribute to the transition. Sustainability work is integral to Midsona's business, and we have set out a climate transition plan in line with the Paris Agreement's 1.5°C target. As regards the other nature-related areas, we already have both targets and a transition plan in place, but these will be further upgraded in line with the outcome of Midsona's 2023 double materiality analysis, which is based on CSRD.

Assessment and interpretations

CCM 6.5: Transport by motorcycles, passenger cars and light commercial vehicles

Midsona's activities in the leasing of company cars are associated with capital expenditure in relation to new leases. Midsona is therefore covered by economic activity CCM 6.5 Transport by motorcycles, passenger cars and light motor vehicles. In the case of company cars, Midsona has laid down a transition plan to achieve 100 percent renewable energy consumption in company cars by 2028, which means conversion to 100 percent electric cars by 2028. As the Group leases company cars from a third party, it has not been able to perform a comprehensive analysis of taxonomy alignment. This is because Midsona currently does not have comprehensive information from the third party as to how the vehicles meet the requirements of not causing significant harm to other environmental targets in the taxonomy.

CCM 7.7: Acquisition and ownership of buildings

Midsona's activities in the leasing of premises involves capital expenditure in relation to new and updated leases. Midsona therefore meets the requirements of the economic activity
CCM 7.7 Acquisition and ownership of buildings. Midsona maintains a close focus on employee well-being via improved new or refurbished offices for Midsona. However, this made a relatively minor contribution to the share of the Group's capital expenditure during the year. As Midsona leases this service from a third party, it has not been possible to perform a comprehensive analysis of taxonomy alignment. This is because at present Midsona does not have comprehensive information from the third party regarding how this service and the premises meet the requirements not to cause significant harm to other environmental goals within the taxonomy.

Disclosures reported in relation to nuclear energy and fossil gas related activities

Midsona has reported in line with disclosures in relation to nuclear energy and fossil gas related activities. See table on page 109.

Accounting policies

At Midsona, taxonomy-relevant activities are to be reported regarding sales, capital expenditure and operating expenditure classified according to the EU's six environmental goals. Midsona reports in accordance with CCM: Climate Change Mitigation.

Sales

Midsona's sales are the Group's recognised net sales for 2023 (see net sales for Midsona on page 144). Policies for the Group's financial reporting are described on pages 150–151. Based on the inventory performed, 0 percent of the Group's sales are considered to be associated with economic activities currently meeting the requirements of the taxonomy (are taxonomy-eligible).

Capital expenditure

Midsona leases company cars and premises where a certain share of capital expenditure is taxonomy-eligible, but as this is extremely small relative to Midsona's total capital expenditure for 2023, the capital expenditure (CAPEX) associated with such actions is not considered material in relation to the Group's total CAPEX. For this reason, the share of capital expenditure (CAPEX) regarded as taxonomy-eligible is rounded off to the nearest percentage, 34 percent. In the next annual report, the Group will delve more deeply into this data to report figures for 2024 alongside the requirements of CSRD. Total capital expenditure refers to additions to property, plant and equipment and intangible assets during the year before amortisation, depreciation and impairment, and excluding changes in fair value. Right of use (RoU) assets, as well as property, plant and equipment and intangible assets in relation to business combinations are also included. See also the relevant financial notes, Note 13 *Intangible assets,* Note 14 *Property, plant and equipment* and Note 15 *Leasing*.

Operating expenditures

Under the taxonomy, the share of operating expenditures relating to products or services associated with economic activities that are aligned with the taxonomy requirements is reported. Operating expenditures according to the taxonomy are defined as non-capitalised expenses relating to R&D, building renovations, short-term leases and maintenance and repairs. Midsona leases company cars and premises that account for a certain share of Midsona's operating expenditures that is taxonomy-eligible. These should be included in leases and thus are not regarded as OPEX in this case (they are reported as RoU assets). The operating share is relatively negligible since its financial impact is highly limited. Consequently, the share of operating expenditure (OPEX) that is taxonomy-eligible is rounded off to the nearest percent, which is 0.

Ongoing comprehensive actions are in progress to make Midsona's operations low-carbon and to reduce greenhouse gas emissions, along with other nature- and sustainability-related targets and actions. However, the share of Midsona's costs in the context of the Group's transition in line with the Paris Agreement's 1.5°C target and protection of biodiversity, water and increased circularity, are not included in the taxonomy.

[1] https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
[2] CELEX_32022R1214_SV_TXT.pdf

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Midsona's share of sales

From products or services associated with taxonomy-aligned economic activities – disclosures covering year 2023

				Substantial contribution criteria						Criteria for Do No Significant Harm (DNSH)									
Economic activities (1)	Code/codes (2)	Sales (3) SEK million	Share of sales, 2023 (4) %	Climate Change Mitigation (5) J; N; N/EL;	Climate Change Adaptation (6) J; N; N/EL;	Water (7) J; N; N/EL;	Pollution (8) J; N; N/EL;	Circular economy (9) J; N; N/EL;	Biodiversity (10) J; N; N/EL;	Climate Change Mitigation (11) J/N	Climate Change Adaptation (12) J/N	Water (13) J/N	Pollution (14) J/N	Circular economy (15) J/N	Biodiversity (16) J/N	Minimum protection measures (17) J/N	Share of taxonomy-aligned (A.1.) or -eligible (A.2.) sales, year 2022 %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Sales for environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**		
Of which, enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%	E	
Of which, transitional		0	0%	0%						-	-	-	-	-	-	-	0%		T
A.2 Taxonomy-eligible operations that are not environmentally sustainable (not taxonomy-aligned)																			
Sales for taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. Sales for taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Sales for taxonomy non-eligible activities		**3,793**	**100%**																
TOTAL		**3,793**	**100%**																

	Midsona's share of sales/total sales	
	Taxonomy alignment per target	Taxonomy-eligible targets
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Midsona's share of capital expenditure (CapEx)

From products or services associated with taxonomy-aligned economic activities – disclosures covering year 2023

				Substantial contribution criteria						Criteria for Do No Significant Harm (DNSH)									
Economic activities (1)	Code/codes (2)	Capital expenditure (3) SEK million	Share of capital expenditure, year 2023 (4) %	Climate Change Mitigation (5) J; N; N/EL;	Climate Change Adaptation (6) J; N; N/EL;	Water (7) J; N; N/EL;	Pollution (8) J; N; N/EL;	Circular economy (9) J; N; N/EL;	Biodiversity (10) J; N; N/EL;	Climate Change Mitigation (11) J/N	Climate Change Adaptation (12) J/N	Water (13) J/N	Pollution (14) J/N	Circular economy (15) J/N	Biodiversity (16) J/N	Minimum Safeguards (17) J/N	Share of taxonomy-aligned (A.1.) or -eligible (A.2.) capital expenditure, year 2022 %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Capital expenditure in environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	-	-	-	-	-	-	-	**0%**		
Of which, enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	**0%**	E	
Of which, transitional		0	0%	0%						-	-	-	-	-	-	-	**0%**		T
A.2 Taxonomy-eligible operations that are not environmentally sustainable (not taxonomy-aligned)																			
Transport by motorcycle, passenger car and light motor vehicles	CCM 6.5	14	29%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Acquisition and ownership of buildings	CCM 7.7	2	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
Capital expenditure for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**16**	**34%**	**34%**	**0%**	**0%**	**0%**	**0%**	**0%**								**15%**		
A. Capital expenditure in taxonomy-eligible activities (A.1+A.2)		**16**	**34%**	**34%**	**0%**	**0%**	**0%**	**0%**	**0%**								**15%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Capital expenditure in taxonomy non-eligible activities (B)	32	66%	**66%**																
TOTAL	48	100%	**100%**																

	Midsona's share of capital expenditure/total capital expenditure	
	Taxonomy alignment per target	Taxonomy-eligible targets
CCM	0%	34%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Midsona's share of operating expenditure

From products or services associated with taxonomy-aligned economic activities – disclosures covering year 2023

				Substantial contribution criteria						Criteria for Do No Significant Harm (DNSH)									
Economic activities (1)	Code/codes (2)	Operating expenditure (3) SEK million	Share of operating expenditures, year 2023 (4) %	Climate Change Mitigation (5) J; N; N/EL;	Climate Change Adaptation (6) J; N; N/EL;	Water (7) J; N; N/EL;	Pollution (8) J; N; N/EL;	Circular economy (9) J; N; N/EL;	Biodiversity (10) J; N; N/EL;	Climate Change Mitigation (11) J/N	Climate Change Adaptation (12) J/N	Water (13) J/N	Pollution (14) J/N	Circular economy (15) J/N	Biodiversity (16) J/N	Minimum safeguards (17) J/N	Share of taxonomy-aligned (A.1.) or -eligible (A.2.) operating expenditures, year 2022 %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Operating expenditures in environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**		
Of which, enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%	E	
Of which, transitional		0	0%	0%						-	-	-	-	-	-	-	0%		T
A.2 Taxonomy-eligible operations that are not environmentally sustainable (not taxonomy-aligned)																			
Operating expenditure for taxonomy-eligible activities that are not environmentally sustainable (non taxonomy-aligned) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. Operating expenditures in taxonomy-aligned activities (A.1+A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Operating expenditures in taxonomy-non-aligned activities		**27**	**100%**																
TOTAL		**27**	**100%**																

	Midsona's share of operating expenditure/total operating expenditure	
	Taxonomy alignment per target	Taxonomy-eligible targets
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Explanation of abbreviations in the taxonomy tables; definitions of sales, capital expenditure, operating expenditure:

Abbreviations used in the Taxonomy tables from pages 102 to 109:

Y: Yes
N: No
E: Enabling activity
S: Sales activities
EL: Taxonomy-eligible activity for the relevant target
N/EL: Taxonomy non-eligible activity for the relevant target
CCM: Climate change mitigation
CCA: Climate change adaptation
WTR: Water resources, including marine resources
CE: Circular economy
PPC: Pollution prevention and control
BIO: Biodiversity and ecosystems

Midsona's disclosures regarding nuclear energy and fossil gas related activities* refer to year 2023.

Line	Nuclear energy related activities	
1.	The Company conducts, funds or has exposure to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The Company conducts, funds or has exposure to construction and safe operation of new nuclear plants to generate electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as for safety upgrades for the same, using the best available technologies.	No
3.	The Company conducts, funds or has exposure to the safe operation of existing nuclear plants that generate electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as for safety upgrades for the same.	No
Line	**Fossil gas related activities**	
4.	The Company conducts, funds or has exposure to construction or operation of electricity generation plants that generate electricity using fossil gaseous fuels.	No
5.	The Company conducts, funds or has exposure to construction, renovation and operation of combined heat/cool and power generation plants using fossil gaseous fuels.	No
6.	The Company conducts, funds or has exposures to construction, renovation and operation of heat generation plants that produce heat/cool using fossil gaseous fuels.	No

*COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.
Link: file:///G:/Corporate/Sustainability%20Midsona%20Group/2023/Annual%20report/TAXONOMY/CELEX_32022R1214_SV_TXT.pdf

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 2023 financial and calendar year.

The most recent previous report covered the 2022 calendar year and was published in April 2023.

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

For 2023, we apply GRI index for companies' sustainability data, allowing the reader to recognise the data points and easily compare them with the data for the preceding year. Midsona applies the GRI Standards in this report, with certain deviations in the period 1 January 2023 to 31 December 2023. In 2023, preparatory work was carried out for reporting in accordance with the EU's new sustainability reporting requirements Corporate Sustainability Reporting Directive (CSRD). Work will continue in 2024 to coordinate Midsona's reporting with CSRD and the ESRS index. Midsona reports climate data in accordance with the Greenhouse Gas Protocol Corporate Standard the Corporate Value Chain (Scope 3) Standard and The GHG Protocol Land Sector and Removals Guidance. CSRD and the associated European Sustainability Reporting Standards (ESRS) entail major changes for sustainability reporting going forward. This will include a double materiality analysis intended to comply with CSRD. In 2023, the Group conducted this double materiality analysis regarding both its own operations and the value chain.

The double materiality analysis is Midsona's first step towards preparing a sustainability report in accordance with CSRD and ESRS[1].

In certain areas, the Group has applied selected GRI disclosures, or parts of their content, to present specific information with corresponding claims or descriptions of use. This is based on what is material to Midsona, in terms of what stakeholders want to know and the quality of the data.

Midsona has elected to link its sustainability work to the UN's Global Sustainable Development Goals. The goals cover a large number of issues and the Group has analysed and mapped the way in which Midsona best contributes to Agenda 2030. In its work, the Group used the GRI's mapping tool "Linking the SDGs and the GRI Standards"[2].

In the GRI index, both GRI index and SDG survey data are reported, showing which data are reported and where the information may be found. Some disclosures are reported in part, based on relevance.

Midsona also reports in accordance with the EU Taxonomy Regulation (EU 2020/852) for the parts of the operations that are eligible.

[1] https://finance.ec.europa.eu/capitalmarketsunionandfinancialmarkets/companyreportingandauditing/companyre porting/corporatesustainabilityreporting_en
[2] https://www.globalreporting.org/search/?query=Linking+the+SDGs+and+the+GRI+Standards

GRI index

Midsona applies the GRI Standards in this report, with certain deviations in the period 1 January 2023 to 31 December 2023. In 2024, the Group will work on coordinating reporting with CSRD. Midsona reports climate data in accordance with the Greenhouse Gas Protocol Corporate Standard the Corporate Value Chain (Scope 3) Standard and The GHG Protocol Land Sector and Removals Guidance.

GRI Standard/other source	Disclosure	Page
General Disclosures		
GRI 2: General disclosures 2021	2-1 Organisational details	4, 5, 22-23, 90, 144, 199
	2-2 Entities included in the organisation's sustainability reporting	4, 5, 22-23, 90, 113, 144, 199
	2-3 Reporting period, frequency and contact point	110
	2–4 Restatements of information	79, 90, 125
	2–5 External assurance	126, 127
	2-6 Activities, value chain and other business relationships	4, 5, 8-9
	2-7 Employees	7, 22-23, 53
	2-8 Workers who are not employees	53
	2-9 Governance structure and composition	40–43, 178-182
	2-10 Nomination and selection of the highest governance body	40–43
	2-11 Chair of the highest governance body	40–43, 178-182, 186-189
	2-12 Role of the highest governance body in overseeing the management of impacts	40–43, 110
	2-13 Delegation of responsibility for managing impacts	40–43
	2-13 Delegation of responsibility for managing impacts	110
	2-15 Conflicts of interest	56–57, 77, 128–136, 137–139
	2-16 Communication of critical concerns	56–57, 128-136, 137-139
	2-17 Collective knowledge of the highest governance body	40–43, 53, 178-182
	2-18 Evaluation of the performance of the highest governance body	38–39, 178-182
	2-19 Remuneration policies	149, 184-185
	2-20 Process to determine remuneration	149, 184-185
	2-21 Annual total compensation ratio	85, 184-185
	2-22 Statement on sustainable development strategy	36-37
	2-23 Policy commitments	40–43
	2-24 Embedding policy commitments	40–43, 137-139
	2-25 Processes to remediate negative impacts	40–43, 85, 54–64, 128-136
	2-26 Mechanisms for seeking advice and raising concerns	40–43
	2-27 Compliance with laws and regulations	40–43, 128-139, 150
	2-28 Membership associations	48, 60–61, 75
	2-29 Approaches to stakeholder engagement	40–43, 77
	2–30 Collective bargaining agreements	50–53, 149

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GRI index

All GRI topics not listed below have been deemed as not material to Midsona

GRI Standard/other source	Disclosure		Page	Topic in Midsona's materiality analysis	UN's SDG mapping (FJ)
Material topics					
GRI 3: Material topics 2021	3–1 Process to determine material topics		40-43, 128-139		
	3–2 List of material topics		43		
Indirect Economic Impacts					
GRI 3: Material topics 2021	3–3 Management of material topics		128-139	Risk management, governance	
GRI 203: Indirect economic impacts 2016	203–2 Significant indirect economic impacts		40-43, 128-139		1, 8
Anti-corruption					
GRI 3: Material topics 2021	3–3 Management of material topics		40-43, 53	Healthy work environment/Anticorruption: Governance, business ethics	
GRI 205: Anticorruption 2016	205–1 Operations assessed for risks related to corruption and the transparency significant risks identified		53		16
	205–3 Confirmed incidents of corruption and actions taken		40-43, 53		16
Energy					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 72-73, 95-97	Efficient resource use, energy: Climate change and energy	
GRI 302: Energy 2016	302–1 Energy consumption within the organization		72-73, 95-97		7, 8, 12, 13
	302–4 Reduction of energy consumption		72-73, 95-97		7, 8, 12, 13
Biodiversity					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 46, 54-61	Responsible sourcing/biodiversity: Climate change and biodiversity	
GRI 304: Biodiversity 2016	304–2: Significant impacts of activities, products, and services on biodiversity		46, 54-61		6, 14, 15
Emissions					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 66-68, 90-93	Efficient resource use/Emissions: Climate change and biodiversity (Energy, Waste, Food Waste, Packaging, Plastic, Circularity, Products and Services, Transport)	
GRI 305: Emissions 2016	305–1 Direct (Scope 1) GHG emissions		66-68, 90-93		3, 12, 13, 14, 15
	305–2 Energy indirect (Scope 2) GHG emissions		66-68, 90-93		3, 12, 13, 14, 15
	305–3 Other indirect (Scope 3) GHG emissions		66-68, 90-93		3, 12, 13, 14, 15
	305–5 Reduction of GHG emissions		66-68, 90-93		13, 14, 15

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GRI index

All GRI topics not listed below have been deemed as not material to Midsona

GRI Standard/other source	Disclosure		Page	Topic in Midsona's materiality analysis	UN's SDG mapping (FJ)
Waste					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 69-70, 93-94	Efficient resource use/Waste: Climate change, Waste, Food Waste, Packaging, Plastic, Circularity	
GRI 306: Waste 2020	306–1 Waste generation and significant waste-related impacts		69-70, 93-94		3, 6, 11, 12
	GRI 306–2 Waste Management approach		69-70, 93-94		3, 8, 11, 12
	306–3 Waste generated		69-70, 93-94		11, 12
	306–4 Waste diverted from disposal		69-70, 93-94		3, 11, 12
Materials					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 45-48, 79-82, 88	Efficient resource use/Materials: Responsible sourcing, Climate change, Product and Services, Circularity (recycled/recyclable)	
GRI 301: Materials 2016	301–1 Materials used by weight or volume		45-48, 79-82, 88		8, 12
	301–2 Recycled input materials used		45-48, 79-82, 88		8, 12
	301–3: Reclaimed products and their packaging materials		45-48, 79-82, 88		8, 12
Water					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 71, 95	Efficient resource use/Water	6, 12
GRI 303: Water and Effluents 2018	303–3 Water withdrawal		71, 95		12
	303–4 Water discharge		71, 95		6, 12
	303–5 Water consumption		71, 95		12
Employment					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 50-53, 83-85	Healthy work environment/Employment	
GRI 401: Employment 2016	401–1 New employee hires and employee turnover		50-53, 83-85		3, 5, 8, 12
	401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		50-53, 83-85		3, 5, 8

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GRI index

All GRI topics not listed below have been deemed as not material to Midsona

GRI Standard/other source	Disclosure		Page	Topic in Midsona's materiality analysis	UN's SDG mapping (FJ)
Non-discrimination					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 50-53, 83-85	Healthy work environment/Non-discrimination	
GRI 406: Non-discrimination 2016	406–1 Incidents of discrimination and corrective actions taken		50-53, 83-85		5, 8
Diversity and equal opportunity					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 50-53, 83-85		
GRI 405: Diversity and equal opportunity 2016	405–1 Diversity of governance bodies and employees		50-53, 83-85	Healthy work environment/ Diversity and equal opportunity: Diversity, inclusion and gender equality	5, 8
	405–2 Ratio of basic salary and remuneration of women to men				5, 8, 10
Occupational health services					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 50-53, 83-85	Healthy work environment/Occupational health services: Health and safety	
GRI 403: Occupational health services 2018	403–2 Hazard identification, risk assessment, and incident investigation		50-53, 83-85		8
	403–3 Occupational health services		50-53, 83-85		8
	403–4 Worker participation, consultation, and communication on occupational health and safety		50-53, 83-85		8, 16
	403–5 Worker training on occupational health and safety		50-53, 83-85		8
	403–6 Promotion of worker health		50-53, 83-85		3
	403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		50-53, 83-85		8
	403–9 Work-related injuries		50-53, 83-85		3, 8, 16
	403–10 Work-related ill health		50-53, 83-85		3, 8, 16
Supplier social assessment					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89	Responsible sourcing/Supplier social assessment: Supplier control, Supply chain and Raw materials, Transparency, Safe products	
GRI 414: Supplier social assessment 2016	GRI 414–1 New suppliers that were screened using social criteria		54-60, 86-89		5, 8, 16
	414–2 Negative social impacts in the supply chain and actions taken		54-60, 86-89		5, 8, 16
Supplier environmental assessment					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89	Responsible sourcing/Supplier environmental assessment: Supplier Control, Transparency, Supply chain & Raw materials, Biodiversity, Safe products	
GRI 308: Supplier environmental assessment 2016	308–1 New suppliers that were screened using environmental criteria		54-60, 86-89		

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GRI index

All GRI topics not listed below have been deemed as not material to Midsona

GRI Standard/other source	Disclosure		Page	Topic in Midsona's materiality analysis	UN's SDG mapping (FJ)
	308–2 Negative environmental impacts in the supply chain and actions taken		54-60, 86-89		
Procurement practices					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89	Responsible sourcing/Procurement Practices: Supplier control, Transparency, Transport	
GRI 204: Procurement Practices 2016	204–1 Proportion of spending on local suppliers		54-60, 86-89		
Customer health and safety					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89	Safe products/Customer health and safety: Customer health and safety	
GRI 416: Customer health and safety 2016	416–1 Assessment of the health and safety impacts of product and service categories		54-60, 86-89		
	416–2 Incidents of non-compliance concerning the health and safety impacts of products and services		54-60, 86-89		
Marketing and labelling					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89		
GRI 417: Marketing and labelling	417–1 Requirements for product and service information and labelling		54-60, 86-89	Safe products/Marketing and labelling: Customer health and safety, Marketing responsibility	
	417–2 Incidents of non-compliance concerning product and service information and labelling		54-60, 86-89		
	417–3 Incidents of non-compliance concerning marketing communications		54-60, 86-89		
Local communities					
GRI 3: Material topics 2021	3–3 Management of material topics		34-43, 54-60, 86-89	Responsible sourcing/Local communities: Communities, Supplier control, Transparency, Supply chain & Raw materials, Transport, Biodiversity	
GRI 413: Local Communities	413–1 Operations with local community engagement, impact assessments, and development programs		54-60, 86-89		
	413–2 Operations with significant actual and potential negative impacts on local communities		54-60, 86-89		

Changes in the preparation or presentation of climate-related information

According to good practice, metrics used to set targets and monitor progress towards them should be consistent over time. However, for the year 2023, Midsona has changed the preparation and presentation of climate-related information compared to the previous reporting period and the periods back to 2019. Midsona has redefined and replaced both its climate calculations and climate targets in line with the latest UN ambitions and SBTi's new Net Zero requirements. This involves raising the level ambition from the "well below 2 degree" target to a 1.5 degree target. In concrete terms, this means that Midsona has changed its previously SBTi-approved Science Based Targets and raised them according to the new requirements from SBTi, both for "short-term" targets and for a long-term Net Zero target. These targets have been submitted to SBTi and we expect approval from SBTi in 2024.

Development of the new targets has increased the number of climate targets and the volume of greenhouse gas emissions we need to reduce over a shorter and a longer period. We have changed our baseline year from 2019 to 2022, and brought forward the target year from 2034 to 2030 in the short term, both based on the new SBTi requirements, but also in line with UN ambitions and EU climate targets. During the process, the metrics and database have also been strengthened and improved with a new methodology for Scope 3. On that basis, Midsona will present new disclosures in the 2023 annual report in relation to new updated figures for the previous year, based on new improved figures for 2022, our new baseline year. In practice, this means that we do not have like-for-like figures for Scope 3 climate data back to the previous baseline year of 2019, but only to the new baseline year, 2022. Data from 2022 will change substantially from the data quoted in the 2022 annual report through use of a new methodology and better database put in place with the new submission to SBTi. The following changes have been made in climate-related disclosures in 2023 relative to 2022: Climate-related targets and climate-related data. Energy and transport data are also included among climate data in this report (see chapter on climate, energy and transport).

Changes in climate-related targets between 2022 and 2023:

Disclosures on climate-related targets in the 2022 annual report:

Midsona AB (publ) is committed to achieving net zero greenhouse gas emissions by 2045*.

*In 2022, Midsona made a commitment to SBTi to deliver a net zero submission to SBTI for approval in line with the new requirement of the SBTi Net Zero standard.

Midsona AB commits to reduce absolute Scopes 1 and 2 greenhouse gas emissions by 38 percent by 2034 from the baseline year 2019*.

Midsona AB (publ) also commits to reduce greenhouse gas emissions in absolute Scope 3 by 38 percent by 2034 from the baseline year 2019*.

*Approved by SBTi in 2021.

Disclosures on climate-related targets in the 2023 annual report:

Summary: Midsona AB commits to achieve net zero greenhouse gas emissions throughout the value chain by 2045.

Near term: Midsona AB commits to reduce absolute Scopes 1 and 2 greenhouse gas emissions by 42 percent by 2030 from the baseline year 2022*. Midsona AB also commits to the target that 70 percent of its suppliers (measured in purchasing costs) of purchased goods and services will have science-based targets in place by 2028, but with the ambition gradually to have 100 percent of suppliers included. Midsona AB also commits to reduce absolute Scope 3 greenhouse gas emissions from other Scope 3 categories by 42 percent by 2030 from the baseline year 2022. FLAG: Midsona AB commits to reduce absolute Scope 3 FLAG GHG emissions by 30.3 percent within the same time frame. Further, Midsona AB commits to no deforestation for its primary deforestation-related raw materials, with a target date of 31 December 2025.

Long-term: Midsona AB commits to reduce absolute Scopes 1 and 2 greenhouse gas emissions by 90 percent by 2045 from a baseline year of 2022*. Midsona AB also commits to reduce Scope 3 GHG emissions by 90 percent within the same timeframe.

FLAG: Midsona AB commits to reduce absolute Scope 3 emissions by 72 percent within the same time frame.

*The target includes FLAG emissions and removals.
NOTE: These targets have been submitted but have not yet been approved by SBTi. We anticipate approval in 2024. Reservation for certain adjustments that may be made following approval by SBTi in 2024.

Changes in climate-related data from 2022 to 2023 with new methodology being used:

Midsona will not disclose audited figures for retroactive comparison back to 2019, as it is not possible to do so in any meaningful way. Where it is not possible to adjust comparative data for one or more earlier periods, the Company is required to disclose this. However, in Midsona's case, it is not appropriate as the methodology for updated data is far superior to the old data and it would involve a major process of estimation. Performing this process will no longer serve any useful purpose. In the following, Midsona clearly sets out the differences between the data in the 2022 annual report compared to the new figures for the 2022 baseline year, with explanations of the changes and the reasons for them, including why the newly adopted metric provides more useful information.

The difference between the figures published in the previous period (Annual Report 2022 and earlier) and the revised comparative figures is based on a completely new Scope 3 inventory made in order to set targets and metrics according to SBT's new Net Zero standard and guideline for baseline year 2022. This has resulted in major changes to the categories that Midsona includes in Scope 3 and how data is calculated. The main changes are – 1) several categories in Scope 3 have been found to be significant – 2) Category 1, Purchased goods and services is split into industry and energy data and FLAG, providing a much more detailed database for this category. The table below presents an overview of the changes:

Midsona's changes to Scope 3 categories

	Scope 3 category	Impact	Changes
Upstream Scope 3 emissions	Category 1: Purchased goods and services:	Major changes	Industry and energy emissions after removal of FLAG emissions. This consists of the purchase of raw materials, packaging materials, water and purchases of finished goods for onward sale and distribution.
	Category 2: Capital goods:	Including expenditure-based	These consist of emissions from capital investments from the accounts "plant and machinery", "equipment and tools" and "other tangible fixed assets".
	Category 3: Fuel and energy related activities:	No change	Upstream emissions from activities reported in Scopes 1 and 2.
	Category 4: Upstream transport and distribution:	Now includes WTT emissions for remaining transport activities.	Upstream emissions from all Midsona transports, both inbound and outbound. Includes WTW calculations.
	Category 5: Waste generated in operations:	No change	Waste generated in Midsona's operations. Reports are generated at fraction level, including metal and glass.
	Category 6: Business travel:	Now includes WTT emissions	Includes air and rail travel, mileage and emissions related to overnight hotel accommodation. Includes WTW calculations.
	Category 7: Employee commuting:	Now included (WTW)	Employee-related emissions have been estimated by country and location based on national statistics for employee commuting patterns. Includes WTW calculations.
	Category 8: Leased upstream assets:	N/A.	Not applicable to Midsona's current operations. The Midsona Group does not have any leased upstream assets.
Downstream Scope 3 emissions	Category 9: Downstream transport and distribution:	Now includes WTT emissions	Downstream transport attributable to Midsona's portfolio of customers, to their sites, at the expense of and organised by the customer. Includes WTW calculations.
	Category 10: Processing of products sold:	N/A.	
	Category 11: Use of products sold:	N/A.	
	11a. Downstream emissions from fossil fuels distributed but not sold by the company: Fossil fuels that are distributed must be accounted for with reference to the GHG inventory and target limit, even if not sold directly by the Company.	N/A.	
	Category 12: Final disposal of products sold:	No change	Includes both recyclable and non-recyclable packaging materials. Data is recorded for all packaging materials by type.
	Category 13: Downstream leased assets:	N/A.	
	Category 14: Franchising:	N/A.	
	Category 15: Investments:	N/A.	

Major changes, summary

New category included: capital goods: Category includes expenditure-based for the following financial accounts:
- 1210 Plant and machinery: SEK 628,000
- 1220 Equipment and tools: SEK 5,048,000
- 1290 Other tangible non-current assets: SEK 438,000

New category included, Employee commuting:
- includes WTW emissions

New methodology included; Transport (upstream and downstream):
- Well-to-tank emissions now included for all transport activities with undefined methodology.
- Downstream transport and distribution: All emissions

New methodology included; BUSINESS TRAVEL
- WTT emissions now included for all business travel

Major changes; Purchased goods and services. Categorised as:
- Industry/energy emissions
- FLAG emissions from forestry, land, agriculture Methodology described

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Updated methodology for calculating greenhouse gas emissions in 2022 and 2023:

Category 1, Purchased goods and services 2023 Separate climate accounts for land-based emissions and removals.

FLAG (Forest, Land and Agriculture)

In 2022, the Science Based Targets initiative (SBTi) launched new guidance (Forest, Land and Agriculture Science-based target-setting guidance) for setting climate targets for land-intensive activities, based on the GHG Protocol's new supplement GHG Protocol Land Sector and Removals guidance (Draft for Pilot Testing and Review, September 2022). The new guidance from SBTi specifies that land-based emissions and removals are to be quantified and reported separately from fossil fuel emissions, with separate targets.

Midsona purchases and processes products from agriculture, which generates land-based emissions and removals in the raw material phase of the life cycle, and has therefore chosen to update its current climate-based target to also include these FLAG emissions. In 2023, Midsona worked on restructuring and collecting additional data to create a separate FLAG account, moderating the outcomes for 2022 (the baseline year for the new target) and 2023. A new SBTi application has been submitted, and is expected to be reviewed this summer for approval.

The new methodology has been applied to Midsona Scope 3, category 1: Purchased goods and services, including raw materials for food production and packaging. These are the FLAG-related activities (from forestry, land and agriculture) included in Midsona's climate accounts.

In structuring its new FLAG emissions accounting, Midsona mapped the main raw materials per product and then paired them with "FLAG-adapted" emission factors, in which the criteria from the new methodology are to quantify the emissions, in 4 categories, and the removals separately.

New categorisation of emissions and removals

What is included in the new categories is described below. Note that reporting of biogenic removals is optional and requires a higher quality of data, which is currently not produced for Midsona, and so is not reported for 2022 and 2023.

- Energy and industry: Fossil emissions from, for example, manufacturing processes, energy, transport and packaging (as in traditional climate accounting).
- FLAG Land Use Change (LUC): Emissions where there has been a change net carbon storage due to a land change, such as deforestation. If you have primary data from the specific geographical location, you calculate a direct LUC (dLUC), and if you use statistical data within a larger region or country, you calculate a statistical LUC (sLUC) using the linear discounting method. Land changes within a 20-year period are included.
- FLAG Land Management (LM) CO_2: Carbon dioxide emissions from activities on land used within the same land category on a continuous basis but where logging or harvesting takes place.
- FLAG Land Management (LM) non-CO_2: Methane and nitrous oxide emissions from forestry, livestock and agriculture, such as use of fertiliser and methane emissions from rice production or cattle.
- (Optional) FLAG Carbon Removals: Carbon removals in forestry and agricultural processes. To include removals in climate accounts, primary data (empirical data specific to the carbon reservoir to which the removals relate) with continuous monitoring, traceability and uncertainty applications are required. Includes only carbon storage, not methane or nitrous oxide storage.

Changes applied under the new guidance on FLAG emissions

Previously Midsona has, in line with the GHG Protocol's existing guidance, included all its greenhouse gas emissions in a consolidated climate account showing the categories of Scope 1, Scope 2 and Scope 3. Application of the FLAG calculation uses the same scope division, but clarifies which land-based emissions are to be included and that they are calculated separately from the fossil emissions. For Midsona's new baseline year (2022) it was therefore necessary to subtract what is now to be categorised as FLAG; at Midsona all such emissions are included in Scope 3 category 1: Purchased goods and services
The volume of all land-based activities was then recalculated based on FLAG-adjusted emission factors per activity before the remaining sum of Energy- and Industry-related emissions was reintroduced in the 2022 Midsona Climate Account, with the FLAG-related emissions in separate categories.

Accounting policies

The bulk of Midsona's sustainability data derives from the Group's own operations. New acquisitions are included on an ongoing basis as of their first full calendar year in the Group.

- 2022 includes all companies in the Midsona Group, including Jakobstad.
- 2021 includes Tilst.
- 2019 includes Division Nordics and the production unit at Ascheberg, Germany.

Climate emissions data are restored in accordance with the GHG .

Result indicators are reported using Group-wide IT systems. Frameworks, indications and definitions are established by Midsona's sustainability team and evaluated annually. Each division is responsible for the data it reports.

Electricity

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

Electricity generation

Based on warehousing and production. Data are based on actual electricity generation from solar cells in the facilities concerned.

District heating and cooling

Based on offices, warehousing and production facilities where Midsona is the lessor. Calculation is based on actual consumption data obtained from the supplier. CO2 emissions from district heating and district cooling are calculated using a hybrid methodology. Market-based methodology with confirmation via certificates of origin for all eco-labelled district heating and cooling. Location-based methodology with the supplier's production-specific emission factor or a Nordic or European average.

Gas

Based on offices, warehousing and production facilities where Midsona is the lessor. Calculation is based on actual consumption data obtained from suppliers, plus in the first instance the supplier's production-specific emission factor, or in the second instance a Nordic or European average.

Water

Based on warehousing and production. Data are based on actual use, obtained from the facilities concerned.

Waste

Based on warehousing and production. Data is based on actual volume in weight, obtained from the facility or property owner concerned. Organic waste includes volumes that are reused for biogas or animal feed.

Refrigerant

Based on warehousing and production. Calculation is based on actual topping up of refrigerant, obtained from supplier and emission factor obtained from *alltomfgas.se*.

Business travel and overnight hotel accommodation

Covers all business travel and overnight hotel accommodation for Midsona employees. Emission data from air and rail transports and leased company cars are in the first instance obtained from travel service providers, and in the second instance obtained manually with emission factor by distance.

Purchased packaging materials

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

Purchased goods and services

Includes emissions from energy and industry data and FLAG from purchased goods (raw materials and merchandise), production packaging, packaging for merchandise, and purchased water during the reporting year. Purchased goods include food products. Emissions from cosmetics and health foods are currently not included. Water consumption is based on that of offices, warehouses and production facilities. 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 to the fuel used in the generation of electricity and heat reported in Scope 2.

This consumption represent the actual consumption in Scopes 1 and 2.

Upstream transport and distribution

Includes freight transport:

1) from supplier to Midsona,
2) between Midsona's own premises; and
3) transport of goods from Midsona to the customer at Midsona's expense.

The calculation is based on data obtained from each transport provider.

Waste generated in operations

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

Downstream transport and distribution

Includes freight transported from Midsona to a customer not at the expense of Midsona. The calculation is based on the Group's net sales, and the percentage change in sales from year to year.

End of life treatment of sold products

Includes final treatment of packaging for Midsona's products. The packaging is sorted into materials that can and cannot be recycled, reported in tonnes. It is assumed that recyclable materials will be recycled.

Employees

Includes all Midsona employees at the year-end and the breakdown by gender and role at the time. Actually completed or actual absence is used to follow up activities and sick leave.

Supplier audits

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

Intensity calculations

Is based on actual data on tonnes produced in gross weight per production unit owned by Midsona for at least one full year, as well as specific parameters for each area.

Climate impact according to market- and location-based methodology in accordance with the GHG protocol guidelines. The emission calculations in Scope 2 are made in accordance with the market-based method, taking 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 factor of 0 grams of CO2e/kWh. For electricity without such certificates, however, the emission factor will be based on the remaining electricity generation after the renewable share has been sold. This is termed a residual mix and shows a significantly higher emissions factor than the location-based factor. In accordance with the GHG protocol, companies must calculate emissions using both market- and location-based methodology. This was done in Midsona's CDP report. Read more on this in the Group's CDP report at: *https://www.midsona.se/globalassets/midsona/sustainability/midsona-ab-cdp-disclosure-2023---climate-change-2023.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 2023–31 December 2023 on pages 32–125 and for it being prepared in accordance with the Swedish Annual Accounts Act.

Approach and scope of the review

Our review has been performed in accordance with FAR's recommendation RevR 12 *Auditor's statement on the statutory sustainability report*. This means that our statutory review of the sustainability report is different and substantially lesser 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 opinion.

Opinion

A Sustainability Report has been prepared.

Malmö, 9 April 2024
Deloitte AB

Jeanette Roosberg
Authorised Public Accountant

Auditor's review report regarding specific sections of Midsona's reporting of greenhouse gas emissions

To Midsona AB (publ)
corporate identity number: 556241-5322

Introduction

We have been instructed by the management of Midsona AB (publ) to review Midsona's reporting of greenhouse gas emissions in Scopes 1, 2 and in the Scope 3 categories Purchased goods and services and Fuel and energy for the year 2023 ("the reporting") which is presented on pages 90–93 of the annual and sustainability report.

Management's responsibility

Management is responsible for preparing the reporting in accordance with the applicable criteria, which are presented on page 90 of the annual and sustainability report, and consist of the parts of the Greenhouse Gas Protocol that are applicable in the reporting of Scope 1, Scope 2 and the Scope 3 categories 1 Purchased goods and services and 3 Fuel and energy-related activities, and of the reporting and calculation principles produced by the Company itself. This responsibility also includes the level of internal control that is necessary to prepare reporting that does not contain material misstatements, whether due to fraud or errors.

Auditor's responsibility

Our responsibility is to express a conclusion on the reporting based on our review. Our task is limited to the historical information reported and thus does not include forward-looking disclosures.

We have performed our review in accordance with ISAE 3000 (revised) Assurance Engagements other than Audits and Reviews of Historical Financial Information. A review consists of making inquiries, primarily of persons responsible for preparing the reporting, and applying analytical and other review procedures. A review has a different focus and is considerably lesser in scope than an audit performed in accordance with International Standards on Auditing and other generally accepted auditing practice.

The audit firm applies International Standard on Quality Management 1, which requires the Company to design, implement and maintain a system of quality control, including guidelines or procedures concerning compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Midsona AB in accordance with generally accepted accounting practices in Sweden, and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a review do not enable us to obtain assurance such that we would become aware of all significant matters that might be identified in an audit.

Consequently, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Our review is based on the criteria selected by the board of directors and management, as defined above. We believe these criteria are appropriate for the preparation of the reporting.

We believe that the evidence we have obtained during our review is sufficient and appropriate to provide a basis for our statement below.

Opinion

Based on our review, no circumstances have emerged causing us to believe that the reporting has not, in all material regards, been prepared in accordance with the criteria stated above by the board of directors and management.

Malmö, 9 April 2024
Deloitte AB

Jeanette Roosberg
Authorised Public Accountant

Adrian Fintling
Specialist member of FAR

Risks and risk management

All business activities must address uncertainty regarding future events that may affect the activities positively, bringing opportunities to generate increased value, or negatively, with a risk that targets set will not be reached, resulting in reduced value generated for shareholders and other stakeholders.

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

Risk work is governed at an overarching level by the Board, which is responsible to shareholders for risk management. At operational level, work on risk is managed by the CEO, management team and other employees. As a basis for operational risk management, which is performed at all levels of the organisation, a Code of Conduct and a number of overarching policies apply. Risks in connection with business development and strategic planning are addressed by Group Management for decision by the Board. Group Management regularly reports to the Board on risk issues affecting the Group's financial position and compliance with the financial policy.

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

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, market and financial. Accounting for the various risks in each 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 comprehensive assessment must take in other information and a general assessment of external conditions.

Operational risks

Environmental impact and climate change

Description of risk

Transport, water- and energy consumption, packaging, warehousing and production and food waste are key factors to be addressed in the Company's environmental and climate impact. The production facilities engage in organised environmental work, including action plans and follow-up in a number of areas. Major negative environmental impact or non-compliance with environmental requirements represents a risk of detrimental impact on the Company's reputation. More extreme weather is becoming an increasing challenge in food production and also therefore a challenge to Midsona. Warming of the climate may lead to higher operating costs in the form of a greater need for cooling in warehouses. There is also a risk that drought, hot weather, storms, floods and cold may significantly reduce agricultural production in several important areas, resulting both in price increases and problems in obtaining volumes (see also below under risk factor "Raw material prices and raw material shortages"). In its production of foods and cosmetics, the Company is dependent on access to clean fresh water. The requirement for fresh water therefore constitutes a risk to Midsona's production of food and cosmetics. There is also a risk that water shortages may affect one or more of the countries in which Midsona conducts operations. Negative climate impacts arising from fossil fuel goods transports, business travel using fossil fuel vehicles and consumption of fossil energy to power operations at all offices, warehouses and production facilities also represent risks to Midsona's operations. In all countries where Midsona conducts operations, environmental legislation already exists, including taxation of fossil fuels and plastics, for example. Any tightening of climate policy, new regulations and changes in market conditions may affect operations dependent on fossil fuels, which may increase energy costs and operating expenses. Should these risks materialise, they would impact on the Company's earnings, for example through their direct effect on costs associated with transports and production.

Risk management

We address the risk by monitoring developments closely, to gain important insights that may contribute to better informed decision-making and financial planning. To reduce our impact in terms of waste, our aim is to increase our focus on waste recycling and reducing food waste. Midsona operates in countries with a relatively low risk of fresh water shortages. In all divisions, we strive actively to keep water consumption low. The Spanish business involves the most water-intensive production and we have taken action there to lower our fresh water consumption. We have taken direct action 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. We produce a certain amount of renewable solar energy in all divisions. For increased transport efficiency, we have a target to increase our focus on fossil-free transports. In addition, even before the pandemic, we had considerably increased use of video conferencing as an alternative to business travel, as we always encourage all our employees to avoid unnecessary travel. We engage in systematic preventive environmental work at our production facilities and set environmental requirements for our carriers and suppliers to reduce our environmental impact. Midsona has also adopted science-based targets approved by SBTi (the Science Based Target initiative) to reduce the Company's climate impact. Through clear control of, and responsibility for, our climate targets within Midsona's management, our climate impact is also a clear part of the Company's business strategies and financial planning. Furthermore, Midsona has carried out scenario analyses, to assess in detail what effects climate change may have on Midsona's operations in future years. Midsona applies the recognised TCFD framework for the best possible analysis of its climate-related risks and opportunities, which are also reported within the Carbon Disclosure Project (CDP). The aim is to be able to optimally measure action and performance to mitigate climate-related risks and to reduce greenhouse gas emissions. CDP helps us visualise our environmental impact and assess environmental actions.

Business ethics and corruption

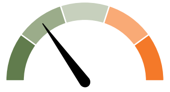
Description of risk

As the Company's operations largely consist of developing, producing and selling organic products, health foods and consumer health products, it is crucial to Midsona that business partners, investors and consumers associate the Company's operations and brands with positive values, where both a good reputation and credibility are vital in terms of the Company's enterprise value and sales success. Reputation and credibility may easily be damaged if the Company, a supplier or a partner, for example, causes damage to the environment, exploits its workforce, produces harmful products or otherwise commits acts in conflict with the values that the Company's brands represent, resulting in a negative sales trend and negative impacts on the Company's earnings. Risks associated with corruption may also damage the Company's reputation, which may affect its business relationships and, by extension, its profitability. Should these risks materialise, they could have negative impact on the Company's operations and earnings in the form of decreased sales, for example.

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 to our employees to uphold the reputation of our Company and our brands, via the right quality, functionality, product labelling and accurate market communications. In relationships with suppliers, our Supplier Code of Conduct, the supplier's self-assessment and an active partnership in terms of business ethics are the most important tools in taking responsibility for the value chain. The Group also has a whistleblower policy in place, which everyone is encouraged to use at the slightest hint of corruption or breach of our business ethics.

Insurable risks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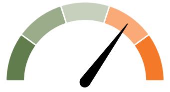
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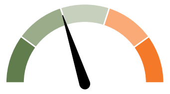
Description of risk

In the Company's view, it has become more difficult and more costly in recent times to insure production facilities in the food industry. This difficulty is also affected by the technical status of the Company's production facilities. Production facilities, production equipment and others assets may be damaged by fire, power outages and other physical hazards in the wake of environmental and climate change, such as flooding. There is a risk that insurance cover for the Company's assets may not be adequate. Inadequate insurance cover may negatively affect the Company's financial position in the event of damage or loss. An unplanned production stoppage may directly affect customer deliveries, as a high degree of production is order-based. Should this risk materialise, it may have negative impact on the Company's financial position.

Risk management

We work with external insurance brokers to maintain well-balanced, cost-effective insurance cover for our assets in line with policy. An extensive range of insurance is maintained, covering property and business interruption insurance, transport insurance, financial loss insurance and third-party liability and product liability insurance. The Company works systematically both to minimise the risk of incidents and to have contingency plans in place to limit effects of possible incidents.

Information systems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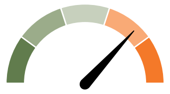
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Description of risk

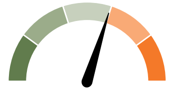
The business is dependent on a properly functioning and secure IT infrastructure. Disruptions or faults in critical systems have a direct impact on our production and distribution activities, as well as on our financial reporting. This may be caused by system overload, lack of competence, external influences in the event of unauthorised access to, and hacking of or physical damage to the infrastructure. Sophisticated data intrusion, cyber attacks, IT-related fraud and shortcomings in the handling of customer and employee information may be detrimental to financial capacity and reputation.

Risk management

We work continuously on keeping our IT systems well protected from attacks and 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 information security in and between systems. For example, investments are being made to improve recovery plans and data storage functions. Information security is monitored regularly via IT security audits. We maintain a centralised IT environment for better control and cost awareness, while at the same time working with local experts to ensure that we comply with all legal requirements.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Suppliers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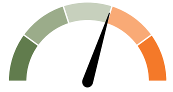
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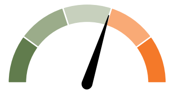
Description of risk

Midsona is dependent on certain major suppliers, particularly in the health food segment, to be able to secure its supply of goods in the short term. If the agreement with a critical supplier were to be terminated prematurely or renegotiated on terms less favourable to Midsona, or if a critical supplier were to declare bankruptcy or suffer extensive operational disruptions, or if a critical supplier were to be adversely affected by external factors, there is a risk of disruptions in the flow of goods and the capacity for sales may be negatively impacted if Midsona is unable to replace the supplier at commercially acceptable prices within a reasonable period. If deliveries are delayed, this may negatively affect Midsona's commitments and its relationships with customers, causing the Company's customers to cease buying the Company's products and/or, in some cases, to require refunds. If supplier risks were to arise, this may overall negatively impact on Midsona's operations, profits and brand.

Risk management

To minimise risks in the supply of goods, we maintain 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, above all in connection with delivery-critical, volume raw materials. We assume responsibility in the value chain by cooperating with our suppliers in areas such as quality, safe raw materials and products, the environment, human rights and ethical enterprise. We monitor, rate and follow up suppliers using our supplier assessment system. Suppliers are rated in terms of sustainability, quality and safety. The findings from the risk mapping increases awareness of our sustainability risks in the value chain, improving risk management and the capacity to focus on the risks that may cause us most harm. In addition, this allows us to maintain better and more constructive dialogue with our suppliers and affords us opportunities to work with them to improve key processes.

Production facilities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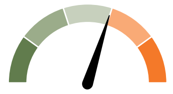
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Description of risk

The Group has eight production facilities, five for organic products, one for health food products 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) and Spain (1), substantial volumes of certified organic products are produced for the Company's brands.

Stoppages or disruptions in the production processes at any of the facilities, caused for example by fire, mechanical faults, technical disruptions, weather conditions, chronic climate change, natural disasters, labour market disputes or terrorist activities may have negative impact in the form of direct damage to property. Unplanned production stoppages may directly affect customer deliveries, as a high degree of production is order-based.

In addition, increased inflationary pressure, which would likely lead to higher interest rates and increased rental costs following index adjustments, combined with increased energy costs, would increase costs at the Company's production facilities considerably.

Should the above risks materialise, this would have significant impact on the Company's operations and earnings.

Risk management

For some volume products, production may be transferred to other machines. Machines are maintained continuously in accordance with established schedules, and major maintenance events are normally scheduled for the summer months. Compensatory investments are made according to a predetermined plan that the Group follows and new investments are made when necessary. We work with external insurance brokers to maintain well-balanced and cost-effective insurance cover for our assets. An extensive range of insurance is maintained, covering property and business interruption insurance, transport insurance, financial loss insurance and third-party liability and product liability insurance. The Company works systematically both to minimise the risk of incidents and to have contingency plans in place to limit effects of possible incidents.

Product liability

Description of risk

Organic products and brands represent one of the corner-stones of the Company's operations. There is always a risk of serious product liability incidents. Within the EU, market-wide rules determine what may be considered organic. For example, these rules determine how production is to be performed, how the products are to be labelled, how control is to be exercised and what applies regarding imports of organic products from countries outside the EU. An important aspect of the checks on organic production is traceability, ensuring that goods can be tracked at the manufacturing stage and to ensure that they have been produced organically. This means that documentation and information on how products are manufactured are particularly important in assuring the authenticity of such products. Shortcomings and inaccuracies in such documentation and information may therefore have major consequences to Midsona.

How food and other products sold by Midsona, such as pharmaceuticals, are handled is an important aspect of the Company's operations, placing strict demands as to traceability, hygiene and handling. Shortcomings in product handling and safety checks in this regard may lead to contamination, allergic reactions, personal injury or other types of damage, which may harm the Company's reputation to and cause stakeholders' trust in the Company's products to be reduced, and may result in defective products having to be recalled or repurchased. Recalls may damage the Company's reputation and become costly if goods in stock cannot be sold. Product liability claims may also be made if a product is considered to have caused a personal injury or harm. Should such risks materialise, they may have negative impact on the Company's reputation and earnings.

Risk management

Our aim is that our own production facilities should be product safety certified. We want to take responsibility at all stages of the value chain by working with our suppliers in areas such as quality, safe raw materials and products. We focus on supplier quality and product control as well as high social and environmental standards in the supply chain, with the aim of ensuring safe and sustainable suppliers. Our quality and purchasing functions have together mapped the risks arising in the process, in order to assure approved, safe and sustainable suppliers and manufacture of our products. Our work on quality and product safety is guided by applicable laws, official requirements, customers, industry guidelines and internal policies, procedures and instructions. Strict quality requirements apply in all processes to minimise the risk of shortcomings, product recalls and product liability claims. Any complaint flows are detected early in our quality assurance system for a proactive response. Our products are certified to a large number of different standards. All set stringent requirements as to quality, environment and sustainability issues and serve as a stamp of quality on our products. Our insurance solution includes third-party liability and product liability insurance to cover any product liability claims.

Employees

Description of risk

To fulfil its goals, Midsona is dependent its ability to recruit, retain and develop qualified and motivated employees. There is stiff competition for qualified staff.

Risk management

Through annual staffing, skills and succession planning, Midsona ensures that employees are recruited and that they stay and develop the right skills. Midsona focuses continuously on making the Company an attractive employer, where health and safety in the workplace, wellness and marketable and competitive employment benefits are important parameters. A modern and attractive corporate culture is also an important factor in the recruitment of workers.

Legal risks

Description of risk

Legal risks include a number of different risks in a number of separate areas. Changes in legislation, legal infringements within the business, maintenance of permits and certifications and shortcomings in agreements entered into by Midsona are some examples of legal risks that may have negative financial consequences to Midsona.

Risk management

Midsona continuously monitors developments in upcoming legislation and a number of areas and, with external advisers, addresses any legal risks identified. Midsona has also developed systematic and controlled follow-up of permits, certifications and licenses. Our legal, regulatory and quality organisations together manage existing and new requirements, laws and guidelines from government agencies, as well as management of permits, certifications and licenses in a quality management system.

Market risks

Competition

Description of risk

Midsona's customers are mainly pharmacy, grocery and health food chains that also offer competing products sold under their own brands, which is why many of Midsona's customers can also be regarded as competitors to some extent. In the Company's view, these players are not dependent on individual brands and can hold back price increases, making increased marketing initiatives necessary. If these players widen their assortments under their own brands, this may lead to further competition and increased price pressure. Should these risks materialise, the impact on the Company's earnings would be substantial, above all in the form of decreased sales.

Risk management

We work actively on development and innovation of our brands to earn the place of each brand 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 crucial importance to our competitiveness and long-term development. Without strong trust in the Company's brands, it would be very difficult to capture market shares and to grow. Reliable development, innovation and sustainability processes foster conditions for gaining and retaining the trust of customers and consumers.

Consumer behaviour and trends

Description of risk

Consumers change their buying behaviour and new consumer trends come and go. There is always a risk that changes in consumer behaviours, or when new trends arise, are not seized upon in time, leading to a loss of competitiveness vis-à-vis competitors. If the Company's competitors are better at monitoring consumer behaviour and new trends, there is a risk that the Company will lose competitiveness. Should this risk materialise, the impact on the Company's earnings, in the form of reduced sales, would be substantial.

Risk management

To help people live a healthy life, it is vital that we recognise trends and changes in consumer behaviour early. That requires knowledge of trends, consumer behaviours and product content. We believe we have well-developed practices and processes for actively monitoring external developments and identifying new consumer behaviours and trends. We attend major trade fairs in Europe and North America, read and analyse trend reports and buy market data on our local markets.

Raw material prices and raw material shortages

Description of risk

Midsona purchases raw materials, such as grain, rice, nuts, almonds and fruit mainly from suppliers in Europe, South America and Asia. Both the supply of raw-materials and raw material prices may be affected by strong demand, combined with low supply or other external factors beyond Midsona's control, such as agricultural policy decisions, subsidies, trade barriers, increased energy prices, military conflicts, acts of terrorism, crop yields, events on raw-material exchanges and the cost of manufacturing the raw material. Normally, price reviews take place once a year. However, higher prices for raw materials may require Midsona to further raise its product prices over and above customary price revisions. It may be difficult, generally, to get price increases passed on to customers directly. In special cases, discussions are held with customers continuously during the year in the event of a drastic rise in the price of a raw material. If Midsona does not succeed in passing on a price increase to its customers, there is a risk that this will negatively affect the Company's margin. Another risk is that the Company will be affected by a shortage of raw materials if its suppliers are unable to supply the quantities ordered.

Risk management

We continuously monitor the trend of prices for all important raw materials to stand a good chance of contracting volumes at the best possible time. To secure both supply and price of key raw materials, supplier agreements are normally signed covering the requirement over the six to twelve months ahead. Midsona usually charges higher raw material prices at the next stage by raising the prices charged to customers. Several key raw material purchases are coordinated at the European level by our supply chain organisation. By purchasing large volumes, it is possible to influence raw material prices to a certain extent.

Financial risks

Financing risk

Description of risk

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

Risk management

To ensure that in all situations the Group has access to the necessary external financing at reasonable cost, the rule is that confirmed credit commitments are to have an average remaining term to maturity of no less than 12 months. At year-end, the average remaining term to maturity on confirmed loan commitments was 18 months.

Liquidity risk

Description of risk

Liquidity risk refers to the risk of not being able to fulfil payment obligations when they fall due, as a result of an inadequate supply of liquid funds.

Risk management

To control and plan for the Group's cash requirements, the Group economy and finance function uses liquidity forecasts that the subsidiaries submit on a monthly basis for the six months ahead. A financial contingency must be maintained in the form of a liquidity reserve, comprising cash balances and unused credit commitments, which must correspond to no less than 7.5 percent of the Group's forecast annual sales. The liquidity reserve was in the range of 9.8–19.0 percent of net sales in 2023. In addition, the liquidity reserve must, at all times, exceed the sum of the Group's loan maturity for the next six months.

Currency 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 are effected in currencies other than the functional currency of each Group company. The Group's sales of goods are mainly made 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

As a result of the increased currency exposure in USD/DKK and USD/EUR, Group Management has a mandate to hedge goods purchases in USD, above all, for contracts with predefined payment plans. Currency risks are otherwise to be managed in supplier and customer agreements through currency clauses. In order to reduce the impact on earnings from changes in exchange rates, Midsona continuously uses price adjustments to customers and suppliers based on the changes in exchange rates.

Interest rate risk

Description of risk

Interest rate risk refers to the impact of a change in interest rates on earnings. How quickly a change in interest rates affects earnings is determined by the fixed-interest period for credit and investments. The Group is a net borrower and does not invest in listed instruments. As a result, the Group's interest-bearing liabilities to credit institutions represent the main exposure to changes in interest rates. Most interest-bearing liabilities to credit institutions are subject to variable interest rates.

Risk management

The Group strives to strike a balance between a reasonable ongoing expense for its borrowings and the risk of a significant negative impact on earnings from a major change in interest rates. At present, the guidance is not to hedge interest-rate risks in the Group. As a result, changes in the market interest rates have an impact on the financial cash flow and earnings. The average interest rate on the Group's bank loans and overdrafts in 2023 was 5.7 percent. In December 2023, a voluntary additional amortisation of liabilities to credit institutions was made within the existing credit limit of SEK 80 million.

Credit risk

Description of risk

There is a risk of losses if counterparties with whom the Group has cash and cash equivalents or financial investments are unable to fulfil their obligations; this is known as a financial credit risk. Another risk is that our customers cannot fulfil their payment commitments; this is known as a customer credit risk.

Risk management

Rules for how surplus liquidity is to be managed is established in a policy. The Group is a net borrower and excess liquidity is to be used to pay down loans from credit institutions. The Group's subsidiaries are required to place surplus liquidity in bank accounts in the Group account system or in bank accounts approved by the Group economy and finance function. The Group's counterparties in financial transactions are credit institutions with good credit ratings. Customer credit risk is managed continuously by each Group company via credit checks and internal credit limits per customer. Bank guarantees or other sureties are required for customers with low creditworthiness or insufficient credit history.

Climate-related risks and opportunities

Midsona's business activities are affected by climate change. As a result, the Company has for several years, including 2023, mapped the risks and opportunities that climate change may create, based on the recommendations in the TCFD (Task Force on Climate-Related Financial Disclosures) framework. As of 2024, the IFRS Foundation[1] will take over responsibility from the TCFD, when its standards, the International Sustainability Standards Board (ISSB) standards, will first be adopted worldwide. Midsona is therefore considering applying the ISSB standards for these assessments in the future.

The scenario analysis is used as a planning tool for analysing and structuring ideas for alternative developments, going forward. By preparing for reasonable alternatives, essential knowledge and concepts are generated for coping with future realities.

In line with the Paris Agreement and the TCFD's recommendations, we have used public scenarios from the IEA and IPPC (the Increase Panel on Climate Change)[2] to assess possible outcomes based on rises in temperature of 1.5°C and 4.0°C, respectively. We have conducted a combination of qualitative and quantitative use of climate-related Company-wide scenario analysis. The aim of the analysis is to gain insight into the potential strategic and financial consequences that may arise for Midsona, based on different future scenarios. On that basis, we have analysed various scenarios from the short, medium and long-term perspectives.

Our sustainability targets were developed through our scenario analysis. These are our most vulnerable areas, with the highest risk, and our scenario analyses help us see the possible directions that these may take over time, including our decision to set a target for ambitions in emission reductions for our own operations (Scopes 1 and 2), and for our value chain (Scope 3). This included performing a comprehensive Scope 3 survey in 2020 and then updating it regularly. All sustainability targets have been developed in accordance with a <2.0°C scenario. In 2022, we committed to further strengthening our climate goals in the direction of an SBTi-approved net-zero target based on a 1.5°C future. On that basis, in 2023 we carried out a completely new Scope 3 inventory to set new targets in line with SBTi's new Net Zero standard. As a result, several Scope 3 categories proved to be significant, with category 1, Purchased goods and services, being split into different parts, namely industry and energy targets and FLAG targets. This provides a much more detailed understanding of our true climate impact and so also of our risks and opportunities.

The conclusion drawn from our earlier scenario analyses is that a <2.0°C scenario affects Midsona's operations and value chain in many of our areas. We have identified several areas posing climate-related risks and opportunities that in all likelihood will affect Midsona's profitability and costs in the form of financial or strategic impact over time. Our latest scenario analysis based on 1.5ºC shows that all these transition-related risks are further amplified compared to the previous 2 degree scenario, which is in line with our new enhanced climate targets.

In a 4.0°C scenario, the areas of physical risk for Midsona and the lack of resources will escalate significantly and will represent considerable needs for further action. This will continue to affect our strategy, going forward, as we must continuously monitor and assess developments in purchasing, production and distribution, in order both to achieve our financial targets and meet our reduction target, and to contribute to limiting global warming to <1.5°C relative to pre-industrial levels.

Below is an excerpt of the most material parts of the scenario analyses. Midsona's 2023 CDP report describes this in greater detail in chapters C2 and C3. *(https://www.midsona.com/globalassets/midsona/sustainability/midsona-ab-cdp-disclosure-2023---climate-change-2023.pdf)).*

[1] The IFRS Foundation is a non-profit public interest organisation established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability standards. https://www.ifrs.org/news-and-events/news/2023/07/foundation-welcomes-tcfd-responsibilities-from-2024/

[2] https://www.ipcc.ch/

Scenario 1

Global warming of no more than 1.5 degrees Celsius (Transition scenarios IEA NZE 2050)

Description: This scenario assumes that global warming can be limited to a maximum of 1.5°C. The scenario takes into account higher climate policy ambitions and coordinated global climate actions 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 peaking in 2020 and then decreasing rapidly. A high carbon tax/levy is introduced in most economies, and global energy is generated mostly using renewable energy sources. Customers become increasingly climate-conscious and demand more sustainable products.

The conclusion from our scenario analyses is that a <1.5°C scenario impacts Midsona's operations and value chain in many of our material areas. We have identified several areas in climate-related risks and opportunities that are likely to have a financial and/or strategic impact on Midsona. In this scenario, the volume of amended legislation increased the legal risks to control of the supply chain, involving market and reputational risks relating to the product portfolio being categorised as the most material risks. At the same time, climate-related opportunities were identified, such as transitioning to use of lower-emission energy sources, developing our product portfolio and improving our waste management procedures to meet anticipated requirements of the European circular economy strategy. Ultimately, all sustainability targets established for Midsona have been developed in accordance with a <1.5°C scenario.

Risks

- Changes in legislation regarding requirements for increasingly comprehensive controls for own operations and a complex value chain.
- Changes in legislation regarding taxes or levies on CO_2 emissions may lead to increased indirect expenses arising from transport, production and use of materials.
- Increased direct expenses due to requirements for technical innovations, tightened legislation and requirements related to raw materials, use of materials, 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 greater demand for products with a low climate footprint. This may also affect our reputation.
- Extreme weather and enduring climate change has already impeded, and will continue to impede, the availability of key raw materials and will contribute to higher operating expenses from increased raw material prices, energy and transport.

Risk management

- Midsona has set out a Climate Change Strategy with a Climate Transition Plan, that will help Midsona mitigate its financial climate risks and reduce its negative environmental impact as part of an essential shared global initiative and target to prevent climate change from increasing.
- Midsona has a clear overall goal to change our climate impact from energy, packaging, waste, transports and products and services. In the case of products and services, this applies to both its industry and energy emissions and - agricultural and forestry-based emissions (FLAG). We have used climate-reducing incentives from energy consumption, material selection, product design and packaging to customer transports, in order to reduce emissions. In energy, for example, we are well on the way to switching our fossil fuel sources for heating to renewable sources, and we have adopted a new policy to switch to company cars with renewable fuel in the form of electric cars. We are still working on switching our transports from fossil-fuelled, carbon dioxide-intensive trucks to low-emission rail transports and increasing the fill rate and efficiency in all transports. We are also examining ways of initiating a transition to electric forklifts, given the rapid developments in this area, with major customers as pioneers. This will also reduce our expenses directly based on environmental and carbon taxes.
- Midsona has committed to ambitious science-based emission targets for both Scopes 1 and 2 and our value chain Scope 3 in accordance with SBTi's new Net-Zero standard, in order to reduce emissions both directly and indirectly in our own operations and in the value chain. Today, Midsona employs third-party climate expertise and tools to calculate the climate impact of all relevant categories based on the GHG protocol for Scopes 1, 2, and 3, as well as FLAG. A brand new Scope 3 inventory has been drawn up to set up targets and metrics in line with SBT's new Net Zero standard and guideline for baseline year 2022. This has resulted in major changes to the categories that Midsona includes in Scope 3 and how data is calculated. The main changes are – 1) several categories in Scope 3 have been found to be significant – 2) category 1, Purchased goods and services is split into industry and energy data and FLAG, providing a much more detailed database for this category. The table on page X presents an overview of the changes. Midsona also works with industry organisations, customers and follows the recommendations of the authorities. Finally, it is important to closely monitor developments in laws and regulations, as well as technical innovations.
- Midsona focuses on maintaining a transparent value chain with clear requirements in supplier and other types of agreements. We have programmes and targets in place for increased supplier control and risk management throughout the value chain, right down to the production of raw materials.
- Reducing the complexity of the supply chain by, for example, reducing the number of certifications, but at the same time retaining those that best assure social and environmental conditions and thus improve governance.
- Midsona is working to expand its range of healthy and sustainable products through our innovation and assortment process to live up to each brand's sustainability plans. Midsona focuses on the risks of negative climate impact on the Company and applies two targets for more sustainable products, to increase plant-based/vegetarian products and to increase recyclable consumer packaging.

Opportunities

- By working now on our Climate Transition Plan to enable us to resolve future shortages of important raw materials, this raw material risk can become an opportunity for Midsona.
- 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 underpin our reputation and afford us a competitive advantage. Development and/or expansion of low-emission products and services may lead to increased revenues as a result of higher demand for products and services with a small climate footprint.
- By focusing recycling, indirect costs will be reduced.

Strategy for capitalising on opportunities.

- Midsona has signed up to DLF's fossil free transport initiative and the recyclable plastics initiative. Midsona has also set its own numerical targets for both recyclable plastic packaging and fossil-free transports for the entire Group. We have also worked to transform our transport chains into intermodal low-emission solutions using rail instead of just trucks. We have also increased the percentage of recyclable plastic we use. In 2021, as a result of an increased share of non-renewable energy through acquisitions, we also set a quantified, time-bound target for renewable energy for the entire Group, with a concrete transition plan from 2022. Several energy-related measures, implemented in 2023, will improve our energy data in 2024. This will have a positive impact on reputation and reduce direct and indirect expenses through lower carbon taxes, and will give us a competitive advantage. Our focus will also be on efficiency in transports through filling rate, load planning and route optimisation to reduce our expenses.
- Animal products generally produce higher greenhouse gas emissions than plant-based foods. Demand for plant-based options has risen steadily in recent years and is expected to go on growing. In Midsona's view, it is likely that products with a low carbon footprint will have a considerably greater market advantage in the future. Midsona has a clear strategy to offer products with a low climate footprint and a numerical target for plant-based or vegetarian products across the entire Group. The sustainability aspect is taken into account from crop to finished product, by working to climate reduction targets for waste, transport, packaging, energy reduction and use of low-carbon energy in our production. In our products and services, this is further developed through the new industry and energy targets including supplier engagement and FLAG targets.
- Midsona expects the costs of non-recyclable waste and non-recyclable packaging to rise through the effect of the European strategy for a circular economy. Midsona has a strategy for circularity whereby we apply our own numerical targets to recycling of our own waste and product packaging. Midsona has a clear strategy to change our climate impact from packaging, which will create a competitive advantage.

Scenario 2

Global warming of 4 degrees Celsius (physical climate scenarios RCP 8.5)

Description: This scenario is based on global warming of 4°C. It is dominated by increased physical risks resulting from lack of coordinated policy actions to limit climate change. In this scenario, economic growth is preferable to climate action. The population is growing faster than in the 1.5°C scenario and overconsumption of resources continues. The world remains dependent on fossil fuels and energy intensity is still high. Customers, suppliers, banks and investors are not prioritising the climate in their decision-making. Water is becoming an important resource with limited access, and climate-related conflicts are increasing due to poor fisheries management, forestry, agriculture and living conditions. As the world warms up, the severity and frequency of extreme weather events is increasing.

The conclusion from our scenario analysis is that, in a 4.0°C scenario, the areas of physical risk to Midsona and the lack of resources, such as fuel and energy supplies, key raw materials such as certified raw materials and water supply, will escalate significantly and will require further action. Even today, we are seeing the impact of reduced access to some raw materials as a result of climate challenges. These raw-material challenges have already grown considerably in recent years and will, in all likelihood, escalate in a 4-degree scenario. In a situation of lower global availability, our certified raw materials will be especially vulnerable. This will continue to affect our strategy in the future, as we will have to continuously monitor and assess developments in purchasing, production and distribution to achieve both our financial targets and our reduction target, as well as working to limit global warming to <1.5°C compared with pre-industrial levels. In this scenario, disruptions in the supply chain, both in terms of the availability of raw materials and transport challenges, are identified as potential risks. But this poses an additional risk in that, as a result of the pricing of such products and services, volatility will increase significantly and this will create uncertainties in financial planning. In response to the risks in this scenario, Midsona has developed a climate-change strategy to reduce its negative environmental impact and has formulated a Climate Transition Plan adapted to a 1.5 degree scenario to guide the transition process. Midsona also actively manages the supply chain risk through close dialogue with volume- and product-critical suppliers. The Company has also established alternative suppliers for certain products and introduced more efficient resource procurement processes.

Risks

- Acute and chronic changes in patterns of precipitation and extreme variations in weather patterns, as well as changes in average temperatures, may lead to increased production disruptions and damage, along with considerably higher costs of energy supply, greater water and transport challenges and significantly reduced availability of raw materials with variations in expenses and generally increased prices for raw materials, which will ultimately reduce 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 with a Climate Transition Plan to mitigate its negative environmental impact to enable us to do what we can to help prevent such a rise in temperatures. We address the risk by monitoring developments closely and by setting ambitious, science-based emission targets in accordance with Scopes 1, 2 and 3 and SBTi's Net-Zero strategy.
- One of the main risk management methods we apply to meet the raw material risk described is our supplier engagement target. This sets out the way we work with our suppliers to ensure that they set their science-based climate targets in line with the 1.5-degree target, to maintain close dialogues with important suppliers about volume-critical products for fast delivery, to establish alternative suppliers for delivery-critical volume products to reduce dependence, to source the raw materials from less climate-exposed areas such as Europe and to achieve more efficient use of raw materials through joint purchases based on product synergies within the Group.
- Focus on circularity and reduced material, energy and transport consumption.
- See also actions in Scenario 1.

Administration Report

The Board of Directors and Chief Executive Officer of Midsona AB (publ), corporate identity number 556241-5322, with registered office in Malmö, Sweden, hereby present the annual accounts and consolidated financial statements for the 2023 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 of organic products, health foods and consumer health products. The Group established a presence beyond the Nordic region, in Germany, France and Spain, through company acquisitions in 2018-2019. The vision is to become one of the leaders in Europe in health and well-being.

The products are aimed at helping people lead a healthier life, while being sustainable for our planet. The business model is based on strong brands with good market positions, innovations and an effective production and distribution structure.

The brand portfolio consists of both own brands and licensed brands. The Group also has contract manufacturing assignments. The Group's own brands form the backbone of 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 chains in grocery stores, pharmacies and health food stores and other specialist retailers, as well as operators in the food service and the food industry.

The Group is organised into three divisions, also its operating segments: Nordics, North Europe and South Europe, which have 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 2 *Operating segments* on pages 155-156.

Significant events during the financial year

Recognition for sustainability work

Midsona received recognition as the stock exchange's most sustainable company in the grocery category and took third place overall in the Sustainable Company rankings for 2022. Lund University, the Swedish business newspaper Dagens Industri and the e-magazine Aktuell Hållbarhet joined forces to review Swedish listed companies, focusing on risk and governance.

Prestigious nomination for supplier engagement

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

Changes on the Board of Directors

At the 2023 Annual General Meeting, Anna-Karin Falk was elected as a new Member of the Board in accordance with the Nomination Committee's proposal. She is independent in relation to the Company, its management and major shareholders. Heli Arantola declined re-election.

Changes in Group Management

Erk Schuchhardt, Director of Division North Europe, chose to leave Midsona. Heiko Hintze was appointed as new Director of Division North Europe. He took up the position in early December 2023 and was a Group Management member from that time.

Significant events after the end of the financial year

Proposed changes to the Board of Directors

The Nomination Committee of Midsona AB resolved to propose Tomas Bergendahl as a new member of the Board at the Annual General Meeting on 7 May 2024, as Board member Henrik Stenqvist stated that he was not available for re-election.

Prestigious awards

Midsona was recognised for its climate strategy and leadership by the global environmental initiative CDP. Midsona achieved the highest grade A for 2023 and is ranked as one of the 400 best listed companies in the world, out of a total of around 21,000 companies taking part. Midsona was recently also named the stock exchange's most sustainable company in the groceries category in the annual the Sustainable Company rankings for 2023. Lund University, the Swedish business newspaper Dagens Industri and the e-magazine Aktuell Hållbarhet joined forces to review the sustainability efforts of Swedish listed companies, focusing on risk and governance.

New financial targets and strategy

The Board of Directors of Midsona AB (publ) resolved in March 2024 to establish new long-term targets for the Group. The three long-term targets are as follows and apply until 2027;

- Organic growth averaging 3-5 percent per year (previous net sales growth >15.0 percent through organic growth and acquisitions),
- EBIT margin (before items affecting comparability) >8 percent (previous EBITDA margin >12.0 percent),
- Net debt/adjusted EBITDA <2.5 times (previous Net debt/adjusted EBITDA 3.0-4.0 times).

A new strategy was adopted in early 2024 following a review of the Group's strategic direction. It consists of three prongs and aims to strengthen profitability and lay the foundation for the future:

- strengthen position, drive growth and develop the offering in the organic category through cross-market work on production, sourcing, innovation and communication, to exploit synergies between brands to make it easier for consumers to navigate the offering;
- continue growth with strong brands in the health food category in both existing and new markets by focusing on profitable organic growth in selected markets supported by three strong own brands – Friggs, Earth Control and Gainomax;
- streamline the value chain and harmonise the product range to develop an offering that meets market needs while striving for high efficiency from purchasing and brand development to production and logistics.

Risks and uncertainties

In the first quarter of 2022, the geopolitical situation in Europe changed dramatically when Ukraine was invaded by Russia, adding to the wave of challenges in the wake of the pandemic, with shortages of raw materials, higher prices for input materials, energy, fuel, gas and transport and considerable difficulties in maintaining a stable supply of goods. These factors contributed collectively to sharply increased inflation as central and national banks in Europe tried to reduce this with rapid increases in key interest rates. This resulted in sharply rising market interest rates in 2023, leading to successively higher interest expenses on the Group's financing despite debt being lower than in the previous year. However, in the last few months of the year there were several positive signs that inflationary pressure has fallen, and the current assessment is consequently that key interest rates will decline in 2024, thus improving consumers' personal finances to some extent. The harsher private finance climate for consumers led to a temporary shift towards more own brand products in the lower price segment during the year. Value for money therefore became more important,and many consumers looked more towards discounted and promotional products. This in turn brought about challenges in demand for some product groups among the Group's own brands, particularly in the organic products category, where volumes gradually fell back before recovering to some extent and stabilising in the fourth quarter.

Volatility in prices of raw materials, packaging materials, energy, gas and transport, as well as exchange rate trends for key currencies, including USD and EUR, will be an ongoing challenge for the Group. Although the pricing of most key raw materials and packaging, as well as for road transport, has stabilised over the year, price levels have remained high, while prices on energy and gas for the Group's production facilities fell back to more normal levels compared with last year's peaks. An energy crisis like the one that spread across Europe last year, with rapidly rising electricity and gas prices, is not expected in the short term as a consequence of coordinated and prioritised activities by the EU. The pricing of maritime transport improved, returning to pre-pandemic price levels due to lower demand for such transport globally. However, the recent geopolitical turmoil around the Red Sea is expected to cause delays in container shipments from Asia and upward pressure on the prices of such shipments. Prices of key raw materials, such as dried fruits, nuts, seeds and kernels, oats, rice, quinoa, lentils and maize, are determined in large part by the key growing and harvesting outcomes of summer and autumn. Prevailing climate-related risks, with extreme weather in the shape of drought and floods, are leaving their mark on prices for raw materials. Prices have been lower for certain raw materials to some extent, due primarily to good harvests, while prices have increased for some other raw materials, due partly to unfavourable harvests and changes to import/export restrictions. However, it is difficult at present to provide an overall picture of how this will impact the Group in 2024.

After an extended period with an unfavourable exchange rate trend, the SEK and NOK strengthened somewhat against both the USD and EUR in December 2023. Price increases on raw materials, packaging materials and finished goods due to an unfavourable exchange rate trend cannot be absorbed by the Group, but must be offset at the next stage instead. An overall assessment is that selective price increases to customers in some geographical markets cannot be ruled out, due to crop yields and harvests for certain raw materials as well as currency volatility.

Net sales and profit/loss

Financial overview[1]	2023	2022
Net sales, SEK million	3,793	3,899
Net sales growth, %	-2.7	3.3
Organic change,in net sales, %	-6.6	-2.6
Gross margin, before items affecting comparability, %	25.9	24.0
EBITDA, before items affecting comparability, SEK million	217	191
EBITDA margin, before items affecting comparability, %	5.7	4.9
EBITDA, SEK million	186	176
EBITDA, margin, %	4.9	4.5
Operating profit, before items affecting comparability, SEK million	60	30
Operating margin, before items affecting comparability, %	1.6	0.8
Operating profit, SEK million	29	-465
Operating margin, %	0.8	-11.9
Profit/loss for the year, SEK million	-53	-501
Earnings per share for the year before and after dilution, SEK	-0.36	-6.73

[1] Midsona presents certain financial measures in the financial accounts that are not defined in IFRS. For definitions and reconciliation with IFRS, see pages 192-195.

Net sales

Net sales totalled SEK 3,793 million (3,899), a decrease of 2.7 percent. The organic change in net sales was -6.6 percent, while structural changes contributed -0.1 percent and exchange rate fluctuations 4.0 percent. The negative organic change in net sales was largely attributable to terminated distribution agreements for licensed brands that combined contributed to net sales of SEK 191 million in the comparison period. For the Group's own brands, organic sales growth was -3.5 percent.

The trend in sales was challenging for parts of the own brand portfolio, particularly for the organic products category, with occasionally lower sales volumes in a market showing some decline. The rapid rise in costs of living for households led to a temporary shift in consumers' shopping patterns, where value for money became increasingly important, leading to more consumers seeking out private label products in the lower price segment. In the fourth quarter, however, sales began to stabilise for the own brands portfolio in the organic products category, with good growth for some of the bigger brands. The trend in sales was stable for the own brands portfolio in the consumer health products category, while it was weak for the health foods category, excluding the Friggs brand, which continued to show strong sales growth. Volumes of sales for licensed brands were significantly lower, due entirely to terminated distribution agreements, while contract manufacturing showed sales growth, despite lower volumes in some markets due to the termination of unprofitable contract manufacturing assignments.

Gross profit

Gross profit before items affecting comparability was SEK 984 million (935), corresponding to a margin of 25.9 percent (24.0), and gross profit was SEK 959 million (878) where the comparison period included an impairment of tangible assets of SEK –54 million.

The positive marginal trend was essentially attributable to price increases implemented to offset the previous year's accelerating cost increases. To reduce complexity and improve margins, certain products and product groups were discontinued and two non-strategic brands were divested. In addition, the pricing of the contract manufacturing assignments gradually improved during the year, through both renegotiated contracts and terminated loss-making contracts. However, the positive trend in margins was offset by several negative factors. A strong exchange rate trend for the USD and EUR against the SEK and NOK put considerable pressure on the trend in margins, as most input and finished goods are purchased in USD and EUR. For most input and finished goods, as well as road transport, pricing stabilised but at continued high price levels, while prices for energy and gas for the production facilities fell back to more normal levels compared with the previous year's peaks. For maritime transport, prices improved due to lower global demand for such transport until the geopolitical situation changed around the Red Sea, which quickly led to rising prices for containerised freight from Asia. The product mix was somewhat unfavourable, particularly in the first quarter, as a result of a higher proportion of sales of contract manufacture products with generally lower margins. Efficiency was low at most of the Group's production sites due to gradually lowered production volumes. In addition, gross profit/loss was affected by high temporary production overheads at a production plant, particularly in the first quarter.

Operating profit/loss

Operating profit/loss, before items affecting comparability, was SEK 60 million (30), corresponding to a margin of 1.6 percent (0.8), and operating profit was SEK 29 million (-465). Amortisation and depreciation for the year totalled SEK -157 million (161), divided between SEK -48 million (-48) in amortisation of intangible assets and SEK –109 million (–113) in depreciation of tangible assets. In the comparison period, impairments of SEK -480 million were recognised in intangible assets and tangible assets following impairment testing. EBITDA was SEK 186 million (176) and EBITDA, before items affecting comparability, was SEK 217 million (191), corresponding to a margin of 5.7 percent (4.9).

The EBITDA margin improved as a result of the positive trend in gross margin, while synergies from restructuring programmes were realised to lower the cost base. Several major selective investments were made in own brands and other sales-promoting activities.

Items affecting comparability

Operating profit/loss included items affecting comparability of SEK -31 million (-495) and consisted of a capital gain from divestment of minor brands of SEK 6 million and restructuring costs of SEK -37 million (-15) related to the phase-out of unprofitable brands and product groups of SEK -22 million and changes in the Nordic organisation of SEK -15 million to further reduce the cost base on an annual basis. The comparison period also included impairment of intangible assets of SEK 426 million and impairment of tangible assets of SEK -54 million following the completion of impairment testing for cash-generating units and an indication of a need to recognise impairment as a result of low capacity utilisation respectively.

Profit/loss before tax

Net financial items totalled SEK -64 million (-64). Interest expenses for external loans to credit institutions totalled SEK -54 million (-50) and interest expenses attributable to leases were SEK -6 million (-4). Interest expenses to credit institutions increased, despite lower debt, as a consequence of higher interest rates on the credit facilities. Net translation differences on financial receivables and liabilities in foreign currency were SEK 1 million (-4). Other financial items totalled SEK -5 million (-6).

Profit/loss for the year

Profit/loss for the year was -53 million (-501), corresponding to earnings per share of SEK -0.36 (-6.73) before and after dilution. Tax was SEK -18 million (28), of which SEK -14 million (-10) consisted of current tax, SEK 1 million (1) was tax attributable to prior years and SEK -5 million (37) was deferred tax. The effective tax rate was -50.7 percent (5.2) and was a consequence of a loss before tax combined with a high tax expense, which was essentially related to new tax loss carry-forwards in a number of subsidiaries not being activated.

Cash flow

Cash flow from operating activities totalled SEK 343 million (203) and improved as a result of both stronger cash flow from underlying activities and significantly stronger cash flow from changes in working capital, driven by less capital being tied up in inventories and operating receivables. Improved inventory management procedures and optimised inventory levels resulted in less capital tied up in inventories, while the reduced capital tied up in operating receivables was essentially related to lower invoiced sales of goods due to completed sales assignments.

Cash flow from investing activities was SEK -18 million (-29), consisting of investments in tangible assets and intangible assets of SEK -31 million (-35), divestments of tangible assets and intangible assets of SEK 13 million (7), and a change in financial assets of SEK 0 million (-1). Free cash flow totalled SEK 315 million (180).

Cash flow from financing activities was SEK -209 million (-108), comprising loans raised of SEK 6 million (60), loan repayments of SEK -152 million (-701), repayment of lease liabilities of SEK -56 million (-58) and issue expenses of SEK -7 million (-9) from the rights issue implemented in December 2022. The comparison period also included a new share issue of SEK 600 million and a paid-in premium of SEK 0 million for warrant programme TO2022/2025. A large loan repayment to credit institutions was made in December 2022 following an implemented rights issue. Cash flow for the year was SEK 116 million (66).

Liquidity and financial position

Cash and cash equivalents totalled SEK 235 million (121) and there were unused credit facilities of SEK 416 million (587) at the end of the year.

Summary of capital and liquidity structure[1]	31 Dec 2023	31 Dec 2022
Average capital employed, SEK million	3,848	4,171
Return on capital employed, %	1.0	neg.
Equity/assets ratio	64.9	62.8
Net debt, SEK million	496	774
Net debt / Adjusted EBITDA, multiple	2.7	4.4
Shareholders' equity, SEK million	2,987	3,082
Net debt/equity ratio, multiple	0.2	0.3
Interest coverage ratio, multiple	0.4	neg.
Liquidity reserve/net sales, %	17.2	18.2

[1] Midsona presents certain financial measures in the annual accounts that are not defined in IFRS. For definitions and reconciliation with IFRS, see pages 192-195.

Net debt totalled SEK 496 million (774). The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was 2.7 times (4.4).

Equity totalled SEK 2,987 million (3,082). The changes consisted of the profit/loss for the year of SEK -53 million, translation differences of SEK -41 million on translating foreign operations and issue expenses of SEK 1 million attributable to the rights issue in December 2022. The equity/assets ratio was 64.9 percent (62.8) at the end of the year.

Investments

Investments in intangible assets and tangible assets (excluding right-of-use assets) totalled SEK 30 million (36), of which SEK 2 million (6) was an expansion investment at a production facility for meat alternatives. Other investments essentially consisted of replacement investments in production facilities.

Risks and risk management

For risks and risk management, see pages 128-139. For financial risks, see also Note 28 *Financial risk management*, on pages 168-170.

Guidelines for remuneration of 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, however not longer than until the 2024 Annual General Meeting. A review of the guidelines for remuneration of senior executives has been conducted ahead of the 2024 AGM and has resulted in a proposal to adjust the maximum ceiling for pension provision to senior executives from 25 percent to 30 percent of basic salary. Otherwise, only editorial changes have been made. For information on the guidelines for remuneration of senior executives adopted by the 2020 Annual General Meeting, see Note 8 *Employees, personnel expenses and remuneration of senior executives* on pages 157-159.

Share data and ownership

The share

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

During the year, a combined total of 32,098,215 (39,169,782) Class A and B shares were traded. The highest price paid for Class B shares was SEK 9.84 (56.60), and the lowest was SEK 6.54 (7.88). On 29 December, the last price paid for the share was SEK 8.19 (9.50).

At the end of the year, the total number of shares was 145,428,080 (145,428,080), divided into 423,784 Class A shares (596,640) and 145,004,296 Class B shares (144,831,440). At the end of the year, the number of votes was 149,242,136 (150,797,840), where one Class A share carries ten votes and one Class B share carries one vote. All Class 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.

Reclassification of Class A shares to Class B

In December 2022, at the request of shareholders, a reclassification of 172,856 Class A shares to Class B shares was initiated. The reclassification was registered in January 2023, the number of votes changing to 149,242,136.

Shareholders

The largest shareholder in Midsona was Stena Adactum AB which, whose holding was 69,994,562 (69,994,562), equivalent to 48.1 percent (48.1) of the capital and 46.9 percent (46.9) of the votes as of 31 December 2023. No other shareholder had a holding of 10 percent or more of the total number of shares as of 31 December 2023. The ten largest shareholders together had holdings in the company of 78.1 percent of the capital (72.9) and 76.8 percent (71.2) of the votes as of 31 December 2023.

Warrant programmes

Two warrant programmes, aimed at senior executives, were outstanding at the end of the year. TO2021/2024, which can provide a maximum of 171,000 new B shares on full conversion, with the exercise period for the warrants being 1 August 2024 to 20 December 2024, and TO2022/2025, which can provide a maximum of 120,000 new B shares on full conversion, with the exercise period for the warrants being 1 August 2025 to 20 December 2025. For more information on TO 2021/2024 and TO 2022/2025, see Note 22 *Shareholders' equity* on pages 166-167.

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, divided equally between the TO2021/2024, TO2022/2025 and TO2023/2026 series. A decision was made during the year not to offer senior executives the opportunity to subscribe for the TO2023/2026 series.

Authorisations

The Annual General Meeting 2023 resolved, in accordance with the proposal made by the Board of Directors, to authorise the Board of Directors to, on one or more occasions before the next Annual General Meeting, resolve on new issues of A-shares and/or B-shares in a number which in total does not exceed 10 percent of the total number of outstanding shares at the time of the notice of the Annual General Meeting. It is to be possible for the new issue of shares to be carried out with or without deviation from the shareholders' preferential rights, against cash payment or with a provision on non-cash payment, set-off or other conditions referred to in the Swedish Companies Act, Chapter 13 Section 5 paragraph 6. A new share issue resolved under the authorisation is to take place as part of the financing of company acquisitions or to give the Board of Directors flexibility in efforts to ensure that Midsona can be appropriately provided with capital to finance the business. In the event of deviation from the shareholders' preferential rights, the issue is to be made on market terms.

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 are to be freely transferable, without restrictions by law or in accordance with the Articles of Association. To Midsona's knowledge, there are no agreements between shareholders that could signify limitations on 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 may 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 practice in the labour market.

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Environmental information

Organised environmental efforts form the basis for reducing environmental impacts. The greatest environmental impact arises as a consequence of water and energy consumption, waste, waste water and transportation. Statutory environmental requirements are followed, and the Group was not involved in any environmentally related dispute during the year.

Midsona had eight production facilities at its disposal at the end of 2023, one in Sweden, two in Denmark, one in Finland, one in France, two in Germany and one in Spain. The production facility in Sweden conducts operations that are notifiable under the Swedish Environmental Code. Each year, an audit is performed by a local environmental authority to verify 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 organised 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. Most of the production and storage facilities use electricity from renewable sources. For more information on Midsona's environmental work, see the Sustainability Report on pages 30-125.

Corporate Governance Report

For the Corporate Governance Report, see pages 178-182. 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, see pages 30-125. A Sustainability Report has been prepared in accordance with the disclosure requirements set out in Chapter 6, Section 11 of the Annual Accounts Act.

Parent Company

Net sales totalled SEK 61 million (63), and related primarily to invoicing of services provided internally within the Group. Profit/loss before tax included a capital gain of SEK 1 million for divestments of subsidiaries, impairment of shares in subsidiaries by SEK -117 million (-450) and allocations in the form of Group contributions received of SEK 25 million (67) and change in excess depreciation of SEK -7 million (-15). The comparison period also included dividends from subsidiaries of SEK 1 million, of which SEK 1 million was anticipated. Net financial items included interest income from subsidiaries of SEK 66 million (50), interest expenses to credit institutions of SEK -53 million (-48), exchange rate differences on financial receivables and liabilities in foreign currency of SEK 0 million (-8), exchange rate differences on net investments in subsidiaries of SEK -13 million (6) and other financial items of SEK 4 million (-4).

Investments in tangible assets and intangible assets totalled SEK 2 million (2) and pertained essentially to software. Depreciation of tangible assets and amortisation of intangible assets for the year totalled SEK -12 million (-12).

Cash and cash equivalents, including unutilised credit facilities, totalled SEK 621 million (662). Borrowing from credit institutions was SEK 560 million (697) at the end of the year. A voluntary additional repayment was made on liabilities to credit institutions in an existing credit line of SEK 80 million in December 2023.

Shareholders' equity was SEK 2,578 million (2,697), of which unrestricted shareholders' equity was SEK 1,793 million (1,912). The changes in shareholders' equity over the year comprised the profit/loss for the year of SEK -118 million and issue expenses of SEK -1 million attributable to the rights issue in December 2022.

On the balance sheet date, there were 16 employees (16).

Proposed appropriation of Profit/loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 1,797,733,454
Profit brought forward	SEK 113,525,103
Profit/loss for the year	SEK -117,602,045
Total	**SEK 1,793,656,512**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, amounting to SEK 1,793,656,512, be appropriated as follows:

Carried forward	SEK 1,793,656,512
Total	**SEK 1,793,656,512**

The Board of Directors proposes that no dividend be paid for the 2023 financial year.

The financial accounts were approved for publication by the Board of Directors of the Parent Company on 9 April 2024.

With regard to the Company's performance and position in other respects, see the following financial statements and associated notes.

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Financial statements

Consolidated income statement

SEK million	Note	2023	2022
Net sales	2, 3	3,793	3,899
Expenses for goods sold		-2,834	-3,021
Gross profit		**959**	**878**
Selling expenses		-618	-1,045
Administrative expenses		-327	-298
Other operating income	4	22	10
Other operating expenses	5	-7	-10
Indirect expenses, net		**-930**	**-1,343**
Operating profit/loss	2, 6, 7, 8, 13, 14, 15, 25	**29**	**-465**
Financial income		10	67
Financial expenses		-74	-131
Net financial items	9	**-64**	**-64**
Profit/loss before tax		**-35**	**-529**
Tax	11	-18	28
Profit/loss for the year		**-53**	**-501**
Attributable to			
Parent Company shareholders (SEK million)		-53	-501
Earnings per share to Parent Company shareholders, before and after dilution (SEK)	12	-0.36	-6.73

Consolidated statement of comprehensive income

SEK million	Note	2023	2022
Profit/loss for the year		**-53**	**-501**
Items that have been or can be reallocated to profit for the year			
Translation differences for the year on translation of foreign operations		-41	121
Other comprehensive income for the year		**-41**	**121**
Comprehensive income for the year		**-94**	**-380**
Attributable to			
Parent Company shareholders (SEK million)		-94	-380

Consolidated balance sheet

SEK million	Note	31 Dec 2023	31 Dec 2022
Assets			
Intangible assets	13	2,926	3,020
Tangible assets	14, 15	404	451
Non-current receivables	18	5	5
Deferred tax assets	11	98	116
Fixed assets		**3,433**	**3,592**
Inventories	19	554	727
Tax receivables		7	17
Accounts receivable	20	334	398
Other receivables	18	16	27
Prepaid expenses and accrued income	21	20	22
Cash and cash equivalents	28, 33	235	121
Current assets		**1,166**	**1,312**
Assets	2, 29, 30	**4,599**	**4,904**
Shareholders' equity			
Share capital		727	727
Additional paid-up capital		1,849	1,850
Reserves		85	126
Profit brought forward, including profit for the year		326	379
Shareholders' equity	22	**2,987**	**3,082**
Liabilities			
Non-current interest-bearing liabilities	23, 28, 33	608	776
Other non-current liabilities	24	0	0
Other provisions	27	7	8
Deferred tax liabilities	11	331	347
Non-current liabilities		**946**	**1,131**
Current interest-bearing liabilities	23, 28, 33	123	119
Accounts payable		312	358
Tax liabilities		6	7
Other current liabilities	24	45	36
Accrued expenses and deferred income	26	172	164
Other provisions	27	8	7
Current liabilities		**666**	**691**
Liabilities		**1,612**	**1,822**
Shareholders' equity and liabilities	2, 29, 30	**4,599**	**4,904**

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Changes in consolidated shareholders' equity

SEK million	Note 22	Share capital	Additional paid-up capital	Reserves	Profit brought forward, including profit for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2022		**363**	**1,627**	**5**	**880**	**2,875**
Comprehensive income for the year						
Profit/loss for the year		-	-	-	-501	-501
Other comprehensive income for the year		-	-	121	-	121
Comprehensive income for the year		**-**	**-**	**121**	**-501**	**-380**
Transactions with the Group's owners						
New share issue		364	236	-	-	600
Issue expenses		-	-13	-	-	-13
Premium paid in on issuing of warrant programme, TO2022/2025		-	0	-	-	0
Transactions with the Group's owners		**364**	**223**	**-**	**-**	**587**
Closing shareholders' equity, 31 Dec 2022		**727**	**1,850**	**126**	**379**	**3,082**
Opening shareholders' equity, 1 Jan 2023		**727**	**1,850**	**126**	**379**	**3,082**
Comprehensive income for the year						
Profit/loss for the year		-	-	-	-53	-53
Other comprehensive income for the year		-	-	-41	-	-41
Comprehensive income for the year		**-**	**-**	**-41**	**-53**	**-94**
Transactions with the Group's owners						
Issue expenses		-	-1	-	-	-1
Transactions with the Group's owners		**0**	**-1**	**-**	**-**	**-1**
Closing shareholders' equity, 31 Dec 2023		**727**	**1,849**	**85**	**326**	**2,987**

Consolidated cash flow statement

SEK million	Note	2023	2022
Operating activities			
Profit/loss before tax		-35	-529
Adjustment for items not included in cash flow	33	204	683
Income tax paid		-2	-13
Cash flow from operating activities before changes in working capital		**167**	**141**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		121	76
Increase (-)/decrease (+) in operating receivables		72	27
Increase (+)/decrease (-) in operating liabilities		-17	-41
Changes in working capital		**176**	**62**
Cash flow from operating activities		**343**	**203**
Investing activities			
Divestments of companies or operations	33	0	0
Acquisitions of intangible assets	13	-1	-1
Divestments of intangible assets		12	-
Acquisitions of tangible assets	14	-30	-34
Divestments of tangible assets		1	7
Change in financial assets		0	-1
Cash flow from investing activities		**-18**	**-29**
Cash flow after investing activities		**325**	**174**
Financing activities			
New share issue		-	600
Issue expenses		-7	-9
Premium paid in, warrant programme, TO2022/2025		-	0
Loans raised	33	6	60
Repayment of loans	33	-152	-701
Amortisation of lease liabilities	33	-56	-58
Cash flow from financing activities		**-209**	**-108**
Cash flow for the year		**116**	**66**
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		121	53
Translation difference in cash and cash equivalents		-2	2
Cash and cash equivalents at end of year	33	**235**	**121**

Income statement, Parent Company

SEK million	Note	2023	2022
Net sales	3	61	63
Administrative expenses		-84	-85
Other operating income	4	1	0
Other operating expenses	5	-1	-2
Operating profit/loss	7, 8, 13, 14, 15, 25	**-23**	**-24**
Result from participations in subsidiaries	9	-116	-449
Financial income	9	87	120
Financial expenses	9	-83	-124
Profit/loss after financial items		**-135**	**-477**
Allocations	10	17	52
Profit/loss before tax		**-118**	**-425**
Tax	11	0	-5
Profit for the year[1]		**-118**	**-430**

[1] Profit/loss for the year and comprehensive income for the year are the same, as the Parent Company has no transactions that are recognised in other comprehensive income.

Balance Sheet, Parent Company

SEK million	Note	31 Dec 2023	31 Dec 2022
Fixed assets			
Intangible assets	13	33	42
Tangible assets	14	2	3
Participations in subsidiaries	16	2,410	2,481
Receivables from subsidiaries	17, 31	867	1,030
Deferred tax assets	11	0	0
Financial assets		**3,277**	**3,511**
Fixed assets		**3,312**	**3,556**
Current assets			
Receivables from subsidiaries	17, 31	87	87
Other receivables	18	3	3
Prepaid expenses and accrued income	21	8	8
Current receivables		**98**	**98**
Cash and bank balances	28, 33	205	75
Current assets		**303**	**173**
Assets	29, 30	**3,615**	**3,729**
Shareholders' equity			
Restricted shareholders' equity			
Share capital		727	727
Statutory reserve		58	58
Restricted shareholders' equity		**785**	**785**
Unrestricted shareholders' equity			
Share premium reserve		1,797	1,798
Profit brought forward		114	544
Profit/loss for the year		-118	-430
Unrestricted shareholders' equity		**1,793**	**1,912**
Shareholders' equity	22	**2,578**	**2,697**
Untaxed reserves	10	**27**	**20**
Non-current liabilities			
Liabilities to credit institutions	23, 28, 33	501	640
Other non-current liabilities	24	0	0
Non-current liabilities		**501**	**640**
Current liabilities			
Liabilities to credit institutions	23, 28, 33	59	57
Accounts payable		5	8
Liabilities to subsidiaries	17, 31 , 33	432	290
Other current liabilities	24	3	3
Accrued expenses and deferred income	26	10	14
Current liabilities		**509**	**372**
Shareholders' equity and liabilities	29, 30	**3,615**	**3,729**

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Changes in equity for the Parent Company

		Restricted shareholders' equity		Unrestricted shareholders' equity		
SEK million	Note 22	Share capital	Statutory reserve	Share premium reserve	Profit brought forward, including profit/loss for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2022		**363**	**58**	**1,575**	**544**	**2,540**
Profit/loss for the year		-	-	-	-430	**-430**
Comprehensive income for the year		**-**	**-**	**-**	**-430**	**-430**
New share issue		364	-	236	-	**600**
Issue expenses		-	-	-13	-	**-13**
Closing shareholders' equity, 31 Dec 2022		**727**	**58**	**1,798**	**114**	**2,697**
Opening shareholders' equity, 1 Jan 2023		**727**	**58**	**1,798**	**114**	**2,697**
Profit/loss for the year		-	-	-	-118	**-118**
Comprehensive income for the year		**-**	**-**	**-**	**-118**	**-118**
Issue expenses		-	-	-1	-	**-1**
Closing shareholders' equity, 31 Dec 2023		**727**	**58**	**1,797**	**-4**	**2,578**

Parent Company cash flow statement

SEK million	Note	2023	2022
Operating activities			
Profit/loss after financial items		-135	-477
Adjustment for items not included in cash flow	33	141	456
Cash flow from operating activities before changes in working capital		**6**	**-21**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		0	-10
Increase (+)/decrease (-) in operating liabilities		0	0
Changes in working capital		**0**	**-10**
Cash flow from operating activities		**6**	**-31**
Investing activities			
Acquisitions of companies or operations	33	-	-18
Divestments of companies or operations	33	1	-
Shareholder contributions paid		-	-164
Acquisitions of intangible assets	13	-1	-1
Acquisitions of tangible assets	14	-1	0
Change in financial assets		135	263
Cash flow from investing activities		**134**	**80**
Cash flow after investing activities		**140**	**49**
Financing activities			
New share issue		-	600
Issue expenses		-7	-9
Loans raised	33	135	128
Repayment of loans	33	-141	-689
Cash flow from financing activities		**-13**	**30**
Cash flow for the year		**127**	**79**
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		75	2
Translation difference in cash and cash equivalents		3	-6
Cash and cash equivalents at end of year	33	**205**	**75**

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Notes to the financial statements

Note 1 | Accounting principles

Group accounting principles

Midsona AB (publ), corporate identity number 556241-5322, is a Swedish limited company with registered office in Malmö. The visiting address of the head office is Dockplatsen 16 in Malmö and the postal address is Box 210 09, SE-200 21 Malmö. The Company's shares are listed on the Nasdaq Stockholm, Small Cap list.

The consolidated financial statements for 2023 comprise the Parent Company and its subsidiaries; jointly referred to as "the Group".

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 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/loss for the year consist of derivatives.

Fixed assets consist essentially of amounts expected to be recovered or paid after more than 12 months from the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within 12 months from the balance sheet date. Non-current liabilities consist essentially of amounts for which the Group has 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 recognised as current.

With the exceptions described in the note, the accounting principles have been consistently applied in the reporting and consolidation of the Parent Company and subsidiaries in the consolidated financial statements.

Changes in accounting principles occasioned by new or amended IFRS

A number of new or amended standards and interpretations became applicable as of 1 January 2023. These new and amended standards are not deemed to have had any significant impact on the consolidated financial statements but were more attributable to changed of enhanced disclosure requirements.

The amendments to IAS 1 *Presentation of Financial Statements (Disclosure of accounting principles)* replace the standard's requirement to disclose significant accounting principles with a requirement to disclose material accounting principles.

The amendments to IAS 12 *Income Taxes (Deferred Tax Assets and Deferred Tax Liabilities Arising from a Single Transaction)* entail enhanced disclosure requirements for deferred tax on leases to recognise gross deferred tax assets relating to lease liabilities and gross deferred tax liabilities relating to right-of-use assets.

New IFRSs not yet applied

There are also a few new standards and revisions that have been published by the IASB but that 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 impact on the consolidated financial statements in the period in which they will be applied for the first time, except as stated below.

The amendments to IAS 1 *Presentation of Financial Statements (Classification of Liabilities)* are effective from 1 January 2024 and have been adopted by the EU. The amendments will mainly entail enhanced disclosure requirements for loan liabilities and related covenants. Midsona will apply this amendment from the effective date and provide the required information if applicable. The amendment is not expected to have any significant impact on the consolidated financial statements.

Estimates and judgements in the financial statements

To prepare financial statements in accordance with IFRS, management must make estimates, judgements and assumptions that affect reported assets, liabilities, income and expenses. The judgements, estimates and assumptions are usually based on experience, forecasts in industry studies including expectations of future events and other externally available information. With other estimates, judgements and assumptions, the result may be different and the actual outcome will seldom fully correspond to the estimated outcome.

Management assessed that the measurement of brands, goodwill and taxes were areas where judgements could have the greatest impact on the financial statements and where estimates, judgements and assumptions made could lead to significant adjustments in future financial statements. These areas are described in more detail in Note 32 *Significant estimates and judgements*.

Consolidated financial statements

The consolidated financial statements comprise the financial information for Midsona AB (publ) and all subsidiaries. Subsidiaries are all companies that Midsona AB (publ) controls directly or indirectly. All the subsidiaries are wholly owned, directly or indirectly, by Midsona AB (publ). Control of a subsidiary is achieved when Midsona AB (publ), directly or indirectly, has responsibility for and rights to its variable returns through its influence. In assessing whether control exists, shares conveying potential voting rights are taken into account, as is the existence of de facto control. Subsidiaries are consolidated from the date on which the control is transferred to Midsona AB (publ), while subsidiaries are derecognised in the consolidated financial statements from the date on which the control ceases. An overview of all consolidated subsidiaries for Midsona AB (publ) can be found in Note 16 *Participations in subsidiaries*.

Intra-Group receivables and liabilities, income and expenses, as well as unrealised gains and losses arising from intra-Group transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

Functional currency and presentation currency

The functional currency of foreign subsidiaries is the local currency in which each subsidiary operates. The functional currency of the Group's subsidiaries is the Danish krone, euro, Norwegian krone and Swedish krona. 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 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 or the day on which translation takes place. 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/loss for the year. Exchange gains/losses on operating receivables/liabilities recognised in operating income/expenses and gains/losses on financial assets and liabilities are recognised in financial income/expenses.

Financial statements of foreign operations

The income statements and balance sheets of all companies in the Group that have a functional currency other than the reporting currency, the Swedish krona, are translated into the reporting currency as follows:

- Assets and liabilities, including goodwill and other Group surplus values, are translated at the closing rate.
- Income and expenses in the income statement of foreign operations are translated at an average rate that approximates the exchange rates prevailing on the transaction date concerned.

Translation differences arising in connection with the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component in equity, designated translation reserve. On divestment of a foreign operation, the accumulated translation differences attributable to the operations are capitalised in profit/loss for the year.

Exchange rates

	Average exchange rate		Closing day rate	
Exchange rate SEK	2023	2022	2023	2022
CAD	7.8637	7.7712	7.5782	7.7060
CHF	11.8173	10.5950	11.9827	11.2915
CNY	1.4982	1.5020	1.4133	1.5017
DKK	1.5403	1.4290	1.4888	1.4965
EUR	11.4765	10.6317	11.0960	11.1283
GBP	13.1979	12.4669	12.7680	12.5811
JPY	0.0756	0.0771	0.0710	0.0792
NOK	1.0054	1.0523	0.9871	1.0572
USD	10.6128	10.1245	10.0416	10.4371

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing 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 is supported by the other members of Group Management. Segment reporting is based on geographic areas that correspond to the Group's divisions. Other operations consist of Group-wide functions.

Income

Goods and services

The Group's income derives from the following activities:

- Sales of fast-moving consumer goods in the categories of organic products, health foods 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 gains control of goods and services.

Sales of consumer goods in the categories of organic products, health foods and consumer health products

The Group sells organic products, health foods and consumer health products to retailers in sales channels such as pharmacies, grocery stores, health stores, other specialised stores and operators in the food service and food industry. The guarantees associated with these products cannot be bought separately and aim to ensure that sold products match agreed specifications. Such guarantees are recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Income for organic products, health foods 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 location.

In the Group's customer contracts, there are contractual obligations on the right of return for both expired products that are not commercially viable and 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 in 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 manages this at a portfolio level valued at the anticipated values. The Group also judges that there is no 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 sums and the Group consequently 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 managed as selling expenses if there is an agreed obligation for a service in return from a customer, such as special store display, an advertising sheet, an advertising magazine or the like. Temporary discounts in connection with activity are managed as a reduction in net sales if the purpose is a pure price reduction out to consumers without any obligation for a service in return from a customer. Loyalty programme discounts, annual bonuses, chain discounts and distribution discounts constitute bonus programmes to customers. No such programmes are directed at final customers, they are instead applicable only to business to business. Such programmes are managed 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 consequently managed 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 on a straight-line basis over the period during which services will be provided, meaning on a monthly basis.

Operating expenses

Expenses for goods sold

Expenses for goods sold comprises direct and indirect expenses for functions attributable to generated income (manufacturing, warehousing, inventory coordination).

Selling expenses

Selling expenses comprise 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 linked to 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, government grants, insurance compensation, damages, acquisition-related expenses, exchange gains/losses on operating assets/liabilities and capital gains/losses on disposal of assets. Exchange rate gains/losses are recognised net.

Items affecting comparability

Items affecting comparability comprise significant items that, because of their size or incidence, are recognised separately to enable a better understanding of the Group's financial development. Items affecting comparability are recognised in the function to which they belong depending on the nature of the item and usually consist of restructuring costs, impairment of intangible assets and tangible assets after impairment testing and capital gains/losses on the disposal of brands and acquisition-based income and expenses.

Financial income and expenses

Financial income essentially consists of interest income on invested funds and foreign exchange gains on financial assets/liabilities. Interest income is recognised in the period in which it arises, using the effective interest method. Exchange gains from sale of a financial instrument are recognised when the risks and rewards associated with ownership are transferred to the buyer and the Group no longer has control of the instrument.

Financial expenses essentially consist of interest expenses on loans and leases, financing costs, impairment of financial assets and exchange losses on financial receivables/liabilities. Interest expenses are recognised in the period in which they arise, using the effective interest method. Exchange losses from sale of a financial instrument are recognised when the risks and rewards associated with ownership are transferred to the buyer and the Group no longer has control of the instrument. Exchange gains/losses on financial assets/liabilities are recognised net.

Tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised in shareholders' equity, in which case it is recognised in shareholders' equity.

Current tax

Current tax is tax payable for the current year, using the tax rates and tax rules enacted or announced at the balance sheet date in the countries where the Group companies operate and generate taxable income. Current tax also includes adjustments of current tax attributable to previous periods.

Deferred tax

Deferred tax is calculated using the balance sheet method and exists when there are temporary differences between the carrying amounts and tax values of assets and liabilities and when there are unused tax loss carry-forwards. Temporary differences are not taken into account in consolidated goodwill or in investments in subsidiaries. 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 notified at the balance sheet date in those countries where the Group companies operate. Deferred tax assets pertaining to deductible temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable that they will be utilised within the next five years. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised in this timeframe.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. In addition, deferred tax relating to leases is recognised net in the consolidated balance sheet and consolidated income statement as such transactions are considered to meet the requirements of IAS 12 for net accounting in the financial statements.

Deferred tax assets are recognised among fixed assets, and deferred tax liabilities are recognised among non-current liabilities in the consolidated balance sheet.

Financial instruments

Financial asset or financial liability is recognised in the balance sheet when Midsona becomes a 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 rewards 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.

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.

Financial assets - classification and measurement of financial instruments

Debt instruments

Financial assets are classified in their entirety at amortised cost based on the Group's business model for managing the assets and the nature of the assets' contractual cash flows. The objective of the business model is to collect contractual cash flows ("hold to collect") and for the contractual terms of the financial assets to give rise at specified times to cash flows consisting solely of payments of principal and interest on the outstanding amount of principal.

Non-current receivables and other current receivables in the balance sheet are initially recognised at fair value plus any transaction costs, less expected credit losses. Thereafter, the items are recognised at amortised cost using the effective interest method, less an allowance for expected credit losses.

Accounts receivable are initially recognised at the invoiced value. Thereafter, trade receivables are recognised at amortised cost, less an allowance for expected credit losses.

Cash and cash equivalents consist of bank deposits, which are subject to an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at amortised cost.

Financial assets – classification and measurement of financial instruments

Debt instruments

Financial liabilities are classified at amortised cost or fair value through Profit/loss for the year. A non-material portion of financial liabilities consists of derivates measured at fair value through Profit/loss for the year.

Financial interest-bearing liabilities (borrowings) are initially recognised at fair value, net of transaction costs incurred. Thereafter, borrowings are recognised at amortised cost using the effective interest method and classified as non-current interest-bearing liabilities and current interest-bearing liabilities in the balance sheet. The carrying amounts of financial interest-bearing liabilities are considered to be a good estimate of fair value due to the short maturity of the financing agreement.

Other non-current liabilities, trade payables and other current liabilities (excluding derivatives) in the balance sheet are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives recognised in the balance sheet as of the contract date and valued at fair value, both initially and at subsequent revaluations. Hedge accounting is not applied. Derivative instruments are classified in the balance sheet as financial liabilities at fair value through Profit/loss. Derivative instruments are recognised in the item other current liabilities in the balance sheet. Changes in fair value are recognised in other operating income or other operating expenses in the income statement in the period in which they arise. Derivative instruments are primarily used to protect the Group's exposure to changes in exchange rates.

Reservation for expected credit losses

The Group's financial assets and receivables, except those classified at fair value through Profit/loss for the year, are covered by impairment for expected credit losses. They are recognised in the balance sheet at amortised cost, i.e. net of gross value and loss provision. Provisions for credit losses have been made for trade receivables, which are subject to the simplified impairment model. Expected credit losses for accounts receivable are estimated using a matrix, which is based on earlier events, current circumstance, forecasts of future financial circumstances. A loss provision is recognised in the simplified model, for the expected remaining maturity period of accounts receivable. Changes in the loss allowance for trade receivables are recognised in the income statement under selling expenses. Default is defined as it being deemed unlikely that the counterparty will fulfil its commitments due to indicators, such as financial difficulties and missed payments. Default is regardless considered to exist when the payment is 90 days late. Accounts receivable are written off when no possibilities for further cash flows are deemed to exist.

Cash and cash equivalents are subject to the general impairment model, but the low credit risk exception is applied to this item..

The balance sheet items non-current receivables and other current receivables are covered by the general model, but expected credit losses are immaterial for them.

Tangible assets

Owned assets

Tangible assets is recognised as an asset 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 is stated at cost less accumulated depreciation and any accumulated impairment charges.

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, for example purchase consideration, shipping and handling, installation, registration of title, consulting and legal services.

Tangible assets consisting of components with different useful lives are treated as separate components of tangible assets.

Right-of-use assets

A right-of-use asset is recognised as an asset in the consolidated balance sheet if a contract is, or contains, a lease at the start of the agreement. Right-of-use assets are included in tangible assets in the consolidated balance sheet. The right-of-use asset is initially recognised at the value of the lease liability plus lease payments made on or before the commencement date for the lease as well as initial direct payments. The right-of-use asset is recognised in subsequent periods at cost less depreciation and impairment.

The Group applies the principles in IAS 36 *Impairment of Assets* for right-of-use assets and recognises this in the way described in the policies for tangible assets recognised in accordance with IAS 16 *Tangible assets*.

The Group applies the voluntary exception regarding leases linked to intangible assets.

Additional expenses

Additional expenses for acquiring replacement components are added to the non-current 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 any component accounted for as a separate asset is derecognised when replaced. All other types of repairs and maintenance are expensed in profit for the year in the period in which they arise.

Depreciation methods

Depreciation is applied on a straight-line basis over the asset's estimated useful life. Land is not depreciated because its useful life is considered indefinite. Right-of-use assets are also depreciated over their estimated useful life or, if shorter, over the agreed lease term. Depreciation begins at the start of the lease. If a lease transfers the right of ownership at the end of the lease term or if cost includes probable exercise of a purchase option, the right-of-use asset is depreciated over the useful life.

In calculating depreciation, tangible assets is classified on the basis of its expected useful life according to the following groups:

Operating properties	10–40 years
Plant and machinery	8–15 years
Equipment, tools, fixtures and fittings	3–10 years
Leases	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 tangible 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 assets

Intangible assets are classified into two groups, with assets with a limited useful life being amortised over a defined useful life and assets with an indefinite useful life not being amortised.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment, see also the accounting policy for impairment losses.

Expenses incurred for internally generated goodwill are recognised in profit for the year or when incurred.

Trademarks

Trademarks with a limited useful life are recognised at cost less accumulated depreciation and any accumulated impairment losses. Trademarks with an indefinite useful life are tested for impairment annually and carried at cost less accumulated impairment losses.

Trademarks that are deemed to have an indefinite useful life originate from acquisitions. This assessment that the useful life is indefinite is based on:

- these trademarks being considered well-established in their respective markets and the Group having the intention of keeping them and developing them further,
- these trademarks belonging to strategic "power brands" upon entry to new geographical markets, and
- these trademarks being considered to be of material economic significance by both indicating credibility and innovation in the products and by extension such that both affect pricing and competitiveness

Accordingly, through the connection to operating activities, these trademarks are considered to have an indefinite useful life and are expected to be used for as long as operations continue.

Expenses incurred for internally generated trademarks are not recognised in the balance sheet but in Profit/loss for the year when incurred. The reason for this is that such expenditure cannot be distinguished from expenditure for the development of the entire business.

Other intangible assets

Other intangible assets have a limited useful life and are carried at cost less accumulated amortisation and any accumulated impairment.

Other intangible assets consist of customer relationships, software and other intangible assets. Expenses incurred for internally generated customer relationships are not recognised in the balance sheet but in Profit/loss 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. Expenditure in Software-as-a-Service (SaaS) arrangements is recognised essentially in line with IAS 38 *Intangible Assets* and the published agenda decision of IFRIC.

Additional expenses

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed as it is incurred.

Amortisation methods

Amortisation is applied on a linear basis over the asset's estimated useful life, unless the useful life is indefinite.

Goodwill and trademarks with an indefinite useful life are tested for impairment annually or whenever circumstances indicate that the asset concerned may be impaired. Intangible assets with limited useful lives are amortised from the date on which they become available for use.

In calculating amortisation, intangible assets are classified on the basis of their expected useful life according to 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 depreciated without any remaining residual value.

Capital gains and losses on divestments of intangible 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

Impairment of tangible assets and intangible assets

Assets that have an indefinite useful life, such as goodwill and certain trademarks, are not depreciated or amortised, but tested annually for impairment requirements. Assets that are depreciated or 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. An impairment loss on goodwill or trademarks is recognised as a selling expense in Profit/loss for the year. Impairment of machinery is usually recognised as Expenses for goods sold in the Profit/loss 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

Impairments of assets within the scope 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 charge had been made.

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.

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 2023 financial year, there has been no access to information making it possible to recognise 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 has been 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 recognised 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 a legal or informal obligation as a result of past events, and it is probable that payments will be required to fulfil that obligation. A further requirement is that it should be possible to reliably estimate the amount to be paid. Provisions are divided into non-current provisions and current provisions.

Restructuring

The provision for restructuring consists mainly of severance costs and other cash expenses arising from the restructuring of operations in the Group. Provisions are recognised when there is a formal restructuring plan and expectations have been created among those who will be affected by the measures. 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.

Leases

A right-of-use asset and a corresponding lease liability are recognised 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 lease payments as an expense on a straight-line basis over the lease provided another systematic basis is not more representative for when the economic benefits of the lease are used within the Group.

Variable lease payments which are not dependent on an index or price are not included in the measurement of lease liabilities and right-of-use assets. Such lease payments are recognised as an expense in 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.

The lease liability is initially measured at the present value of the future lease payments, which have not been paid as of the start 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 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 material 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 immaterial impact on the Group. The discount rate is adjusted on a quarterly basis with regard to changes in relevant economic circumstances. Lease payments that are included in the measurement of lease liabilities comprise:

- fixed payments, less potential benefits in connection with the signing of the lease that are to be obtained,
- variable lease payments that depend on an index or a price, are initially measured using the index or price at the start date,
- amounts that are expected to be paid by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- punitive charges that are payable upon cancellation of the lease if the lease term reflects the fact that the Group will exercise an option to cancel the lease.

Lease liabilities are included in the items 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 lease payments made. Lease liabilities are revalued with a corresponding adjustment of right-of-use assets according to the rules contained in the standard.

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow includes only transactions entailing receipts and disbursements.

The cash flow statement recognises the interest component in lease payments as cash flow from operating activities before changes in working capital. The other part, also the majority, of the lease payments 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 legislation

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 IFRS and statements adopted by the EU 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 are to 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 been affected by a number of new or amended standards, applicable as of 1 January 2023 and have caused consequential changes adopted in RFR 2 *Accounting for Legal Entities*. These changes are deemed not to have had any significant impact on the Parent Company's financial statements.

Changes to accounting principles that have not yet started to be applied

Management's assessment is that the agreed changes in RFR 2 *Accounting for Legal Entities* relating to the financial year 2024 and onward will not have any material effect on the Parent Company's financial statements when initially applied, except as described under Group accounting principles.

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 recognition 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/loss as they are incurred.

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 recognition 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*. The relief rule applies to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognises financial guarantees as provisions in the balance sheet when there is an obligation for which payment will probably be required to fulfil 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.

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*.

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 Swedish Financial Supervisory Authority regulations since this is a condition to be met for tax deductibility. The most significant differences compared to IAS 19 *Employee Benefits* are the way in which 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 current gains and losses are recognised in the income statement as they arise.

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 allocations as deferred tax expenses.

Shareholder contributions

Shareholder contributions are recognised directly in shareholders' equity at 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 allocations.

Allocations 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 | Operating segments

	Nordics		North Europe		South Europe		Group-wide functions		Group	
Operating segments, SEK million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net sales, external	2,530	2,692	860	841	403	366	-	-	**3,793**	**3,899**
Net sales, intra-Group	15	10	12	19	11	8	-38	-37	-	-
Net sales	**2,545**	**2,702**	**872**	**860**	**414**	**374**	**-38**	**-37**	**3,793**	**3,899**
Expenses for goods sold	-1,757	-1,918	-751	-802	-362	-336	36	35	**-2,834**	**-3,021**
Gross profit	**788**	**784**	**121**	**58**	**52**	**38**	**-2**	**-2**	**959**	**878**
Other operating expenses	-615	-626	-152	-324	-89	-327	-74	-66	**-930**	**-1,343**
Operating profit/loss	**173**	**158**	**-31**	**-266**	**-37**	**-289**	**-76**	**-68**	**29**	**-465**
Financial items									**-64**	**-64**
Profit/loss before tax									**-35**	**-529**
Significant income (+) and expense (-) items recognised in the income statement:										
Restructuring expenses, net	-26	-6	-9	-8	-1	-1	-1	0	**-37**	**-15**
Capital gains/losses on disposal of trademarks	12	-	-	-	-	-	-6	-	**6**	**-**
Impairment of intangible assets and tangible assets	-	-	-	-231	-	-249	-	-	**-**	**-480**
Significant non-cash items:										
Amortisation of intangible assets and depreciation of tangible assets	-51	-52	-38	-43	-25	-22	-43	-44	**-157**	**-161**
Impairment of intangible assets and tangible assets	-	-	-	-231	-	-249	-	-	**-**	**-480**
Impairment of inventories	-28	-24	-19	-9	-4	-5	-	-	**-51**	**-38**
Impairment of accounts receivable	-2	-1	-2	0	-1	0	1	0	**-4**	**-1**
Segment assets	4,110	4,444	613	696	755	808	-977	-1,160	**4,501**	**4,788**
Unallocated assets									**98**	**116**
Total assets									**4,599**	**4,904**
Segment liabilities	1,068	1,240	250	259	195	222	-963	-1,141	**550**	**580**
Unallocated liabilities									**1,062**	**1,242**
Shareholders' equity									**2,987**	**3,082**
Total shareholders' equity and liabilities									**4,599**	**4,904**
Investments in intangible assets and tangible assets (excluding right-of-use assets)	8	8	6	4	14	22	2	2	**30**	**36**
Average number of employees	401	439	200	214	162	150	15	17	**778**	**820**
Number of employees as of the balance sheet date	378	408	204	200	167	156	16	16	**765**	**780**

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 health foods, consumer health products and organic products for sales to pharmaceutical retailers, the grocery trade, health-food stores and other specialist retailers, as well as operators 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, health food stores and other specialist retailers, as well as operators in food service and the food industry, mainly in the German, Austrian and Hungarian markets.

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, health food stores and other specialist retailers, as well as operators in food service and the food industry, mainly in the French and Spanish markets.

Segment consolidation is based on the same principles as for the Group as a whole.

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 not allocated to the two segments are deferred tax assets, deferred tax liabilities, financial investments and financial liabilities.

Internal pricing policy

For the pricing of goods between the Group companies, an internal pricing model is applied based on the selling company receiving full coverage of costs and a profit margin. The method, known as TNMM (Transactional Net Margin Method) is an accepted model for internal pricing. In addition to this, the companies, as owners of selected brands, also receive sales-based royalties to cover investments and risks in relation to brand development.

For pricing of services between Group companies, TNMM (Transactional Net Margin Method) is applied, based on full coverage of expenses and a profit margin. The method is applied to both manufacturing services and 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

The Group's largest customer generated net sales of SEK 385 million (376). These were reported in the operating segment Nordics.

Information on products or product groups

For information on net sales per product or groups of similar products, see Note 3 *Income* on product categories.

Information on fixed assets for geographical areas[1]

	Group	
SEK million	2023	2022
Sweden	1,297	1,330
Norway	527	572
Finland	149	155
Denmark	715	742
Germany	395	424
France	237	250
Spain	113	119
Total	**3,433**	**3,592**

[1] Fixed assets by individually significant countries.

Note 3 | 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, trademarks and material categories of income.

	Nordics		North Europe		South Europe		Group	
Geographical areas[1], SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Sweden	1,027	1,108	0	0	-	-	1,027	1,108
Denmark	525	592	1	1	0	0	526	593
Finland	437	442	-	-	0	0	437	442
Norway	412	440	0	0	-	-	412	440
France	3	3	12	13	221	203	236	219
Spain	13	11	13	17	158	142	184	170
Germany	0	0	746	719	0	0	746	719
Rest of Europe	102	89	88	91	12	11	202	191
Other countries outside Europe	11	7	-	0	12	10	23	17
Total	**2,530**	**2,692**	**860**	**841**	**403**	**366**	**3,793**	**3,899**

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

	Nordics		North Europe		South Europe		Group	
Sales channel, SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Pharmacies	288	422	-	-	-	-	288	422
Grocery trade	1,687	1,736	362	352	155	121	2,204	2,209
Food service	112	100	239	254	8	6	359	360
Health food stores	162	165	237	218	195	194	594	577
Other specialist retailers	120	130	19	19	-	-	139	149
Others	161	139	3	-2	45	45	209	182
Total	**2,530**	**2,692**	**860**	**841**	**403**	**366**	**3,793**	**3,899**

	Nordics		North Europe		South Europe		Group	
Product category, SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Organic products	682	691	860	841	403	364	1,945	1,896
Health foods	1,208	1,201	-	-	-	-	1,208	1,201
Consumer health products	622	788	-	-	-	-	622	788
Services linked to product handling and other income	18	12	0	0	0	2	18	14
Total	**2,530**	**2,692**	**860**	**841**	**403**	**366**	**3,793**	**3,899**

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	Nordics		North Europe		South Europe		Group	
Brands, SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Own-brand	1,896	1,889	502	512	270	266	2,668	2,667
Licensed	344	520	-	-	32	32	376	552
Contract manufacture	272	271	358	329	101	66	731	666
Services linked to product handling and other income	18	12	0	0	0	2	18	14
Total	**2,530**	**2,692**	**860**	**841**	**403**	**366**	**3,793**	**3,899**

	Nordics		North Europe		South Europe		Group	
Significant types of income[1,2], SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Sale of goods	2,512	2,680	860	841	403	364	3,775	3,885
Services linked to product handling	10	2	-	-	-	-	10	2
Other income	8	10	0	0	0	2	8	12
Total	**2,530**	**2,692**	**860**	**841**	**403**	**366**	**3,793**	**3,899**

[1] There was no income related to the exchange of goods or services.
[2] Parent Company net sales totalled SEK 61million (63), and related primarily to services provided internally within the Group. There was no income related to the exchange of goods or services.

Note 4 | Other operating income

	Group		Parent Company	
SEK million	2023	2022	2023	2022
Capital gains on divestments of tangible assets	1	3	-	-
Capital gains on divestments of intangible assets	6	-	-	-
Exchange gains relating to operations	2	0	1	0
Damages	-	1	-	-
Government grants	4	-	-	-
Sale of electricity from solar panels	1	0	-	-
Insurance compensation	2	0	-	-
Other	6	6	0	0
Total	**22**	**10**	**1**	**0**

Note 5 | Other operating expenses

	Group		Parent Company	
SEK million	2023	2022	2023	2022
Capital losses on divestments of intangible assets	-	0	-	-
Capital losses on divestments of tangible assets	0	0	-	-
Exchange losses relating to operations	-3	-8	-1	0
Other	-4	-2	0	-2
Total	**-7**	**-10**	**-1**	**-2**

Note 6 | Operating expenses by type of expense

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 classified by function is distributed among the following expense types.

	Group	
SEK million	2023	2022
Expences for sold goods and materials	-2,325	-2,472
Personnel expenses	-557	-538
Selling expenses	-248	-247
Marketing expenses	-78	-76
Rental and other property expenses	-67	-59
Purchases of services	-129	-125
Depreciation/amortisation	-157	-161
Impairment	-55	-518
Other direct and indirect expenses	-152	-159
Other operating expenses	-18	-19
Total	**-3,786**	**-4,374**

Note 7 | Auditors' fees and reimbursements

	Group		Parent Company	
SEK million	2023	2022	2023	2022
Deloitte				
Audit engagements	-4	-4	-1	-1
Auditing tasks beyond the audit engagement	0	0	0	0
Tax advice	0	0	0	0
Other engagements	-1	-1	0	0
Total	**-5**	**-5**	**-1**	**-1**

Audit engagements 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 findings made during the audit or the performance of such other tasks.

Note 8 | Employees, personnel expenses and remuneration of senior executives

Employees

	Group		Parent Company	
Average number of employees by country	2023	2022	2023	2022
Sweden	138	153	15	17
of whom women	*80*	*89*	*5*	*6*
Norway	22	29	-	-
Finland	56	60	-	-
Denmark	200	214	-	-
Germany	200	214	-	-
France	65	69	-	-
Spain	97	81	-	-
Total abroad	**640**	**667**	**-**	**-**
of whom women	*327*	*333*	*-*	*-*
Total	**778**	**820**	**15**	**17**
of whom women	*407*	*422*	*5*	*6*

	Group		Parent Company	
Proportion of women in senior management teams, %	2023	2022	2023	2022
Boards of Directors	52	55	29	29
CEOs and management teams	47	43	25	25

Personnel expenses

Personnel expenses, SEK million	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Salaries and other remuneration				
Board of Directors, CEO and management team[1]	-70	-79	-13	-13
of which variable salary	*-3*	*-1*	*0*	*-1*
of which severance pay	*-1*	*0*	*-*	*-*
Other employees	-373	-347	-8	-9
of which variable salary	*-1*	*-1*	*0*	*0*
of which severance pay	*-3*	*-1*	*-*	*-*
Total salaries and other remuneration	**-443**	**-426**	**-21**	**-22**
Pension expenses, defined-contribution plans[2]				
Board of Directors, CEO and management team[1]	-7	-10	-3	-3
Other employees	-24	-24	-1	-1
Total pension expenses	**-31**	**-34**	**-4**	**-4**
Social security expenses				
Board of Directors, CEO and management team[1]	-15	-15	-4	-5
Other employees	-61	-58	-3	-3
Total social security expenses	**-76**	**-73**	**-7**	**-8**
Other personnel expenses				
Board of Directors, CEO and management team[1]	-1	-1	0	0
Other employees	-6	-4	-1	-1
Total other personnel expenses	**-7**	**-5**	**-1**	**-1**
Total personnel expenses	**-557**	**-538**	**-33**	**-35**

[1] With regard to the Group, "Board of Directors" means all boards of Group companies. Members of the Boards of subsidiaries consist of employees who do not receive Board fees for their appointments. With regard to the Group, "CEO" refers to all persons holding the position of CEO in any Group company. "Management team" means all management teams in Group companies. An individual can have more than one Board appointment as well as being included in more than one management team within the Group. Collectively, the Boards of Directors, CEOs and management teams consist of 80 (94) individuals in the Group and 11 (11) individuals in the Parent Company.
[2] For more information on pension expenses, see Note 25 *Provisions for pensions*, page 168.

Remuneration of senior executives

Remuneration of members of the Board of the Parent Company

Definitions

Since the AGM held on 4 May 2023, the Board of Directors of Midsona AB has comprised Patrik Andersson (Chairman), Anna-Karin Falk, Sandra Kottenauer, Jari Latvanen, Henrik Stenqvist, Anders Svensson and Johan Wester.

Principles for remuneration of Board

The 2023 Annual General Meeting resolved that fees for 2023/2024 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 is also to be paid to the chair of the Audit Committee, SEK 40 thousand to every other Board member, who is a member of the Audit Committee, SEK 45 thousand to the Remuneration Committee chair and SEK 25 thousand to each Board member, who is a member of the Remuneration Committee. Adopted fees totalled SEK 2,385 thousand. Beyond this remuneration, members of the Board are not entitled to any other compensation other than for travel and accommodation. Remuneration of members of the Board is discussed by the Nomination Committee and adopted by the Annual General Meeting.

Board fees

The following fees were paid to the Board of Directors over the year.

Remuneration of Board members[1], SEK thousand	Parent Company 2023 Directors' fees	Fee for Remuneration Committee	Fee for Audit Committee	Total
Patrik Andersson (Chairman of the Board)	618	46	-	**664**
Heli Arantola	87	8	-	**95**
Anna-Karin Falk	173	-	-	**173**
Sandra Kottenauer	260	-	-	**260**
Jari Latvanen	260	-	40	**300**
Henrik Stenqvist	260	-	75	**335**
Anders Svensson	267	-	27	**294**
Johan Wester	260	25	13	**298**
Total	**2,185**	**79**	**155**	**2,419**

[1] The fees for Patrik Andersson and Anders Svensson, of SEK 19 thousand and SEK 8 thousand respectively attributable to December 2022 were expensed and paid retroactively in January 2023.

Remuneration of wBoard members[1], SEK thousand	Parent Company 2022 Directors' fees	Fee for Remuneration Committee	Fee for Audit Committee	Total
Ola Erici (Chairman)	582	44	–	**626**
Heli Arantola	260	25	–	**285**
Sandra Kottenauer	260	–	–	**260**
Jari Latvanen	173	–	27	**200**
Henrik Stenqvist	260	–	75	**335**
Peter Wahlberg	252	–	13	**266**
Johan Wester	260	25	40	**325**
Total	**2,048**	**94**	**155**	**2,297**

[1] The fees for December 2022 for the newly elected Board Members, Patrik Andersson and Anders Svensson, of SEK 19 thousand and SEK 8 thousand respectively were expensed and paid retroactively in January 2023.

Remuneration of 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, Tora Molander, Erik Schuchhardt (until 30 November 2023), Heiko Hintze (from 1 December 2023) and Marjolaine Cevoz-Goyat.

Guidelines for remuneration of senior executives

Principles for remunerations of senior executives are adopted by the Annual General Meeting. Senior executives means 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 such time as a need arises for significant changes to the guidelines, but not longer than the end of 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, skills, experience and performance. The remuneration consists of fixed salary, the possibility of variable remuneration in the form of bonus, insurance, pension benefits, severance pay and other benefits.

Fixed salary is to be based on the individual employee's position, expertise, experience and performance. Fixed salary is to be subject to annual review.

Variable remuneration is to be linked 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 is to be in proportion to the executive's responsibility and authority. Variable remuneration is to 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 is to 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 exceptional events, reorganisations and structural changes.

Pension benefits are to be defined contribution 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 pensionable salary.

All senior executives can be given the right to other benefits with the aim of contributing to facilitating the senior executive's prospects 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 up to 10 percent of fixed annual salary.

For employment conditions that are subject to rules other than Swedish rules, insofar as pension benefits and other benefits are concerned, necessary adjustments may be made to comply with such compulsory rules or local practice, where the overall purpose of these guidelines must 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, 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 twenty-four (24) months.

Remuneration and other terms of employment for the Chief Executive Officer are discussed by the Remunerations Committee and approved by the Board of Directors. Remuneration and other terms of employment for other members of the management team are determined by the Remuneration 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 discussing the Board's decisions on remuneration issues, which also include decisions on deviations from the guidelines.

Remuneration and other benefits

The following remuneration and other benefits were paid to senior executives over the year.

Remuneration of and other benefits to the CEO and Group Management, SEK thousand	Group 2023 Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Peter Åsberg, CEO	5,341	639	226	1,605	**7,811**
Group Management (6 individuals)	12,528	958	445	2,037	**15,968**
Total	**17,869**	**1,597**	**671**	**3,642**	**23,779**

	Group 2022 Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Peter Åsberg, CEO	5,122	-	132	1,555	**6,809**
Group Management (6 individuals)	11,554	1,244	375	2,034	**15,207**
Total	**16,676**	**1,244**	**507**	**3,589**	**22,016**

Comments on the table

- For the financial year 2023, variable remuneration of SEK 756 thousand was paid to the CEO, of which SEK 639 thousand was expensed in 2023 and SEK 117 thousand in 2024, following a decision made in January 2024. The variable remuneration decided upon represented14 percent of basic salary.
- For the financial year 2023, variable remuneration of SEK 1,132 thousand was paid to the CEO, of which SEK 958 thousand was expensed in 2023 and SEK 174 thousand in 2024, following a decision made in January 2024. The variable remuneration decided upon represented 9 percent of basic salary.
- For the 2022 financial year, no variable remuneration was paid to the CEO.
- For the 2022 financial year, variable remuneration of SEK 1,244 thousand was paid to the other members of Group Management, representing 11 percent of base salary.
- Pension expenses related to the expenses that affected profit for the year, excluding special employer's contribution.
- Other benefits primarily refer to company cars and phones.

Incentive schemes

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. A decision was made in 2023 not to offer senior executives the opportunity to subscribe for the 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 B share. The period during which the warrants may be exercised is from 1 August 2024 to 20 December 2024. The subscription price for the warrant programme was recalculated at SEK 75.70 (previously SEK 75.85) in light of the completed rights issue. The transfer of the warrants took place on market terms based on a calculation according to the Black & Scholes model done by PWC AB, which is to be considered independent in relation to Midsona. The fair value per warrant was SEK 9.60 at the time of the transaction in September 2021.

In August 2022, a total of 120,000 warrants inTO2022/2025 were transferred to senior executives. The period during which the warrants may be exercised will be from 1 August 2025 to 20 December 2025. The subscription price for the warrant programme was recalculated at SEK 25.60 (previously SEK 25.66) in light of the completed rights issue. The transfer of the warrants took place on market terms based on a calculation according to the Black & Scholes model done by PWC AB, which is to be considered independent in relation to Midsona. The fair value per warrant was SEK 3.82 at the time of the transaction in August 2022.

There were no outstanding share-based incentive programmes according to IFRS 2 *Share-based Payment*, where senior executives are allocated share options or the like free of charge.

Note 9 | Net financial items

SEK million	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Result from participations				
Dividends from subsidiaries[1]			-	1
Impairment of shares in subsidiaries			-117	-450
Result from participations in subsidiaries	-	-	1	-
Total	**-**	**-**	**-116**	**-449**
Financial income				
Interest income	9	2	8	2
Interest income, subsidiaries			78	52
Exchange gains	1	65	1	66
Other financial income	0	0	-	-
Total	**10**	**67**	**87**	**120**
Financial expenses				
Interest expenses	-61	-54	-54	-48
Interest expenses, subsidiaries			-12	-2
Exchange losses	0	-69	-13	-69
Other financial expenses	-13	-8	-4	-5
Total	**-74**	**-131**	**-83**	**-124**
Total financial items	**-64**	**-64**	**-112**	**-453**

[1] SEK 1 million of the dividend from subsidiaries for 2022 was an anticipated dividend.

Not 10 | Allocations and untaxed reserves

SEK million	Parent Company 2023	Parent Company 2022
Allocations		
Change in excess depreciation	-7	-15
Group contributions received	24	67
Total allocations	**17**	**52**
Untaxed reserves		
Excess depreciation	27	20
Total untaxed reserves	**27**	**20**

Note 11 | Taxes

Recognised in profit for the year, SEK million	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Current tax				
Current tax	-14	-10	0	-3
Adjustment of taxes attributable to previous years	1	1	-	-
Total current tax	**-13**	**-9**	**0**	**-3**
Deferred tax				
Deferred tax relating to temporary differences	8	22	0	0
Deferred tax income in tax loss carry-forwards capitalised during the year	0	35	-	-
Deferred tax expense resulting from utilisation of previously capitalised tax loss carry-forwards	-13	-19	-	-2
Adjustment of deferred tax relating to previous years	0	-1	-	-
Total deferred tax	**-5**	**37**	**0**	**-2**
Total tax	**-18**	**28**	**0**	**-5**

Current tax

	Group				Parent Company			
	2023		2022		2023		2022	
Reconciliation of tax, SEK million	SEK million	%	SEK million	%	SEK million	%	SEK million	%
Profit/loss before tax	-35		-529		-117		-425	
Tax at the applicable tax rate for the Parent Company	7	20.6	109	20.6	24	20.6	88	20.6
Non-taxable dividends from subsidiaries	-	-	-	-	-	-	0	0.0
Non-deductible impairment of shares in subsidiaries	-	-	-	-	-24	-20.5	-93	-21.8
Non-deductible impairment of consolidated goodwill	-	-	-117	-22.2	-	-	-	-
Other non-deductible expenses / Other non-taxable income	-3	-9.6	-1	-0.2	0	-0.2	0	0.0
Effect of other tax rates on foreign subsidiaries	8	23.0	42	7.9	-	-	-	-
Capitalisation of previously uncapitalised loss carry-forwards	0	-0.2	0	0.0	-	-	-	-
Increase in tax loss carry-forwards without corresponding capitalisation of deferred tax	-33	-93.3	-6	-1.1	-	-	-	-
Decrease / Increase in deductible temporary differences without corresponding capitalisation of deferred tax	2	5.3	0	-0.1	0	0.0	0	0.0
Tax attributable to previous years	1	3.5	1	0.3	-	-	-	-
Total	**-18**	**-50.7**	**28**	**5.2**	**0**	**-0.1**	**-5**	**-1.2**

The applied corporate income tax rate in Sweden was 20.6 percent. and foreign subsidiaries applied local corporate income tax rates. The recognised effective tax rate was -50.7 percent (5.2) for the Group and was a consequence of a loss before tax combined with a high tax expense, which was essentially related to new tax loss carry-forwards in a number of subsidiaries not being capitalised. The effective tax rate for the Parent Company was -0.1 percent (-1.2). The negative effective tax was a consequence of non-deductible impairments of shares in subsidiaries.

Deferred tax

	Group 2022					Parent Company 2022		
Changes in deferred tax in temporary differences and tax loss carry-forwards, SEK million	Opening balance 1 Jan 2022	Other adjustments	Recognised in the income statement	Translation differences	Closing balance 31 Dec 2022	Opening balance 1 Jan 2022	Recognised in the income statement	Closing balance 31 Dec 2022
Deferred tax liabilities								
Intangible assets	315	-	-10	16	321	-	-	-
Tangible assets	5	-	-4	0	1	-	-	-
Inventories	0	-	-1	0	-1	-	-	-
Provisions	0	1	1	0	2	-	-	-
Untaxed reserves	27	-	-3	-	24	-	-	-
Deferred tax liabilities	**347**	**1**	**-17**	**16**	**347**	**-**	**-**	**-**
Deferred tax assets								
Intangible assets	9	-	-6	1	4	-	-	-
Tangible assets	2	-	-3	0	-1	0	-	0
Inventories	0	-	-1	0	-1	-	-	-
Provisions	2	-	-1	0	1	-	0	0
Tax loss carry-forwards	78	-	31	4	113	2	-2	-
Deferred tax assets	**91**	**-**	**20**	**5**	**116**	**2**	**-2**	**0**
Net deferred tax liabilities	**256**	**1**	**-37**	**11**	**231**	**-2**	**2**	**0**

	Group 2023					Parent Company 2023		
Changes in deferred tax in temporary differences and tax loss carry-forwards, SEK million	Opening balance 1 Jan 2023	Other adjustments	Recognised in the income statement	Translation differences	Closing balance 31 Dec 2023	Opening balance 1 Jan 2023	Recognised in the income statement	Closing balance 31 Dec 2023
Deferred tax liabilities								
Intangible assets	321	-	-9	-2	310	-	-	-
Tangible assets	1	-	0	0	1	-	-	-
Inventories	-1	-	-1	0	-2	-	-	-
Provisions	2	-2	0	0	0	-	-	-
Untaxed reserves	24	-	-2	-	22	-	-	-
Deferred tax liabilities	**347**	**-2**	**-12**	**-2**	**331**	**-**	**-**	**-**
Deferred tax assets								
Intangible assets	4	-	-5	0	-1	-	-	-
Tangible assets	-1	-	0	0	-1	0	0	-
Inventories	-1	-	0	0	-1	-	-	-
Provisions	1	-	0	0	1	0	0	0
Tax loss carry-forwards	113	-	-12	-1	100	-	-	-
Deferred tax assets	**116**	**-**	**-17**	**-1**	**98**	**0**	**0**	**0**
Net deferred tax liabilities	**231**	**-2**	**5**	**-1**	**233**	**0**	**0**	**0**

Deferred tax attributable to leases

Deferred tax attributable to leases, with the exception of short-term contracts and contracts where the underlying asset is of low value, is recognised net in the consolidated balance sheet and consolidated income statement as such transactions are considered to meet the requirements of IAS 12 for net accounting in the financial statements. Gross deferred tax assets attributable to lease liabilities totalled SEK 34 million (39), while deferred tax liabilities attributable to right-of-use assets totalled SEK 32 million (37). There were no additional transactions other than leases which were affected by the amendment to IAS 12 regarding the rules for initial recognition of deferred taxes.

Tax loss carry-forwards

Total tax-loss carry-forwards in the Group were SEK 553 million (503), of which SEK 412 million (479) was capitalised in the consolidated balance sheet. The maturities of the tax loss carry-forwards were essentially indefinite.

Note 12 | 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	2023	2022
Profit/loss for the year, SEK million	-53	-501
Number of shares on balance sheet date, thousand	145,428	145,428
Average number of shares during the period, thousand	145,428	74,447
Average number of shares during the period, diluted, thousand	145,719	74,668
Earnings per share before and after dilution, SEK	-0.36	-6.73

The weighted average number of shares was 145,428,080 (74,447,025). For further information on the number of shares, see Note 22 *Shareholders' equity.* The number of outstanding registered shares was 145,428,080 (145,428,080) at year-end.

Instruments that may result in a future dilution effect and changes after the balance sheet date

As the average price of Class B shares was lower than the subscription price for the warrant programmes outstanding TO2021/2024 and TO2022/2025 on the balance sheet date, diluted earnings per share was not calculated.

Dividend

The Board of Directors proposes that no dividend be paid for the 2023 financial year. Neither was dividend paid for the 2022 financial year.

Note 13 | Intangible assets

	Group 2022				Parent Company 2022
SEK million	Goodwill	Trademarks	Other intangible assets	Total	Other intangible assets
Accumulated cost					
Opening balance at 1 Jan 2022	2,114	1,413	269	3,796	75
Other acquisitions/investments	-	-	1	1	1
Sales/scrappings	-11	-8	-7	-26	-5
Reclassification	-	-	1	1	-
Translation difference for the year	89	61	15	165	-
Closing balance at 31 Dec 2022	**2,192**	**1,466**	**279**	**3,937**	**71**
Accumulated amortisation					
Opening balance at 1 Jan 2022	-146	-162	-116	-424	-24
Amortisation for the year	-	-18	-30	-48	-10
Sales/scrappings	11	8	7	26	5
Translation difference for the year	-5	-4	-8	-17	-
Closing balance at 31 Dec 2022	**-140**	**-176**	**-147**	**-463**	**-29**
Accumulated impairment					
Opening balance at 1 Jan 2022	-	-	-8	-	-
Impairment losses for the year	-426	-	-	-426	-
Translation difference for the year	-20	-	-	-20	-
Closing balance at 31 Dec 2022	**-446**	**-**	**-8**	**-454**	**-**
Carrying amount, 31 Dec 2022	**1,606**	**1,290**	**124**	**3,020**	**42**

SEK million	Group 2023				Parent Company 2023
	Goodwill	Trademarks	Other intangible assets	Total	Other intangible assets
Accumulated cost					
Opening balance, 1 Jan 2023	2,192	1,466	279	**3,937**	71
Other acquisitions/investments	-	-	1	**1**	1
Sales/scrappings	-	-9	-	**-9**	0
Reclassification	-	-	0	**0**	-
Translation difference for the year	-48	-9	-1	**-58**	-
Closing balance 31 Dec 2023	**2,144**	**1,448**	**279**	**3,871**	**72**
Accumulated amortisation					
Opening balance, 1 Jan 2023	-140	-176	-147	**-463**	-29
Amortisation for the year	-	-19	-29	**-48**	-10
Sales/scrappings	-	3	-	**3**	-
Reclassification	-	-	0	**0**	0
Translation difference for the year	11	3	1	**15**	-
Closing balance 31 Dec 2023	**-129**	**-189**	**-175**	**-493**	**-39**
Accumulated impairment					
Opening balance, 1 Jan 2023	-446	-	-8	**-454**	-
Translation difference for the year	2	-	-	**2**	-
Closing balance 31 Dec 2023	**-444**	**-**	**-8**	**-452**	**-**
Carrying amount, 31 Dec 2023	**1,571**	**1,259**	**96**	**2,926**	**33**

The carrying amount for the line item other intangible assets included SEK 61 million (80) for customer relationships and customer contracts and SEK 34 million (43) for software.

There were no internally generated intangible assets at year-end.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2023 or for 2022.

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	
	2023	2022	2023	2022
Expenses for goods sold	0	0	-	-
Selling expenses	-35	-34	-	-
Administrative expenses	-13	-14	-10	-10
Total	**-48**	**-48**	**-10**	**-10**

Impairment testing

In the annual impairment testing process, new estimates and assessments were made in the assumptions regarding future conditions and regarding parameters affecting the future profitability of the Group's cash-generating units. This occurs once annually or as soon as changes indicate a need to recognise impairment, for example in the event of new market conditions or decisions to divest or discontinue operations. 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 trademarks are allocated, as the cash flows attributable to trademarks cannot be distinguished from other cash flows in the cash-generating unit concerned.

Trademarks 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*.

Identified cash generating units match the Group's operating segments of the Nordics, North Europe and South Europe. Intangible assets with indefinite useful lives are allocated to cash-generating units as follows at year-end.

Intangible assets with indefinite useful lives per cash-generating unit, SEK million.	Discount rate before tax, %	Group	
		2023	2022
Nordics	9.7 (9.9)		
Goodwill		1,447	1,481
Trademark		856	858
North Europe	10.1 (10.2)		
Goodwill		56	56
Trademark		128	129
South Europe	10.0 (10.0)		
Goodwill		68	69
Trademark		116	116
Goodwill		**1,571**	**1,606**
Trademark		**1,100**	**1,103**
Total		**2,671**	**2,709**

The recoverable amount was determined based on value-in-use calculations using discounted cash flow calculations. The calculations of the recoverable amount were based on management judgement, which was considered reasonable based on the best available information. They were based on forecasts prepared by management in the revised business plan approved by the Board of Directors for the next five years. Management's judgements were based on historical experience, forecasts in industry studies and other externally available information. The most significant variables in the value-in-use calculations were based on net sales growth and product margin development, but the discount rate and the final value for growth in cash flows (terminal value) were also important variables.

In general, 2023 was challenging with weak volume growth for parts of the own-brand portfolio, as a consequence of weakened consumer purchasing power. The profit margin improved essentially as a result of price increases implemented to offset the previous year's accelerating cost increases. The challenges will partly remain in 2024 with moderate volume growth and continued high prices for goods. Sales growth for the remainder of the forecast period is based on gradually improved growth in sales volumes of 2-11 percent, which in some markets are slightly greater than the forecasts contained in industry reports on future market growth. The management's overall assessment was that in certain markets, Midsona will grow faster than the market on average as the products that are healthy and sustainable are in tune with the times.

The forecast period of the calculation model comprises two parts – cash flows for a five-year forecast period and cash flows after the initial forecast period. The total useful life assumed is 100 years, as this is a trading activity that has no definite lifetime. After the initial five-year forecast period, the cash flows were extrapolated using an assumed sustainable growth rate of 2.0 percent (2.0) for each cash-generating unit. Both working capital changes and investments were taken into account in the extrapolated cash flows. In addition, acquisition costs for right-of-use assets were taken into account in the impairment test model, while the effects of expansion investments were excluded from the impairment test. Estimated future cash flows according to such assessments accordingly formed the basis for estimated values in use.

The expected future cash flows were discounted using a weighted average cost of capital (WACC) for each cash-generating unit. The discount rates before tax were in a range of 9.7-10.1 percent (9.9-10.2) depending on cash-generating unit, and differed somewhat between each cash generating unit as the risk profile was not deemed to be the same.

For the cash-generating unit Nordics, the assessment of the company management was that no reasonable changes to the key assumptions led to the calculated recovery value being lower than the recognised value. For the cash-generating units North Europe and South Europe, company management's sensitivity analysis indicated that certain possible shifts in the key assumption could lead to the calculated recovery value being slightly lower than the recognised value.

Impairment

No impairments were made in 2023. Impairments of consolidated goodwill of SEK -426 million (EUR -40.0 million) were made for 2022, of which SEK -177 million (EUR -16.6 million) for the cash-generating unit North Europe and SEK -249 million (EUR -23.4 million) for the cash-generating unit South Europe. The impairment was recognised in selling expenses in the income statement.

No impairment was recognised in the Parent Company in either 2023 or 2022.

Sensitivity analysis

The estimated recoverable amount for North Europe exceeded the carrying amount by SEK 144 million (EUR 13.0 million) or 27 percent, while the estimated recoverable amount for South Europe exceeded the carrying amount by SEK 72 million (EUR 6.5 million) or 19 percent. The estimated recoverable amounts for the North Europe and South Europe cash-generating units were thus relatively close to the carrying amounts in the annual impairment testing process. Sensitivity analyses were prepared to analyse whether reasonable possible changes in key assumptions, on which management based its determination of the recoverable amounts, meant that the carrying amounts for North Europe and South Europe might exceed the recoverable amounts. The key assumptions on sales growth and product margin trend varied in the revised business plan for the next five years as follows for each cash-generating unit.

Variation in key assumptions over the next 5 years, %	Group 2023	
	North Europe	South Europe
Sales growth, lowest in the period	2.0	2.0
Sales growth, highest in the period	7.1	11.3
Margin on goods, lowest in the period	29.6	47.8
Margin on goods, highest in the period	33.1	48.9

In addition to the assumptions on sales growth and product margin development, the pre-tax discount rate and final values of sustainable cash flow growth after the forecast period were key variables in analysing whether reasonably possible changes in assumptions meant the carrying amounts of the two cash-generating units might exceed the recoverable amounts. The table below shows how many percentage points each significant assumption must change, all else being equal, in order for the recoverable amount to equal the carrying amount for each cash-generating unit.

Individual changes for the recoverable amount to equal the carrying amount, percentage points	Group 2023	
	North Europe	South Europe
Sales growth every year during the 5-year period	-3.4	-2.3
Trend in margin on goods each year during the 5-year period	-1.1	-1.1
Change in the final value of growth in cash flows (terminal value)	-2.3	-1.4
Change in the pre-tax discount rate (WACC)	2.0	2.0

Note 14 | Tangible assets

SEK million	Group 2022						Parent Company 2022
	Operating properties	Plant and machinery	Equipment, tools, fixtures and fittings	Leases[1]	Other tangible assets	Total	Equipment, tools, fixtures and fittings
Accumulated cost							
Opening balance at 1 Jan 2022	194	465	154	325	51	**1,189**	14
Other acquisitions/investments	1	7	8	10	19	**45**	0
Sales/scrappings	-7	-11	-23	-12	-1	**-54**	-3
Reclassification	1	17	4	19	-23	**18**	-
Translation difference for the year	17	40	9	23	4	**93**	-
Closing balance at 31 Dec 2022	**206**	**518**	**152**	**365**	**50**	**1,291**	**11**
Accumulated depreciation							
Opening balance at 1 Jan 2022	-94	-284	-118	-155	-12	**-663**	-9
Depreciation for the year	-9	-27	-13	-59	-5	**-113**	-2
Sales/scrappings	1	9	23	12	0	**45**	3
Reclassification	0	-6	6	0	0	**0**	-
Translation difference for the year	-9	-25	-6	-12	0	**-52**	-
Closing balance at 31 Dec 2022	**-111**	**-333**	**-108**	**-214**	**-17**	**-783**	**-8**
Accumulated impairment							
Opening balance at 1 Jan 2022	-3	-1	-	-	-	**-4**	-
Impairment losses for the year	-	-54	-	-	-	**-54**	-
Sales/scrappings	3	1	-	-	-	**4**	-
Translation difference for the year	0	-3	-	-	-	**-3**	-
Closing balance at 31 Dec 2022	**0**	**-57**	**-**	**-**	**-**	**-57**	**-**
Closing balance at 31 Dec 2022	**95**	**128**	**44**	**151**	**33**	**451**	**3**

SEK million	Group 2023						Parent Company 2023
	Operating properties	Plant and machinery	Equipment, tools, fixtures and fittings	Leases[1]	Other tangible assets	Total	Equipment, tools, fixtures and fittings
Accumulated cost							
Opening balance, 1 Jan 2023	206	518	152	365	50	1,291	11
Other acquisitions/investments	2	7	5	18	15	47	1
Sales/scrappings	0	-1	-10	-33	-1	-45	-
Reclassification	4	5	-1	17	-9	16	-
Translation difference for the year	0	-2	-1	-2	-1	-6	-
Closing balance 31 Dec 2023	**212**	**527**	**145**	**365**	**54**	**1,303**	**12**
Accumulated depreciation							
Opening balance, 1 Jan 2023	-111	-333	-108	-214	-17	-783	-8
Depreciation for the year	-11	-23	-11	-57	-7	-109	-2
Sales/scrappings	0	1	9	33	0	43	-
Reclassification	0	0	0	-	0	0	0
Translation difference for the year	1	2	1	2	0	6	-
Closing balance 31 Dec 2023	**-121**	**-353**	**-109**	**-236**	**-24**	**-843**	**-10**
Accumulated impairment							
Opening balance, 1 Jan 2023	-	-57	0	-	-	-57	-
Translation difference for the year	-	1	0	-	-	1	-
Closing balance 31 Dec 2023	**0**	**-56**	**0**	**-**	**-**	**-56**	**-**
Carrying amount, 31 Dec 2023	**91**	**118**	**36**	**129**	**30**	**404**	**2**

[1] For more information on righto-of-use (ROU) assets, see Note 15 *Leases*.

The recognised value for the line item other tangible assets essentially included projects in progress and expenses for improvements to property owned by others.

Borrowing expenses

No borrowing expenses are included in the cost of assets, either for 2023 or for 2022.

Depreciation

All tangible 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	
	2023	2022	2023	2022
Expenses for goods sold	-82	-87	-	-
Selling expenses	-8	-8	-	-
Administrative expenses	-19	-18	-2	-2
Total	**-109**	**-113**	**-2**	**-2**

Impairment

No impairments were made in 2023. For 2022, impairment of SEK -54 million (EUR -5.1 million) was made in tangible assets due to low utilisation of capacity. The impairment was recognised under expenses for goods sold in the income statement.

No impairment was recognised in the Parent Company in either 2023 or 2022.

Note 15 | Leases

Recognised on the balance sheet

The Group recognised a right-of-use (ROU) asset and a corresponding lease liability for all leases in which the Group was the lessee, except for short-term leases and for leases where the underlying asset was of lesser value. The lease portfolio mainly included:

- 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 pertained to office, factory and warehouse premises.

ROU assets OB/CB per lease class, SEK million	Group 2022			
	Owner-occupied properties	Plant and machinery	Equipment, tools, fixtures and fittings Total	Total
Opening balance, 1 January 2022	136	9	25	170
Acquired through business combinations	-	-	0	0
Other acquisitions/investments	1	1	8	10
Depreciation for the year	-38	-7	-14	-59
Extended/Concluded contracts	19	0	0	19
Reclassification	-	-1	1	0
Translation difference for the year	10	0	1	11
Closing balance at 31 Dec 2022	**128**	**2**	**21**	**151**

ROU assets OB/CB per lease class, SEK million	Group 2023			
	Owner-occupied properties	Plant and machinery	Equipment, tools, fixtures and fittings Total	Total
Opening balance, 1 January 2023	128	2	21	151
Other acquisitions/investments	0	-	18	18
Depreciation for the year	-42	-1	-13	-56
Extended/Concluded contracts	16	0	0	16
Translation difference for the year	0	0	0	0
Closing balance 31 Dec 2023	**102**	**1**	**26**	**129**

The ROU assets were included in the line item tangible assets in the balance sheet.

The lease liability was initially measured at the present value of the future lease payments, which had not been paid as of the commencement date of the leases.

Lease liabilities recognised in the balance sheet, SEK million	Group	
	2023	2022
Current liabilities	54	54
Non-current liabilities	78	101
Total	**132**	**155**

Lease liabilities were included in the line items 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 payments had a minor positive impact on consolidated operating profit. The following expenses are recognised in the consolidated income statement for leases.

Amounts recognised in the income statement, SEK million	Group	
	2023	2022
Depreciation of ROU assets	-56	-59
Interest expenses for lease liabilities	-6	-4
Expenses attributable to short-term leases and leases of low value	-3	-12
Expenses attributable to variable lease payments	-1	-1

The total cash flow for leased assets was SEK 62 million (62).

The future expected lease payments with values that were not discounted are presented in the table.

Future lease payments, SEK million	Group	
	2023	2022
Due for payment within one year	57	52
Due for payment after more than one year but within two years	36	40
Due for payment after more than two years but within three years	28	23
Due for payment after more than three years but within four years	21	20
Due for payment after more than four years but within five years	6	16
Due for payment after more than five years	1	5
Total	**149**	**156**

Parent Company lease expenses totalled SEK 6 million (6) and future lease commitments totalled SEK 4 million (8) at year-end. The most relevant lease commitment for the Parent Company was renting of premises for the head office in Malmö.

Qualitative disclosures

The lease portfolio for ROU assets contained 189 contracts (198) with an average remaining lease term of 26 months (23) at year-end. The majority of the contracts, 86 percent (86), were related to forklifts and company cars. In terms of amounts,however, the majority of the contracts, 79 percent (84), were attributable to office, warehouse and factory premises. In 2023, 16 contracts (6) were terminated 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 16 | Participations in subsidiaries

	Corporate identity number	Registered office	Number of shares	Proportion of capital/voting rights	Book amount, SEK million
Alimentation Santé SAS	815,274,956	Lyon, France	50,000	100%	190
Celnat SAS	585,650,096	St-Germain-Laprade, France	-	100%	-
Bioglan AS	970,968,660	Oslo, Norway	1,400	100%	433
Midsona Norge AS	979,473,559	Oslo, Norway	-	100%	-
Midsona Deutschland GmbH	HRB 7603	Ascheberg, Germany	300,000	100%	339
Midsona Danmark A/S	31493994	Mariager, Denmark	6,000,000	100%	443
Midsona Finland Oy	1732881-1	Salo, Finland	16,000	100%	60
Midsona Sverige AB	559037-5951	Malmö, Sweden	15,937,684	100%	859
System Frugt AB	556942-6587	Helsingborg, Sweden	-	100%	-
Trettiosjucorp AB	556480-0224	Malmö, Sweden	165,797	100%	-
Midsona Iberia SLU	B59950097	Castellcir, Spain	3,494	100%	86
Book amount					**2,410**

Disclosures on changes in the Group structure

- In January 2022, the companies Anpartsselskabet af 9 September 2010 A/S and System Frugt A/S were merged to form Midsona Danmark A/S.
- In October 2022, the company Paradiset EMV AB was divested for quick liquidation.
- In November 2022, Rootval Oy, Vitality and Oy, Oy Makrobios Ab and System Frugt Oy were merged to form Midsona Finland Oy.
- In October 2023, the company Bertil's Health Oy was merged with Midsona Finland Oy.
- In November 2023, the company Urtekram Sverige AB was divested for quick liquidation.
- In November 2023, the company Vitalas AB was divested for quick liquidation.

SEK million	Parent Company	
	2023	2022
Accumulated cost		
Opening balance	3,517	3,121
Acquisitions of subsidiaries	-	17
Shareholder contributions in subsidiaries	46	379
Closing balance	**3,563**	**3,517**
Accumulated impairment		
Opening balance	-1,036	-586
Impairment for the year of shares in subsidiaries	-117	-450
Closing balance	**-1,153**	**-1,036**
Book amount	**2,410**	**2,481**

Impairment charges for the year on shares in subsidiaries are recognised in the income statement under "Result from participations in subsidiaries".

Note 17 | Receivables from and liabilities to subsidiaries

SEK million	Parent Company	
	2023	2022
Fixed assets		
Interest-bearing receivables	867	1,030
Total	**867**	**1,030**
Current assets		
Interest-bearing receivables[1]	29	40
Other receivables	58	47
Total	**87**	**87**
Total	**954**	**1,117**
Current liabilities		
Interest-bearing liabilities[1]	432	290
Total	**432**	**290**

[1]Interest-bearing receivables and liabilities refer to the consolidated accounts with internal interest.

Note 18 | Other non-current receivables and other receivables

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Other non-current receivables that are fixed assets				
Deposits	4	4	-	-
Other financial assets	1	1	-	-
Total	**5**	**5**	**-**	**-**
Other receivables that are current assets				
Receivables from suppliers	8	16	-	-
Other receivables	8	11	3	3
Total	**16**	**27**	**3**	**3**

Note 19 | Inventories

SEK million	Group	
	2023	2022
Raw materials and consumables	223	282
Products in progress	20	24
Finished goods and goods for resale	286	383
Goods in transit	25	38
Total	**554**	**727**

The consolidated income statement includes impairment of inventories by SEK -51 million (-38) in the line item Expenses for goods sold. 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 20 | Accounts receivable

Customers are primarily chains in the pharmacy, grocery and health food retail trades and other specialist retailers, as well as operators in food service and the food industry. A large part of net sales, 63 percent (66), derive from sales to customers in the Nordic market. The Group's ten largest customers accounted for 44 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.

Accounts receivable, SEK million	Group	
	2023	2022
Accounts receivable, gross	341	401
Expected credit losses	-7	-3
Total	**334**	**398**

Age analysis, accounts receivable, SEK million	Group	
	2023	2022
Accounts receivable not past due	293	343
Past due 1-30 days	26	39
Past due 31-90 days	11	11
Past due > 91 days	4	5
Total	**334**	**398**

The average customer credit period was 38 days (38). The fair value of accounts receivable is consistent with the carrying amount.

The accounts receivable included reserve for expected credit losses of SEK 7 million (3). Bad debt losses have historically been at a very low level over time. For information on customer credit risk, see Note 28 *Financial risk management.*

Note 21 | Prepaid expenses and deferred income

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Prepaid rental expenses	0	0	1	1
Prepaid insurance expenses	1	1	1	1
Prepaid lease expenses	0	0	0	0
Prepaid marketing expenses	2	0	-	-
Prepaid commission expenses	0	0	-	-
Prepaid purchases of goods and services	9	11	5	5
Other prepaid expenses	8	10	1	1
Total	**20**	**22**	**8**	**8**

Note 22 | 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 paid-up capital consists of equity contributed by the owners. The item includes share premium reserves transferred to the statutory reserve at 31 December 2005. Provisions to the share premium reserve from 1 January 2006 onward are also recognised as paid-up capital.

Reserves

The item consists 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.

Parent Company

Restricted shareholders' equity

Share capital

At 31 December 2023, the number of registered shares was 145,428,080, divided into 423,784 Class A shares and 145,004,296 Class B shares. Holders of shares are entitled to dividends as determined by the Annual General Meeting. A shareholding gives entitlement to voting rights at the Annual General Meeting at10 votes for each Class A share and one vote for Class B share. All shares convey equal rights to the Company's net assets and profits. The Articles of Association do not contain any restrictions on the transferability of shares. Upon written request from a holder of Class A shares in the Company, conversion of specified Class A shares to Class B shares will be granted.

Change in number of shares, number	A shares	B shares	Total
Number of shares, 1 Jan 2022	298,320	72,415,720	72,714,040
New share issue	298,320	72,415,720	72,714,040
Number of shares, 31 Dec 2022	**596,640**	**144,831,440**	**145,428,080**
Number of shares at 1 Jan 2023	596,640	144,831,440	145,428,080
Reclassification	-172,856	172,856	-
Number of shares at 31 Dec 2023	**423,784**	**145,004,296**	**145,428,080**
Quotient value per share, SEK			5.00
Share capital on the balance sheet date, SEK			727,140,400
Votes on the balance sheet date, number			149,242,136

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 quotient value of the shares.

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 quotient value of the shares.

Profit brought forward

Profit brought forward consists of profit brought forward from the previous year in the Parent Company. Profit brought forward include amounts from impairment of share capital in 2016 and from a transferred fair value fund in 2016 in accordance with IAS 21. Profit brought forward, together with the share premium reserve and profit for the year constitute total unrestricted equity available for distribution to shareholders.

Reclassification of Class A shares to Class B

In December 2022, at the request of shareholders, a reclassification of 172,856 Class A shares to Class B shares was initiated. The reclassification was registered in January 2023, the number of votes changing to 149,242,136.

Warrant programmes

Two warrant programmes, directed at senior executives, remained outstanding at the end of the period. TO2021/2024, which can provide a maximum of 171,000 new B shares on full conversion, with the exercise period for the warrants being 1 August 2024 to 20 December 2024, and TO2022/2025, which can provide a maximum of 120,000 new B shares on full conversion, with the exercise period for the warrants being 1 August 2025 to 20 December 2025. 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. A decision was made in 2023 not to offer senior executives the opportunity to subscribe for the TO2023/2026 series.

Because the average price for Class B shares was lower than the subscription price for TO2021/2024 and TO2022/2025 on the balance sheet date, diluted earnings per share was not calculated.

Proposed appropriation of Profit/loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 1,797,733,454
Profit brought forward	SEK 113,525,103
Profit/loss for the year	SEK -117,602,045
Total	**SEK 1,793,656,512**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, totalling SEK 1,793,656,512, be appropriated as follows:

Carried forward	SEK 1,793,656,512
Total	**SEK 1,793,656,512**

Note 23 | Liabilities to credit institutions

Interest-bearing liabilities, SEK million	Group		Parent Company	
	2023	2022	2023	2022
Non-current interest-bearing liabilities				
Bank loans	530	675	501	640
Lease liabilities	78	101	-	-
Total	**608**	**776**	**501**	**640**
Current interest-bearing liabilities				
Bank loans	69	65	59	57
Lease liabilities	54	54	-	-
Total	**123**	**119**	**59**	**57**
Total	**731**	**895**	**560**	**697**

The Group's external financing mainly comprises loans from Danske Bank A/S and Svensk Exportkredit AB (publ). The financing agreement extends until September 2025, and subsidiary shares are pledged as security for the facilities, see Note 29 *Pledged assets and contingent liabilities.* There are also two corporate loans at German banks that were taken over in connection with business combinations in 2018 and an investment loan at a Spanish bank for part-financing of a production facility. For more information on the Company's financing, see Note 28 *Financial risk management.*

Liabilities to credit institutions include lease liabilities, and interest expense for the liabilities is recognised as a financial expense. The most significant leases relate to the renting of office, warehouse and factory premises.

Credit terms for interest-bearing liabilities, SEK million	Nominal amount	Utilised amount	Unutilised amount	Maturity
Bank loans				
Revolving credit, SEK	510	244	266	09/2019–09/2025
Acquisition loan, SEK	202	202	0	09/2019–09/2025
Acquisition loan, SEK	21	21	0	10/2020–09/2025
Acquisition loan, DKK	71	71	0	10/2020–09/2025
Acquisition loan, EUR	24	24	0	04/2021–09/2025
Corporate loan, EUR[1]	29	29	0	05/2018–09/2027
Investment loan, EUR[2]	10	10	0	02/2022–06/2028
Total	**867**	**601**	**266**	
Financing cost				
Capitalised transaction costs for bank loans		-2		
Total		**-2**		
Overdrafts				
Overdrafts, SEK	150	0	150	10/2023–09/2024
Total	**150**	**0**	**150**	
Total	**1,017**	**599**	**416**	

Corporate loans taken over in connection with business acquisitions in 2018.
[2] Investment loan to part-finance a production facility

Note 24 | Other non-current and current liabilities

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Other non-current liabilities				
Other liabilities	0	0	0	0
Total	**0**	**0**	**0**	**0**
Other current liabilities				
VAT liabilities	21	14	-	-
Settlement of employee taxes and contributions	18	14	1	1
Other liabilities	6	8	2	2
Total	**45**	**36**	**3**	**3**

Note 25 | 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 2023 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 charges for pension insurance secured through Alecta amounted to SEK -2 million (-3) 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 total SEK 2 million for the Group and SEK 0 million for the Parent Company.

Alecta's surplus may be distributed to the policyholders and/or the beneficiaries. At year-end 2023, Alecta's surplus expressed as the collective funding ratio was 157 percent (172). 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 agree with IAS 19.

At the end of 2023, the Parent Company had one direct pension that was secured by pledged endowment insurance. As this is a non material amount, it is recognised among the costs of 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 for partly by the subsidiaries and partly covered by contributions paid by the employees. Payments to these plans are ongoing, in accordance with the rules applicable to each of the plans.

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Expenses for defined contribution plans[1]	-31	-34	-4	-4

[1] The ITP plan funded in Alecta is included as an expense of SEK -2 million (-3) for the Group and SEK 0 million (0) for the Parent Company. A non-material direct pension solution is recognised here, both in the Group and the Parent Company.

Note 26 | Accrued expenses and deferred income

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Accrued expenses for goods	31	34	-	-
Accrued personnel expenses	52	52	7	7
Accrued marketing and selling expenses	3	3	-	-
Accrued customer bonus expenses	39	31	-	-
Other accrued expenses	47	44	3	7
Total	**172**	**164**	**10**	**14**

Note 27 | Other provisions

SEK million	Group	
	2023	2022
Provisions that are non-current		
Restructuring programme	-	0
Other provisions	7	8
Total	**7**	**8**
Provisions that are current		
Restructuring programme	7	7
Other provisions	1	0
Total	**8**	**7**
Total	**15**	**15**
Restructuring programme		
Carrying amount at beginning of period	7	2
Provisions made during the year	15	13
Amounts utilised during the year	-15	-8
Total	**7**	**7**
Other provisions		
Carrying amount at beginning of period	8	9
Provisions made during the year	1	1
Amounts utilised during the year	-1	-2
Total	**8**	**8**
Total provisions		
Carrying amount at beginning of period	15	11
Provisions made during the year	16	14
Amounts utilised during the year	-16	-10
Total	**15**	**15**

Restructuring programme

Restructuring programme essentially refers to the decision to lower the cost base by up to SEK 60 million on an annual basis through structural changes, as an element in strengthening competitiveness.

Other provisions

Other provisions mainly pertain to guarantee commitments and subsidies for investment projects.

Note 28 | Financial risk management

The Group's operations are exposed to various financial risks, which mainly comprise financing, liquidity, currency, interest and credit risk.

The financial risk work is directed 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 in the Group finance function in the Parent Company 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 directs financial risk exposure and manoeuvres liquidity in line with the set financial policy. The financial risk exposure is reported back continuously to the Board of Directors.

Capital management

The Board's objective is to maintain a sound financial position that contributes to maintaining investor and lender confidence. In addition, a sound financial position should ensure the continued development of the business. The Board of Directors proposes that no dividend be paid to the shareholders for 2023.

One of the Group's financial targets is to pay a dividend of >30 percent of profit for the year over time. In both 2022 and 2023, the ambition was primarily to use cash flows to reduce debt in order to be able to pay dividends to shareholders in the next step and improve financial flexibility for supplementary acquisitions.

The Group's capital management objectives are to ensure its continued existence in order to provide returns to shareholders, benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure is assessed based on the ratio of net debt to adjusted EBITDA. A long-term target for debt ratio in the range of 3.0-4.0 times has been set to define a reasonable risk level in the Group that links borrowing to the capacity for earnings. The ratio between net debt and adjusted EBITDA on a rolling 12-month basis was 2.7 times (4.4) at the end of the year.

Financing risk

Financing risk relates to the risk that future capital procurement and refinancing of loans could be difficult or costly.

The financing mainly comprises loans from Danske Bank A/S and AB Svensk Exportkredit (publ). In October 2022, the financing agreement, originally dated September 2019, was adjusted and extended until September 2025. The credit facility consists of a financing agreement comprising several different loans in the currencies SEK, EUR and DDK. The credit facility relates to four acquisition loans totalling SEK 318 million, a revolving facility of SEK 510 million, of which SEK 244 million had been utilised at the end of the year, and a one-year overdraft facility of SEK 150 million for operating credits. The facilities, except for the overdraft facility, are term loans, which means that the maturity is fixed with final payment due in September 2025. Three financial terms (covenants) are linked to the financing agreement, which must be met during the term of the contract.

To ensure that in all situations the Group has access to the necessary external financing at reasonable cost, the rule is that confirmed credit commitments are to have an average remaining term to maturity of no less than 12 months. At the end of the year, the average remaining maturity on confirmed loan commitments was 18 months (26). For more information on utilised loans, maturity periods and available credit facilities, see Note 23 *Liabilities to credit institutions*. For a description of the Group's lease liabilities, see Note 15 *Leases*, and for a description of the Group's other financial liabilities, see Note 24 *Other non-current and current liabilities.*

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 Group finance function uses liquidity forecasts that the Group's subsidiaries report on a monthly basis for the next 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, surplus liquidity from the subsidiaries, repayment of internal loans and dividends are to be centred on 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 maturities at year-end. Current accounts payable are met by a positive cash flow from accounts receivable. The maturity of the loans is handled through available liquidity, unutilised credit facilities and refinancing

Nominal amounts SEK million	0-6 months		7-12 months	
	2023	2022	2023	2022
Bank loans	53	47	52	46
Lease liabilities	28	25	28	25
Accounts payable	312	358	-	-
Other liabilities	1	1	0	1
Total	**394**	**431**	**80**	**72**

Nominal amounts SEK million	1–5 years		> 5 years	
	2023	2022	2023	2022
Bank loans	553	711	-	-
Lease liabilities	91	98	0	5
Accounts payable	-	-	-	-
Other liabilities	-	-	-	-
Total	**644**	**809**	**0**	**5**

A degree of financial preparedness must be maintained in the form of a liquidity reserve, comprising cash balances and unused credit commitments, which represent at least 7.5 percent of net sales for the Group. The liquidity reserve was in the range of 9.8-19.0 percent of net sales (9.8-18.2) during the year, with 17.2 percent (18.2) at the end of the year. The liquidity reserve must, at all times, also exceed the sum of the Group's loan maturities for the next six months.

Liquidity reserve, SEK million	2023	2022
Unutilised credit facilities	416	587
Cash and cash equivalents	235	121
Total	**651**	**708**

Currency risk

Currency risk means the risk of changes in exchange rates affecting the Group's income statement, balance sheet and/or cash flows negatively. Currency 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 are effected in currencies other than the functional currency of each Group company. The Group's sales of goods mainly take place 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 Group finance function assesses future currency exposure based on cash flow forecasts that are reported. The assessed transaction exposure for 2023 for the currencies with the largest net exposure appears in the table below, where significant currency risk lies in the net flows for USD/EUR, USD/DKK and EUR/SEK.

Amounts are in millions in each currency[3]	The Group in 2023[1]		
	Net flow	Currency hedging	Net flow after currency hedging
USD/EUR	-7	-	-7
USD/DKK	-18	2	-16
EUR/SEK	-45	-	-45
DKK/SEK	-60	-	-60
EUR/NOK	-9	-	-9
SEK/NOK	-76	-	-76
	Group 2022[2]		
USD/EUR	-14	-	-14
USD/DKK	-24	3	-21
EUR/SEK	-43	-	-43
DKK/SEK	-42	-	-42
EUR/NOK	-9	-	-9
SEK/NOK	-85	-	-85

[1] Transaction exposure is based on estimated net flows for the next 12 months, i.e. for 2024.
[2] Transaction exposure is based on estimated net flows for the next 12 months, i.e. for 2023.
[3] A negative net flow means that the outflow in each currency exceeds the inflow, and a positive net flow means that inflows in the currency concerned exceed outflows.

With other variables unchanged, an isolated exchange rate change of +/-10 percent for each exposure would affect earnings before tax by the amount below.

Sensitivity analysis, SEK million	Group	
	2023	2022
USD/EUR	+/-7	+/-15
USD/DKK	+/-16	+/-23
EUR/SEK	+/-50	+/-47
DKK/SEK	+/-9	+/-6
EUR/NOK	+/-10	+/-10
SEK/NOK	+/-8	+/-9

The Group Management has been mandated to hedge goods purchases in USD for, above all, contracts with predefined payment plans as a result of the increased currency exposure in USD/DKK and USD/EUR. Currency risks are otherwise to be managed in supplier and customer agreements through currency clauses. In order to reduce the impact on earnings from changes in exchange rates, Midsona continuously uses price adjustments to customers and suppliers based on the changes in exchange rates.

Translation exposure – income statement

Changes in exchange rates affect the Group's net sales when translating the foreign subsidiaries' income statements to SEK. In 2023, approximately 40 percent (29) of the Group's EBITDA was in currencies other than SEK. When recalculating the 2023 net sales, EBITDA and profit after tax to 2022 exchange rates, the currency effect is as follows.

SEK million	Net sales	EBITDA	Profit/loss after tax
DKK	-51	-2	2
EUR	-124	-1	7
NOK	19	1	0
Total	**-156**	**-2**	**9**

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 equity. The table below shows the net investments per currency and the impact that a change in exchange rate of +/−5 percent would have.

SEK million	Net assets	Currency impact
DKK	594	+/-30
EUR	179	+/-9
NOK	205	+/-10

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 managed by matching assets and liabilities in the same currency, this being administered 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.

Amounts are in millions in each currency	Group	
	2023	2022
USD/EUR	-1	-1
USD/DKK	-1	-2
EUR/SEK	-4	-4
DKK/SEK	-5	-4
EUR/NOK	-1	-1
SEK/NOK	-6	-7

With other variables unchanged, an isolated exchange rate change of +/-10 percent for each exposure would affect earnings before tax by the amount below.

Sensitivity analysis, SEK million	Group	
	2023	2022
USD/EUR	+/-1	+/-1
USD/DKK	+/-1	+/-2
EUR/SEK	+/-4	+/-4
DKK/SEK	+/-1	+/-1
EUR/NOK	+/-1	+/-1
SEK/NOK	+/-1	+/-1

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 bank loans are held by the Parent Company. These carry a variable interest rate comprising IBOR plus a margin and have a zero interest rate floor. Interest rates on other bank loans are fixed over the term of the loan.

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 liability by currency	2023	2022
SEK	223	267
EUR	268	353
DKK	71	82
Fixed interest rate	39	43
Total	**601**	**745**

Interest-rate change of 1 percentage point	2023	2022
SEK	2	3
EUR	3	4
DKK	1	1
Total	**6**	**8**

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 to strike a balance between a reasonable ongoing expense for its borrowings and the risk of a significant negative impact on earnings from a major change in interest rates. At present, the guidance is not to hedge interest-rate risks in the Group. The average interest on the Group's bank loans and overdrafts was 5.7 percent (3.2) for 2023.

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 those 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 have an insignificant impact on earnings for the Group.

Credit risk

There is a risk of those counterparties with whom the Group has cash and cash equivalents or financial investments not being able to fulfil their obligations, what is known as a financial credit risk. There is also a risk of customers not being able to meet their payment commitments, known as a customer credit risk.

Financial credit risk

Rules for how surplus liquidity is to be managed is established in a policy. The Group is a net borrower, and surplus liquidity is to be used to reduce loans from credit institutions. The subsidiaries are to 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 accounts was SEK 235 million (121) 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 continuously by each Group company via credit checks and internal credit limits per 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 expected remaining maturity of accounts receivable. The Group's credit exposure is presented in the following table

Number of days in interval	Default probability, %	Expectation adjustments, %	Future default probability, %	Recognised accounts receivable gross, SEK million	Expected credit losses, SEK million	Recognised accounts receivable net, SEK million
Not past due	0.40	0.00	0.40	294	-1	**293**
1-30	1.25	0.50	1.75	27	-1	**26**
31-60	2.75	2.25	5.00	9	0	**9**
61-90	5.50	3.00	8.50	2	0	**2**
>91	35.00	20.00	55.00	9	-5	**4**
Total				**341**	**-7**	**334**

Note 29 | Pledged assets and contingent liabilities

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Pledged assets				
Blocked bank funds	1	2	-	-
Shares in subsidiaries	-	-	1,924	1,924
Net assets in subsidiaries	2,401	2,286	-	-
Others	230	265	-	-
Total	**2,632**	**2,553**	**1,924**	**1,924**
Contingent liabilities				
Guarantees, external	6	8	1	2
General guarantee for subsidiaries	-	-	0	0
Parent Company guarantees	-	-	1	1
Total	**6**	**8**	**2**	**3**

Shares in subsidiaries have been pledged as collateral for overdrafts and bank loans. Net assets in subsidiaries pertain to shares in subsidiaries that are stated at amounts equivalent to the consolidated net assets.

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Note 30 | Fair value measurement and categorisation of financial assets and liabilities

Fair value

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

Fair value and carrying amount in the balance sheet, SEK million	Group 2023			
	Measured at amortised cost	Measured at fair value through Profit/loss [1]	Total carrying amount	Fair value
Non-current receivables	5	-	**5**	5
Accounts receivable	334	-	**334**	334
Other receivables	16	-	**16**	16
Cash and cash equivalents	235	-	**235**	235
Total	**590**	**-**	**590**	**590**
Non-current interest-bearing liabilities	608	-	**608**	608
Other non-current liabilities	0	-	**0**	0
Current interest-bearing liabilities	123	-	**123**	123
Accounts payable	312	-	**312**	312
Other current liabilities	44	1	**45**	45
Total	**1,087**	**1**	**1,088**	**1,088**

[1] Other current liabilities measured at fair value through Profit/loss consist of derivative instruments of SEK 1 million.

Fair value and carrying amount in the balance sheet, SEK million	Group 2022			
	Measured at amortised cost	Measured at fair value through Profit/loss [1]	Total carrying amount	Fair value
Non-current receivables	5	-	**5**	5
Accounts receivable	398	-	**398**	398
Other receivables	27	-	**27**	27
Cash and cash equivalents	121	-	**121**	121
Total	**551**	**-**	**551**	**551**
Non-current interest-bearing liabilities	776	-	**776**	776
Other non-current liabilities	0	-	**0**	0
Current interest-bearing liabilities	119	-	**119**	119
Accounts payable	358	-	**358**	358
Other current liabilities	34	2	**36**	36
Total	**1,287**	**2**	**1,289**	**1,289**

[1] Other current liabilities measured at fair value through Profit/loss consist of derivative instruments of SEK 2 million.

Fair value and carrying amount in the balance sheet, SEK million	Parent Company 2023			
	Measured at amortised cost	Measured at fair value through Profit/loss [1]	Total carrying amount	Fair value
Other receivables	3	-	**3**	3
Total	**3**	**-**	**3**	**3**
Liabilities to credit institutions	560	-	**560**	560
Other non-current liabilities	0	-	**0**	0
Accounts payable	5	-	**5**	5
Other current liabilities	2	1	**3**	3
Total	**567**	**1**	**568**	**568**

[1] Other current liabilities measured at fair value through Profit/loss consist of derivative instruments of SEK 1 million.

Fair value and carrying amount in the balance sheet, SEK million	Parent Company 2022			
	Measured at amortised cost	Measured at fair value through Profit/loss [1]	Total carrying amount	Fair value
Other receivables	3	-	**3**	3
Total	**3**	**-**	**3**	**3**
Liabilities to credit institutions	697	-	**697**	697
Other non-current liabilities	0	-	**0**	0
Accounts payable	8	-	**8**	8
Other current liabilities	1	2	**3**	3
Total	**706**	**2**	**708**	**708**

[1] Other current liabilities measured at fair value through Profit/loss consist of derivative instruments of SEK 2 million.

Certain disclosures regarding financial instruments assessed at fair value through Profit/loss for the year

There were financial instruments in the form of forward exchange contracts recognised at fair value through the income statement. That measurement was at level 2, according to IFRS 13 *Fair Value Measurement*. Fair values were based on quotes from brokers. Similar contracts were traded on an active market, and the rates reflected actual transactions on comparable instruments.

Offset agreements and similar agreements

For derivative counterparties, there are ISDA agreements, meaning that derivative items can be recognised net under certain conditions. There were recognised financial liabilities that were attributable to derivative instruments of SEK 1 million (2) in the consolidated balance sheet at the end of the year, which were covered by a legally binding framework agreement on netting or a similar agreement. There were no net recognised derivative instruments in the consolidated balance sheet.

Calculation of fair value

Fair value of interest bearing liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date. Non-current interest-bearing liabilities essentially mature at variable interest rates and therefore correspond essentially to fair value with a carrying amount. For current interest-bearing liabilities, no discount is applied, and fair value essentially corresponds to carrying amount. For a maturity analysis, see Note 28 *Financial risk management.*

Note 31 | Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries; see Note 16 *Participations in subsidiaries.*

Related party transactions

For the Parent Company, SEK 61 million (63), equivalent to 100 percent (100) of sales for the year, and SEK 2 million (2), corresponding to 6 percent (5) of purchases for the year pertained to subsidiaries within the Group. The sale related mainly to the invoicing of internally performed services, while purchases from subsidiaries mainly related to consulting services and cost reimbursements. All pricing takes place on market terms.

The Parent Company has receivables from, and liabilities to, subsidiaries, see Note 17 *Receivables from, and liabilities, to subsidiaries.*

Related-party persons or companies

Salaries and remuneration of the Board and other senior executives are detailed in Note 8 *Employees, personnel expenses and senior executives' remuneration.*

In addition to the transactions mentioned above, there were no significant related-party transactions during the year with related companies or with the Board of Directors and senior executives.

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Note 32 | Significant estimates and judgements

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 principles are discussed below. Recognised estimates and judgements are regarded as reasonable under prevailing circumstances.

Measurement of goodwill

The carrying value of goodwill is contingent upon the future profitability of the cash-generating unit to which the goodwill was allocated. In the annual process for impairment testing, several new assumptions about future conditions and parameter estimates were made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of goodwill and brands with indefinite useful lives.

For the cash-generating unit Nordics, the assessment of the Company Management's remained that no reasonable changes to the key assumptions would lead to the calculated recovery value being lower than the recognised value. For the cash-generating units North Europe and South Europe, management's sensitivity analysis indicated that certain possible shifts in the key assumptions could lead to the calculated recovery value being slightly lower than the carrying amount. A sensitivity analysis is presented in Note 13 *Intangible assets*. Going forward, management will be carefully monitoring the development of these cash-generating units in the event that new estimates and assessments have to be made in the assumptions due to altered conditions.

The carrying amount of goodwill was SEK 1,571 million (1,606) at the end of the year. For more information on goodwill, see Note 13 *Intangible assets*.

Measurement of trademarks

The carrying amount of trademarks is contingent upon the future profitability of the products the trademarks relate to. If it has not been possible to test impairment for an individual trademark, the recoverable amount has been calculated on the cash-generating unit to which the trademark was allocated. In the annual process for impairment testing, several new assumptions about future conditions and parameter estimates were made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of trademarks.

Management's assessment is that no reasonable changes in the significant assumptions might lead to the carrying amounts of trademarks being subject to a need for impairment.

The carrying amount for the trademarks was SEK 1,259 million (1,290) at year-end, of which SEK 1,100 million (1,103) with an indefinite useful life. For more information on trademarks, see Note 13 *Intangible assets*.

Measurement 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 judgements, particularly in the measurement 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 measured differently in the accounts than in income tax returns. Management must also assess the likelihood of deferred tax assets being realised through future taxable income.

Estimates and assessments were made as to whether tax loss carry-forwards generated in some geographical markets over the year could be capitalised as deferred tax assets to be realised in the future through taxable income. Taking short-term earnings capacity forecasts and the levels of capitalised tax loss carry-forwards from previous years into account, management's judgement was essentially to wait before capitalising any new tax loss carry-forwards.

Total tax-loss carry-forwards in the Group were SEK 553 million (503), of which SEK 412 million (479) was capitalised in the consolidated balance sheet. Company management believes that, given the Group's current and future structure, the opportunities to utilise capitalised tax loss carry-forwards is substantiated.

The carrying amount of deferred tax assets was SEK 98 million (116), while the carrying amount of deferred tax liabilities was SEK 331 million (347). For more information on taxes, see Note 11 *Taxes*.

Note 33 | Supplementary disclosures to cash flow statements

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Interest paid				
Interest received	9	2	86	54
Interest paid	-61	-55	-66	-50
Adjustment for items not included in cash flow				
Dividend	-	-	-	-1
Depreciation	157	161	12	12
Impairment	55	519	117	450
Unrealised exchange rate differences	-3	-2	12	-5
Capital gain on sale of fixed assets	-11	-1	-	-
Pension provisions	0	0	0	0
Other provisions and non-cash items	6	6	0	0
Total	**204**	**683**	**141**	**456**
Acquisitions of companies or operations				
Financial assets	-	-	-	18
Net assets and liabilities	**-**	**-**	**-**	**18**
Consideration paid	**-**	**-**	**-**	**-18**
Effect on cash and cash equivalents of acquisitions	**-**	**-**	**-**	**-18**
Divestments of companies or operations				
Consideration received	1	0	1	-
Less: Cash and cash equivalents in divestment	-1	0	-	-
Effect on cash and cash equivalents of divestments	**0**	**0**	**1**	**-**

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 recognised in 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.

Listing of liabilities attributable to financial cash flows, SEK million 2023		**Changes affecting cash flow**	**Changes not affecting cash flow**			**Group**
	At beginning of year	**Financial cash flows**	**New leases**	**Extended/Terminated leases**	**Change in exchange rates**	**At end of year**
Non-current liabilities to credit institutions	675	-150	-	-	5	**530**
Lease liabilities	101	-56	18	16	-1	**78**
Non-current interest-bearing liabilities	**776**	**-206**	**18**	**16**	**4**	**608**
Current liabilities to credit institutions	65	4	-	-	0	**69**
Lease liabilities	54	0	0	0	0	**54**
Current interest-bearing liabilities	**119**	**4**	**0**	**0**	**0**	**123**
Total	**895**	**-202**	**18**	**16**	**4**	**731**

Listing of liabilities attributable to financial cash flows, SEK million 2022		**Changes affecting cash flow**	**Changes not affecting cash flow**			**Group**
	At beginning of year	**Financial cash flows**	**New leases**	**Extended/Terminated leases**	**Change in exchange rates**	**At end of year**
Non-current liabilities to credit institutions	1,200	-581	-	-	56	**675**
Lease liabilities	114	-53	10	19	11	**101**
Non-current interest-bearing liabilities	**1,314**	**-634**	**10**	**19**	**67**	**776**
Current liabilities to credit institutions	119	-60	-	-	6	**65**
Lease liabilities	56	-5	0	0	3	**54**
Current interest-bearing liabilities	**175**	**-65**	**0**	**0**	**9**	**119**
Total	**1,489**	**-699**	**10**	**19**	**76**	**895**

Listing of liabilities attributable to financial cash flows, SEK million 2023		**Changes affecting cash flow**	**Changes not affecting cash flow**	**Parent Company**
	At beginning of year	**Financial cash flows**	**Change in exchange rates**	**At end of year**
Non-current liabilities to credit institutions	640	-143	4	**501**
Non-current interest-bearing liabilities	**640**	**-143**	**4**	**501**
Current liabilities to credit institutions	57	2	0	**59**
Current liabilities to subsidiaries	290	135	7	**432**
Current interest-bearing liabilities	**347**	**137**	**7**	**491**
Total	**987**	**-6**	**11**	**992**

Listing of liabilities attributable to financial cash flows, SEK million 2022		**Changes affecting cash flow**	**Changes not affecting cash flow**	**Parent Company**
	At beginning of year	**Financial cash flows**	**Change in exchange rates**	**At end of year**
Non-current liabilities to credit institutions	1,166	-580	54	**640**
Non-current interest-bearing liabilities	**1,166**	**-580**	**54**	**640**
Current liabilities to credit institutions	107	-55	5	**57**
Current liabilities to subsidiaries	212	74	4	**290**
Current interest-bearing liabilities	**319**	**19**	**9**	**347**
Total	**1,485**	**-561**	**63**	**987**

Note 34 | Events after the balance sheet date

Proposed changes to the Board of Directors

The Nomination Committee of Midsona AB resolved to propose Tomas Bergendahl as a new member of the Board at the Annual General Meeting on 7 May 2024, as Board member Henrik Stenqvist stated that he was not available for re-election.

Prestigious awards

Midsona was recognised for its climate strategy and leadership by the global environmental initiative CDP. Midsona achieved the highest grade A for 2023 and is ranked as one of the 400 best listed companies in the world, out of a total of around 21,000 companies taking part. Midsona was also named as the stock exchange's most sustainable company in the groceries category and came second overall n the annual the Sustainable Company rankings for 2023. Lund University, the Swedish business newspaper Dagens Industri and the e-magazine Aktuell Hållbarhet joined forces to review the sustainability efforts of Swedish listed companies, focusing on risk and governance.

New financial targets and strategy

The Board of Directors of Midsona AB (publ) resolved in March 2024 to establish new long-term targets for the Group. The three long-term targets are as follows and apply until 2027;

- Average organic growth 3-5 percent per year (previous net sales growth >15.0 percent through organic growth and acquisitions),
- EBIT margin (before items affecting comparability) >8 percent (previous EBITDA margin >12.0 percent),
- Net debt/adjusted EBITDA <2.5 times (previous Net debt/adjusted EBITDA 3.0-4.0 times).

A new strategy was adopted in early 2024 following a review of the Group's strategic direction. It consists of three prongs and aims to strengthen profitability and lay the foundation for the future:

- strengthen position, drive growth and develop the offering in the organic category through cross-market work on production, sourcing, innovation and communication, to exploit synergies between brands to make it easier for consumers to navigate the offering;
- continue growth with strong brands in the health food category in both existing and new markets by focusing on profitable organic growth in selected markets supported by three strong own brands – Friggs, Earth Control and Gainomax;
- streamline the value chain and harmonise the product range to develop an offering that meets market needs while striving for high efficiency from purchasing and brand development to production and logistics.

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Board of Directors' statement of assurance

The Board of Directors and the CEO certify that the consolidated financial statements and annual accounts have been prepared in accordance with the international accounting standards referred to in 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 Administration Report for the Group and Parent Company gives a true and fair view of the Group and Parent Company's operations, financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, 9 April 2024

Patrik Andersson
Chairman of the Board

Anna-Karin Falk
Board Member

Sandra Kottenauer
Board Member

Jari Latvanen
Board Member

Henrik Stenqvist
Board Member

Anders Svensson
Board Member

Johan Wester
Board Member

Peter Åsberg
CEO and President

The annual accounts and consolidated financial statements,as stated above, were approved for issue by the Board of Directors on 9 April 2024. 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 7 May 2024.

Our audit report was submitted on 9 April 2024
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 financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Midsona AB (publ) for the financial year 1 January 2023 to 31 December 2023. The annual accounts and consolidated financial statements of the Company are included on pages 140-175 of 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 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements 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 2023 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 financial statements.

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 financial statements are consistent with the contents of the additional report that has been submitted to the Parent Company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014EU).

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 Article 5(1) of the Audit Regulation (537/2014) 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

A key audit matter of the audit is a matter that, in our professional judgment, was of most significance in our audit of the annual accounts and consolidated financial statements of the period concerned. This matter was addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on this matter.

Measurement of goodwill and brands with indefinite useful lives

Description of risk

In its balance sheet as per December 31 2023, Midsona recognises goodwill of SEK 1,571 million (1,606) and trademarks with indefinite useful lives for SEK 1,100 million (1,103). These pertain to surplus values arising in connection with acquisitions.

The value of the recognised assets is dependent on the future returns and profitability of the cash generated unit that the assets relate to and is tested at least annually. Management bases its impairment test on a number of assumptions and judgements such as net sales growth, product development and cost of capital (WACC), as well as other factors that are complex.

Inaccurate estimates and assumptions may have a significant impact on the Group's earnings and financial position.

For further information, refer to the Group's accounting principles in Note 1, Note 32 on significant estimates and judgements and Note 13 on intangible assets in the annual accounts.

Our audit procedures

Our audit included, but was not limited to, the following audit procedures:

- We have reviewed and assessed Midsonas' procedures for impairment testing of the relevant cash generating units to ensure that the recognised values of the assets are justifiable 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 financial statements

This document also contains other information than the annual accounts and consolidated financial statements and can be found on pages 1-139 and 184-198. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information, and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. 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 financial statements and for them giving a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, 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 not, however, 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 must, 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 financial statements 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 financial statements.

A further description of our responsibilities for the audit of the annual accounts and consolidated financial statements can be found on the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Report on other statutory and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the Managing Director of Midsona AB (publ) for the financial year 1 January 2023 to 31 December 2023 and the proposed appropriation of the company's Profit/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/loss. In the event of 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 Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the Company's and Group's financial situation and ensuring that the Company's organisation 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 should manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other matters, take measures that are necessary to fulfil the company's accounting in accordance with law and attend to 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 as to 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/loss, and thereby our opinion concerning this, is to assess with a 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/loss are not in accordance with the Companies Act.

A more detailed description of our responsibilities for the audit of the management's administration can be found on the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

The auditor's opinion on the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also conducted an examination 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 1 January 2023 to 31 December 2023.

Our examination and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report 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 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 Chapter 16, Section 4a (2007:528) of the Swedish Securities Market Act (2007:528), and for such internal control as 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 4a of the Securities Market Act (2007:528), based on our review.

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 is not a guarantee,that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always identify 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 International Standard on Quality Management 1, which requires the Company to design, implement and maintain a system of quality control, including guidelines or procedures concerning compliance with professional ethical requirements, professional standards and applicable 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 financial statements. The auditor selects the procedures to be performed, including assessing the risks of material misstatement of the financial statements, 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 validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated final statements.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF Regulation.

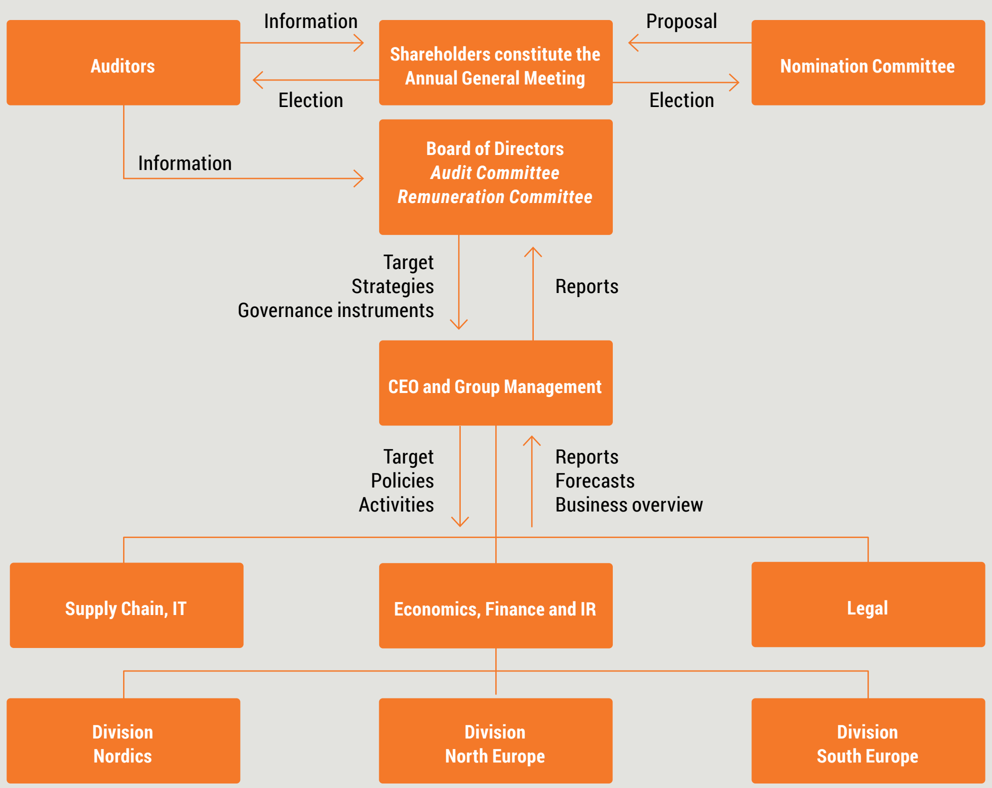
Deloitte AB was appointed Midsona AB (publ)'s auditor by the general meeting of shareholders on 4 May 2023 and has been the company's auditor since 29 April 2014.

Malmö, 9 April 2024
Deloitte AB

Jeanette Roosberg
Authorised Public Accountant

Corporate Governance Report

Midsona AB (publ) (referred to below as "Midsona") is a Swedish public limited liability company listed on Nasdaq Stockholm. Midsona applies the Swedish Code of Corporate Governance and here presents its Corporate Governance Report for 2023. The Group has two outstanding warrant programmes, TO2021/2024 and TO2022/2025, in accordance with which options have been transferred to eligible parties, particularly aimed at senior executives. The report has been prepared by the Company's Board of Directors and the Company's has issued an opinion.



Governance instruments

The external governance instruments forming the framework of Midsona's corporate governance include:

- Legislation
- International Financial 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
- The company's Code of Conduct
- The company's Supplier Code of Conduct
- Rules of procedure 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 to download at *www.midsona.com.*

Annual General Meeting

Midsona's Annual General Meeting is the 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 and work of the Nomination Committee, 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. Resolutions adopted at the Annual General Meeting are published after the meeting in a press release. The minutes of the meeting are published at *www.midsona.com.*

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Shareholders

For further information on the share and shareholders,see pages 27-29 and *www.midsona.com.*

Annual General Meeting 2023

The 2023 Annual General Meeting was held on 4 May 2023. The meeting was attended by shareholders representing 58.8 percent of the total number of votes in the company. Among other matters, the Annual General Meeting approved the Board's proposal 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. It is to be possible for a share issue to take place against cash payment, payment in kind, offset or subject to terms. The number of shares that can be issued pursuant to this authorisation is to be limited to 10 percent of the number of shares of each class of shares outstanding at the time of calling the Annual General Meeting. The minutes of the 2023 Annual General Meeting are available at *www.midsona.com.*

Annual General Meeting 2024

The 2024 Annual General Meeting will take place on 7 May 2024 in Malmö, as announced in a press release on 30 October 2023. Information on registration for attendance of the General Meeting, as well as full information on the Annual General Meeting, will be published in connection with the publication of the Notice convening the Meeting and will also be 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 are to 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 2024 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, are to be appointed by the three largest shareholders in the Company by the last banking day in August 2023. 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 order of size will be given the opportunity to appoint a member.

Name/Representing, %	Percentage of votes at 31 August 2023
Henrik Munthe/Stena Adactum AB	46.9
Bengt Belfrage/Nordea Fonder	3.0
Rune Bro Róin/Roin Holding ApS	2.2
Patrik Andersson, Chairman of the Board of Midsona	-
Total	52.1

In preparation for the 2024 Annual General Meeting, the Nomination Committee held four minuted meetings prior to the publication of the notice of the Annual General Meeting, and members have also maintained regular contact. The Nomination Committee has interviewed some Board Members and received a presentation of Midsona's' operations by the Group 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 Board of Directors fulfils the requirements to be met by 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, skills, experience and diversity, and 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 and a recommendation on the election of the auditor for the 2024 audit engagement following the company's tendering process in accordance with Article 17 of the EU Audit Regulation. 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 composition of the Committee was published in a press release 30 October 2023 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 Committee is provided at www.midsona.com.

The Nomination Committee's proposal, and reasoned opinion, is published in connection with the notice of the 2024 Annual General Meeting at the latest.

Members do not receive any fees or remuneration for their work on the Committee.

Proposal to the 2024 Annual General Meeting

The Nomination Committee proposes that the 2024 Annual General Meeting resolves

- to elect Patrik Andersson to chair the meeting,
- to elect seven ordinary Board Members and no deputies,
- to choose a registered auditing company as auditor and no deputies,
- that Board fees be paid in the amounts of SEK 600,000 to the Chairman of the Board (previously SEK 600,000), SEK 260,000 to each other Board member (previously SEK 260,000) as well as SEK 90,000 to the chair of the Audit Committee (previously SEK 75,000), SEK 50,000 to each other Board member included in the Audit Committee (previously SEK 40,000), SEK 45,000 to the chair of the Remuneration Committee (previously SEK 45,000) and SEK 25,000 to each other Board member included in the Remuneration Committee (previously SEK 25,000),
- that auditors' fees be paid in accordance with approved invoice,
- that Board members Patrik Andersson, Anna-Karin Falk, Sandra Kottenauer, Jari Latvanen, Anders Svensson and Johan Wester be re-elected,
- that Tomas Bergendahl be newly elected as a Board Member
- that Patrik Andersson be re-elected as Chairman of the Board,
- that Deloitte AB be re-elected as auditor (Deloitte has stated that Authorised Public Accountant Jeanette Roosberg would be appointed as the auditor in charge if the Meeting resolves in accordance with the proposal), and
- to adopt new instructions for the Nomination Committee in accordance with what is stated in the notice calling the Annual General Meeting.

The Nomination Committee's full proposals are included in the notice calling 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

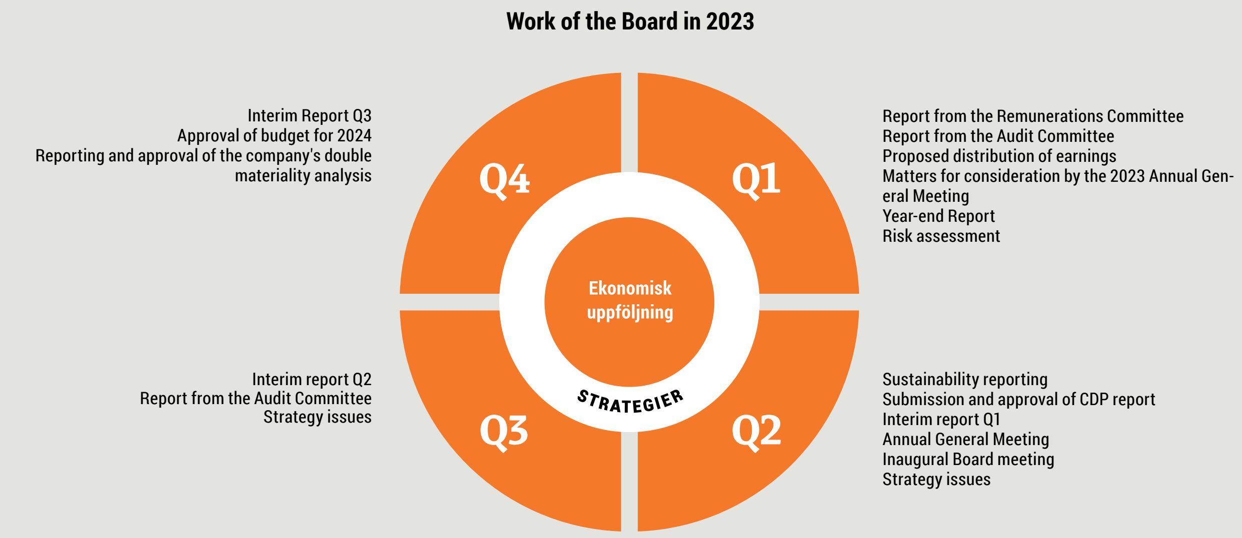
Work and responsibilities of the Board of Directors

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 is to 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 the notice, agenda and minutes, as well as how the Board is to receive comprehensive information for its work. The Board has also decided on the introduction of general policies for the operations and other key governance documents regulating 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 discussed, 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 is to consist of at least three members and not more than nine and that no deputies are to 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 concerning how long a member may serve on the Board.



Composition of the Board in 2023

At the 2023 Annual General Meeting. the following seven members of the Board of Directors were elected: Patrik Andersson (Chairman), Anna-Karin Falk, Sandra Kottenauer, Jari Latvanen, Henrik Stenqvist, Anders Svensson och Johan Wester. Board composition complies with the Swedish Code of Corporate Governance with regard to its independence in relation to both the company and its management and major shareholders. The gender distribution is two women and five men, which corresponds to a percentage of women of just over 29 percent. For information regarding the Board members' independence, other appointments and shareholdings in the Company, see pages 186-187 or Midsona's website *www.midsona.com*.

The CEO, the CFO and the General Counsel, who is also the Board's secretary, attend Board meetings. When necessary, other officers attend Board meetings to report on particular matters.

Work of the Board in 2023

In 2023, the Board held nine meetings, including one by correspondence and one inaugural meeting (immediately after the AGM). For information on members' attendance, see pages 186-187.

The Board regularly reviews the strategic issues affecting the Group's operations and general direction. The Board meeting in February addressed matters in preparation for the Annual General Meeting. The Annual Report was adopted at meeting by correspondence later in April. At the inaugural Board meeting in June, rules of procedure were adopted for the Board of Directors, the Audit Committee and the Remuneration Committee.

Strategy meetings were held in May and September. The strategy work has subsequently continued in the divisions. Other commercially important issues during the year have been the management of price adjustments and follow-up of performance.

The Company's auditors attended the first Board meeting of the year to report on the re view of the annual accounts for the financial year 2022. The Board has considered the report from the auditors and reviewed the internal control and compliance, as well as performing the annual Board assessment. The Board of Directors has also met with the auditor without any member of Management present. The Board's Committees have also submitted reports from their meetings at the Board meetings. The work of the Board of Directors over the year is shown in the illustration above.

Board meetings follow a pre-approved agenda, to which specific issues are 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 unresolved matters. The CEO then provides an account of the Group's sales, earnings and business situation, including important external factors. The CFO normally then describes 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 ongoing 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 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 chairs 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

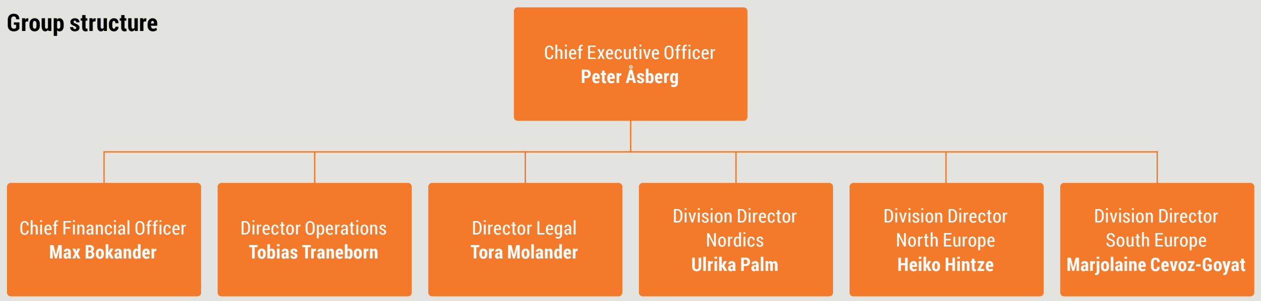
The Audit Committee's main task is to oversee the financial reporting and ensure that the adopted policies for financial reporting, internal controls, internal audit and risk assessment are adhered to and applied. Its task is to support the Nomination Committee with proposals for the election of auditor and audit fees.

In 2023, the Audit Committee consisted of Henrik Stenqvist (chair), Jari Latvanen and Anders Svensson. The Committee met five times in 2023. For information on members' attendance, see pages 186-187. The Chief Executive Officer and the Chief Financial Officer attended the Committee's meetings. The auditor-in-charge attended three committee meetings.

Remuneration Committee

The Remuneration 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 of the CEO and other senior executives, and with monitoring and evaluating the objectives and principles for variable remuneration.

In 2023, the Remuneration Committee consisted of Patrik Andersson (chair) and Johan Wester. The Committee met twice in 2023. For information on members' attendance, see pages 186-187.



CEO and Group Management

The CEO of the Company, who is also the Group Chief Executive, is appointed by the Board of Directors. Peter Åsberg is the CEO and is responsible for ongoing 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 directs the work of Group Management and makes decisions in consultation with other members of Group Management. In addition to the CEO, Group Management consists of the Chief Financial Officer, the Division Director Nordics, the Division Director North Europe, Division Director South Europe, Director Operations and Director Legal.

In 2023, the Group Management met eight times. Meetings focus primarily on the Group's strategic and operational development and review of performance. Operations are organised into three divisions.

For further information about Group Management, please see page 188-189 and *www.midsona.com*.

Instructions for the CEO

The Board adopts written instructions for the work of the CEO 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 information to, the Board.

Evaluation of the CEO

The Board continuously evaluates the CEO's work and expertise. The evaluation is made at least once a year without his attendance.

Guidelines for remuneration of senior executives

The Board of Directors proposes that the Annual General Meeting 2024 decide on guidelines for remuneration of senior executives that mainly correspond to the guidelines adopted by the Annual General Meeting in 2020. For information on current guidelines for remuneration of senior executives and the main changes in the Board's proposal for the 2024 Annual General Meeting, see pages 158-159.

Rules on share trading

Board members, the CEO and other members of Group Management are registered as individuals in senior positions who may trade in Midsona shares in accordance with applicable legislation and regulations. Beyond these, there are no specific internal rules.

Insider information

Midsona is covered by the provisions of the EU Market Abuse Regulation No 596/2014 (MAR), which sets requirements regarding how insider information is managed and the manner in which Midsona is obliged to maintain what is known as a logbook.

Midsona uses the digital tool InsiderLog to ensure the management 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 auditor in charge, was elected by the 2023 Annual General Meeting for a period of one year. For information on fees and reimbursement of expenses to audit firms, see Note 7 *Fees and reimbursement of expenses to auditors*, page 157.

The audit engagement

The audit engagement involves auditing of the annual accounts 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/loss,and an opinion is expressed regarding the ESEF report. Statements are also issued regarding the Corporate Governance Report and the Sustainability Report. As part of the audit engagement, a statutory review is conducted of the interim report for the period 1 January-30 September and for the period 1 January–31 December.

The auditor in charge attends Audit Committee meetings and reports regularly to the Chair of the Audit Committee as necessary. The Board meets the auditor in charge in connection with the Board's discussion of the year-end report. The auditor in charge attends the Annual General Meeting to describe the audit and present the Audit Report.

Additional information

www.midsona.com contains 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 practice 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 misstatements in financial reporting.

Internal control

The most important objectives of the internal control are that it is effective and efficient, provides reliable reports and complies with laws and regulations.

The Board of Directors of Midsona has assessed that the current internal control process is fully sufficient from a corporate governance perspective and that there is no need for an internal audit function.

The internal control process is based on an internal control 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 levels in the organisation and that control documents in the form of policies, procedures, instructions and manuals are in place and complied with.

The Board of Directors has overall responsibility for financial reporting, with the Audit Committee assisting the Board, for example by monitoring the effectiveness of internal controls, internal audit and financial risk management. Consequently, an important part of the Board's work is to develop and approve a number of basic policies, procedures, guidelines and frameworks. These include the Board's rules of procedure, the instructions to the CEO, rules 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 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 operations. In addition to this there are procedures and instructions that provide guidance in the day-to-day work of the organisation.

The Board of Directors has delegated responsibility for maintaining an effective control environment and ongoing work on internal control to the CEO.

The Group's finance function reports to the Audit Committee and to the CEO. This function works to ensure internal control regarding the financial reporting in the Group.

Risk assessment

The Group's risks are analysed on an ongoing basis. 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 regarding these risks. Furthermore, risks are addressed in specific forums, for example issues related to acquisitions. For information about items that are the object of significant estimates and judgements, see Note 32 *Significant estimates and assumptions*, page 172 and the section Risks and risk management, pages 128-139.

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 misstatements and discrepancies in reporting. Control activities include, for example, decision-making processes and procedures for making 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 by e-mail, at internal meetings and on 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 reviews with each of the division managers regarding the business situation, performance, financial position and forecasts. In addition, the Group finance function maintains close cooperation with finance managers and controllers at division and company level with regard to reporting and closing the accounts. Follow-up and feedback on any problems arising in the internal controls are a key element in the internal control processes.

The Group's finance function follows a plan approved by the Audit Committee on an annual basis. The plan is based on prioritised processes and companies.

Financial reporting

Financial data is 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. Consolidation, which takes place centrally, leads to complete income statements and balance sheets for each company and for the Group as a whole. Reported financial data is stored in a central database from which it is retrieved for analysis and review at Group, division and company levels.

Internal control structure

There are eight identified processes of self-evaluation; inventory, purchasing, sales, financial statements/reporting, tangible assets, IT security, payroll and legal/GDPR. The self-assessment takes place on two occasions during the year, once in the spring and once in the autumn. Group companies complete a form regarding whether or not they meet the Group's set minimum requirements for good internal control. The controls are essentially performed by the Group finance function, although other resources may also be involved. Deficiencies are identified, and measures are planned and implemented by the Group companies. The Group internal control function regularly follows up identified deficiencies together with local controllers.

Activities in 2023

The Group's finance function carried out internal audits in the form of a self-assessment on two occasions during the year for operational units in the Group. The reviews focused on inventory, purchasing, sales and accounting/reporting processes. The checks resulted in findings, recommendations and proposals for decisions on actions, which were implemented progressively. Overall, the internal control work did not reveal any material deficiencies.

IT security remained important for Midsona. A number of security improvements were implemented for IT systems and the IT environment to improve information security in and between internal systems.

Activities in focus in 2024

In 2024, the Group function for internal control will primarily continue to focus on reviews of the inventory, purchasing, sales and financial statements/reporting processes in all of the Group's units. The review elements will be carried out both online and physically on site.

There will be a continued focus in 2024 on improving the security of IT infrastructure, IT systems and processes.

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Auditor's opinion on the corporate governance 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 Corporate Governance Report for the financial year 1 January 2023–31 December 2023 on pages 178-182 and for it being prepared in accordance with the Annual Accounts Act.

Approach and scope of the review

Our review has been conducted in accordance with FAR's statement RevR 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 opinions.

Opinion

A corporate governance report has been prepared. Information in accordance with Chapter 6,
Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7. Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated financial statements and are in accordance with the Annual Accounts Act.

Malmö, 9 April 2024
Deloitte AB

Jeanette Roosberg
Authorised Public Accountant

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

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 2023. The report also contains about remuneration of the CEO and a summary of the Company's outstanding share-based incentive schemes. 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 schemes.

Further information on remuneration of senior executives is in Note 8 *Employees, personnel expenses and senior executives' remuneration*, pages 157-159, in the 2023 Annual Report. Information on the Remuneration Committee's work in 2023 is presented in the Corporate Governance Report, on pages 178-182, in the 2023 Annual Report.

Board fees are not covered by this report. Such fees are decided on annually by the Annual General Meeting and presented in Note 8 *Employees, personnel expenses and senior executives' remuneration*, pages 157-159, and in the Corporate Governance Report, pages 178-182, in the 2023 Annual Report.

Significant events

The CEO summarises the company's overall results in his *CEO's Statement*, pages 10-11 in the 2023 Annual Report. 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 141-142.

Guidelines for remunerations of 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 are to 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 targets. 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 8 *Employees, personnel expenses and senior executives' remuneration*, pages 157-159, in the 2023 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 are to be applied to determine 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 schemes, in which senior executives have been offered the opportunity to purchase warrants on market terms.

Total remuneration of the CEO, Peter Åsberg, earned in 2023 (SEK thousand unless otherwise stated)

Basic salary[1]	Other benefits[2]	Variable remuneration[3,4,5]	Pension expense[6]	Total remuneration	Proportion fixed/variable remuneration, %
5,341	226	756	1,605	7,928	90.5/9.5

Total remuneration of the CEO, Peter Åsberg, earned in 2022 (SEK thousand unless otherwise stated)

Basic salary[1]	Other benefits[2]	Variable remuneration[3, 4]	Pension expense[6]	Total remuneration	Percentage fixed/variable remuneration, %
5,122	132	-	1,555	6,809	100.0/0.0

[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 disbursed in the year after the year of vesting.
[5] The difference between the variable remuneration presented in the remuneration report 2023 and the variable remuneration presented in note 8 of the annual report 2023 is due to the fact that the variable remuneration in 2023 was determined after the end of the financial year.
[6] The pension is defined-contribution with a premium of 25 percent of pensionable salary.

Share-based payment

There were no outstanding share-based incentive programmes according to IFRS 2 *Share-based Payment*, where senior executives are allocated share options or the like free of charge. There were, however, warrant programmes outstanding at the end of 2023.

The 2021 Annual General Meeting approved the issue and transfer of a maximum of 780,000 warrants to senior executives in Midsona, divided 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 Class B share. The period during which the warrants may be exercised will be from 1 August 2024 to 20 December 2024. The subscription price for the warrant programme is SEK 75.70 after recalculation due to the completed rights issue in December 2022 (previously SEK 75.85). The transfer of the warrants took place on market terms based on a calculation according to the Black & Scholes model done by PWC AB, which is to be considered independent in relation to Midsona. At the time of the translation in September 2021, the fair value per warrant was SEK 9.60.

In August 2022, a total of 120,000 warrants inTO2022/2025 were transferred to senior executives. The CEO acquired 20,000 warrants and other members of Group Management acquired 100,000 warrants. The period during which the warrants may be exercised will be from 1 August 2025 to 20 December 2025. The subscription price for the warrant programme is SEK 25.60 after recalculation due to the completed rights issue in December 2022 (previously SEK 25.66). The transfer of the warrants took place at market terms based on a calculation according to the Black & Scholes model made by PWC AB, which is to be considered independent in relation to Midsona. The fair value per warrant was SEK 3.82 at the time of the transaction in August 2022.

A decision was made in 2023 not to offer senior executives the opportunity to subscribe for the TO2023/2026 series.

Further information on long-term incentive schemes, where senior executives were offered the opportunity to purchase warrants at market-based terms, is in Note 8 *Employees, personnel expenses and senior executives' remuneration*, pages 157-159, in the 2023 Annual Report.

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 2023 were taken into account. The non-financial performance criteria also contribute to the adaptation to sustainability and the Company's values.

The CEO Peter Åsberg's performance for variable remuneration earned in 2023

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	70 percent	1) 0 percent 2) SEK 0 thousand
Business and sustainability development	20 percent	1) 100 percent 2) SEK 504 thousand
Cash conversion	10 percent	1) 100 percent 2) SEK 252 thousand

CEO Peter Åsberg's, performance for variable remuneration earned in 2022

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
Business development	40 percent	1) 0 percent 2) SEK 0 thousand

Comparative information regarding changes in remuneration and the Company's earnings

Remuneration and company's earnings[1]

	Change 2019/2018		Change 2020/2019		Change 2021/2020		Change 2022/2021		Change 2023/2022		2023
Remuneration of the CEO, SEK thousand	-670	-10.4%	1,839	31.9%	-901	-11.8%	98	1.5%	1,119	16.4%	7,928
Consolidated EBITDA, before items affecting comparability, SEK million	49	20.3%	100	34.5%	-77	-19.7%	-122	-39.0%	26	13.6%	217
Average remuneration based on the number of full-time equivalent employees in Midsona AB[2], SEK thousand	60	9.5%	100	14.5%	43	5.4%	-88	-10.5%	39	5.2%	788

[1] Includes remuneration earned in the year concerned.
[2] Members of Group Management are excluded.

Board of Directors

Patrik Andersson

Born: 1963
Position on the Board: Chairman of the Board since 2022
Attendance: 9/9
Elected, year: 2022
Position: Industrial advisor
Previous experience: President and CEO of Loomis, CEO of Orkla Foods Sweden, President and CEO of Rieber & Son, CEO of Wasabröd globally in the Barilla Group and several senior positions within the Unilever Group
Education: Master's degree in Economics and Business Administration, Lund University
Other assignments: Chairman of the Board of Sesol AB, Cay Group AB and AAAK AB and member of the Board of Ecolean AB
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 37,500 Class B shares
Own shareholdings and those of related parties, 2022: 24,000 Class B shares
Audit Committee/attendance -
Remuneration Committee/attendance: Chair 2/2
Remuneration 2023:
Board fee SEK 600,000
Committee fee SEK 45,000
Total SEK 645,000

Anna-Karin Falk

Born: 1967
Position on the Board:
Board Member since 2023
Attendance: 6/9
Elected, year: 2023
Position: Chief Marketing Officer at Euroflorist
Previous experience: Strategic advisor to well-known international brands focusing on marketing, innovation, brand positioning and portfolio strategy. Worked in the Unilever Group for 15 years in several senior positions in Sweden and internationally
Education: Master of Science in Business and Economics, International Economics, University of Gothenburg
Other assignments: -
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 1,654 A shares, 6,000 B shares
Own shareholdings and those of related parties, 2022: 0
Audit Committee/attendance -
Remuneration Committee/attendance: -
Remuneration 2023:
Board fee SEK 173,000
Total SEK 173,000

Sandra Kottenauer

Born: 1972
Position on the Board:
Board Member since 2020.
Attendance: 9/9
Elected, year: 2020
Position: Chief Marketing and Product Officer, Manor AG, Switzerland
Previous experience: Various positions in Procter & Gamble Europe, including as Global Brand Director
Education: MSc, Marketing & International Business, Stockholm School of Economics
Other assignments: -
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 1,000 B shares
Own shareholdings and those of related parties, 2022: 1,000 B shares
Audit Committee/attendance -
Remuneration Committee/attendance: -
Remuneration 2023:
Board fee SEK 260,000.
Total SEK 260,000.

Jari Latvanen

Born: 1964
Position on the Board:
Board Member since 2022
Attendance: 9/9
Elected, year: 2022
Position: Senior Advisor for E&A Invest Oy
Previous experience: CEO Stockmann plc, CEO of Findus Nordic and HKScan Oy and has held several management positions at Nestlé. Many years of experience as CEO and
President in the food industry and retail trade
Education: MBA, Henley Business School of the University of Reading, Great Britain, BBA, Institute of Economics, Turku, Finland
Other assignments: -
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 0
Own shareholdings and those of related parties, 2022: 0
Audit Committee/attendance:
Member 5/5
Remuneration Committee/attendance: -
Remuneration 2023:
Board fee SEK 260,000.
Committee fee SEK 40,000.
Total SEK 300,000.

[1] Shareholding as of 29 February 2024. For updated shareholding, see *www.midsona.se/om-midsona/bolagsstyrning/styrelse/*.
[2] Johan Wester holds appointments by Stena Adactum AB.

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Henrik Stenqvist

Born: 1967
Position on the Board:
Board Member since 2017
Attendance: 9/9
Elected, year: 2017
Position: CFO Sobi
Previous experience: CFO Recipharm and Meda AB and management positions in the AstraZeneca Group.
Board Member of MedCap AB
Education: MSc in Finance and Business Administration, Linköping University
Other assignments: Board Member of Calliditas Therapeutics AB Orion Corporation.
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 120,000 B shares
Own shareholdings and those of related parties, 2022: 120,000 B shares
Audit Committee/attendance: Chair 5/5
Remuneration Committee/attendance: -
Remuneration 2023:
Board fee SEK 260,000.
Committee fee SEK 75,000
Total SEK 335,000

Anders Svensson

Born: 1964
Position on the Board:
Board Member since 2022.
Attendance: 9/9
Elected, year: 2022
Position: Industrial advisor
Previous experience: CEO of ICA Sweden, Deputy CEO of ICA Gruppen, CEO of Arla Foods Sweden, Chairman of the Board of Rynkeby Foods AS, Chairman of the Board of Arla Foods Norway, Board Member of ICA-Banken and
various positions at Procter & Gamble and Andersen Consulting (now Accenture).
Education: Bachelor of Science in Business Administration and Managerial Economics, Lund University.
Other assignments: Chairman of the Board of Directors of Stadium AB, Svensk Handel and
Cibonum Group and Board member of Skistar AB, Svenskt Näringsliv, Nicoya AB and Reocean AB
Dependent on the Company and its shareholders: No
Own shareholdings and those of related parties, 2023[1]: 35,000 B shares
Own shareholdings and those of related parties, 2022: 35,000 B shares
Audit Committee/attendance:
Member 3/5
Remuneration Committee/attendance: -
Remuneration 2023:
Board fee SEK 260,000.
Committee fee SEK 27,000
Total SEK 287,000

Johan Wester

Born: 1966
Position on the Board:
Board Member since 2009
Attendance: 9/9
Elected, year: 2009
Position: Senior Vice President Stena Adactum AB
Previous experience: CEO Mediatec Group, Partner at Arthur D. Little and member of the Boards of Ballingslöv International AB and Personec Oy
Education: Graduate in engineering, Chalmers Institute of Technology
Other assignments: Chairman of the Board of Torslandaldrott Foundation, Stockholm Digital Media Centre AB, NGC AB,
Alpegro AS and SR Energy AB and member of the Board of Directors of Ependion AB, Skyrex AB, Matchday AS and
S-Invest Trading AB
Dependent on the Company and its shareholders: Yes[2]
Own shareholdings and those of related parties, 2023[1]: 231,630 B shares
Own shareholdings and those of related parties, 2022: 231,630 B shares
Audit Committee/attendance:
Member 2/5
Remuneration Committee/attendance: Member 2/2
Remuneration 2023:
Board fee SEK 260,000.
Committee fee SEK 38,000.
Total SEK 298,000.

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Group management[1]

Peter Åsberg

Born: 1966
Position:
CEO and President since 2007
Employed: 2007
In current position: 2007
Previous positions: CEO Cloetta Frazer, Sweden and various positions at Procter & Gamble and Coca-Cola
Education: Graduate in business administration and economics, Lund University
Own shareholdings and those of related parties, 2023[2]**:** 570,984 B shares (own holding), as well as 450 B shares, 30,000 warrants (2021/2024) and 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 570,984 B shares (own holding), as well as 450 B shares, 30,000 warrants (2021/2024) and 20,000 warrants (2022/2025)

Max Bokander

Born: 1973
Position:
CFO
Employed: 2021
In current position: 2021
Previous positions: VP Finance and Business Control at the Trelleborg Group and senior positions at ST-Ericsson, Skanska and Tetra Pak
Education: Graduate in business administration and economics, Lund University
Own shareholdings and those of related parties, 2023[2]**:** 10,000 Series B shares, 13,000 warrants (2021/2024) and 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 10,000 Series B shares, 13,000 warrants (2021/2024) and 20,000 warrants (2022/2025)

Tobias Traneborn

Born: 1975
Position:
Director Operations
Employed: 2017
In current position: 2020
Previous positions: Positions as Chief Operating Officer at CDON.COM, Operations Manager at HKC and as Logistics Manager at both Lantmännen Cerealia and Kjell & Company
Education: BSc Engineering, University of Borås
Own shareholdings and those of related parties, 2023[2]**:** 10,736 Series B shares, 15,000 warrants (2021/2024) and 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 10,736 Series B shares, 15,000 warrants (2021/2024) and 20,000 warrants (2022/2025)

Ulrika Palm

Born: 1973
Position:
Division Director Nordics
Employed: 2016
In current position: 2018
Previous positions: CEO Lager 157, Director of Marketing and Innovation for Lantmännen Cerealia and various positions at Procter & Gamble, Wella and Unilever.
Education: MSc, School of Business, Economics and Law, University of Gothenburg
Own shareholdings and those of related parties, 2023[2]**:** 10,000 B shares, 18,000 warrants (2021/2024) and 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 10,000 B shares, 18,000 warrants (2021/2024) and 20,000 warrants (2022/2025)

Marjolaine Cevoz Goyat

Born: 1975
Position:
Division Director South Europe
Employed: 2010
In current position: 2019
Previous positions: Former Marketing Director of the Panzani Group and Brand Manager Procter & Gamble
Education: Masters degree from École des hautes études commerciales, Paris
Own shareholdings and those of related parties, 2023[2]**:** 20,000 warrants (2021/2024) and 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 20,000 warrants (2021/2024) and 20,000 warrants (2022/2025)

Heiko Hintze

Born: 1970
Position:
Division Director North Europe
Employed: 2023
In current position: 2023
Previous positions: Senior positions in Santaverde GmbH, Yogi Tea, Cadbury and Colgate-Palmolive.
Education: MBA Business Administration (Marketing & Sales), University of Hamburg, Germany
Own shareholdings and those of related parties, 2023[2]**:** 0
Own shareholdings and those of related parties, 2022: 0

Tora Molander

Born: 1978
Position:
Director Legal
Employed: 2020
In current position: 2022
Previous positions: Attorney-at-law/ Partner Fredersen Advokatbyrå AB
Education: Bachelor of Law, Lund University
Own shareholdings and those of related parties, 2023[2]**:** 926 Series B shares, 10,000 warrants (2021/2024) 20,000 warrants (2022/2025)
Own shareholdings and those of related parties, 2022: 926 B shares, 10,000 warrants (2021/2024) 20,000 warrants (2022/2025)

[1] Group management as of 9 November 2023
[2] Shareholding as of 29 February 2024. For updated shareholdings, see *www.midsona.se/om-midsona/bolagsstyrning/ledning/*

MIDSONA ANNUAL AND SUSTAINABILITY REPORT 2023

Five-year summary

Excerpts from income statements

SEK million	2023	2022	2021	2020	2019
Net sales	3,793	3,899	3,773	3,709	3,081
Expenses for goods sold	-2,834	-3,021	-2,758	-2,672	-2,178
Gross profit	**959**	**878**	**1,015**	**1,037**	**903**
Selling expenses	-618	-1,045	-592	-542	-505
Administrative expenses	-327	-298	-289	-284	-240
Other operating income	22	10	35	52	37
Other operating expenses	-7	-10	-8	-6	-25
Operating profit/loss	**29**	**-465**	**161**	**257**	**170**
Result from participations in joint ventures	-	-	-	-8	-1
Financial income	10	67	11	14	0
Financial expenses	-74	-131	-57	-59	-53
Profit/loss before tax	**-35**	**-529**	**115**	**204**	**116**
Tax	-18	28	-26	-28	-19
Profit/loss for the year	**-53**	**-501**	**89**	**176**	**97**
Depreciation/amortisation and impairment					
Depreciation/amortisation and impairment included in operating profit	157	641	168	147	114
EBITDA	**186**	**176**	**329**	**404**	**284**
Items affecting comparability					
Items affecting comparability included in operating profit	31	495	-4	-14	6
Operating profit/loss, before items affecting comparability	**60**	**30**	**157**	**243**	**176**
Depreciation/amortisation, impairment and items affecting comparability					
Depreciation/amortisation, impairment and items affecting comparability included in operating profit	188	656	152	133	120
EBITDA, before items affecting comparability	**217**	**191**	**313**	**390**	**290**
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
Adjusted EBITDA	**186**	**176**	**324**	**374**	**305**

Excerpts from balance sheets

SEK million	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Intangible assets	2,926	3,020	3,364	3,289	3,058
Other fixed assets	507	572	617	637	686
Inventories	554	727	783	643	529
Other current assets	377	464	470	363	334
Cash and cash equivalents	235	121	53	195	173
Total assets	**4,599**	**4,904**	**5,287**	**5,127**	**4,780**
Shareholders' equity	2,987	3,082	2,875	2,313	2,322
Non-current interest-bearing liabilities	608	776	1,314	1,526	1,408
Other non-current liabilities	338	355	358	380	413
Current interest-bearing liabilities	123	119	175	253	118
Other current liabilities	543	572	565	655	519
Total shareholders' equity and liabilities	**4,599**	**4,904**	**5,287**	**5,127**	**4,780**

Excerpts from cash flow statements

SEK million	2023	2022	2021	2020	2019
Cash flow from operating activities before changes in working capital	167	141	244	319	221
Changes in working capital	176	62	-308	-36	-23
Cash flow from operating activities	**343**	**203**	**-64**	**283**	**198**
Cash flow from investing activities	-18	-29	-175	-369	-712
Cash flow after investing activities	**325**	**174**	**-239**	**-86**	**-514**
Cash flow from financing activities	-209	-108	94	117	589
Cash flow for the year	**116**	**66**	**-145**	**31**	**75**
Cash and cash equivalents at beginning of year	121	53	195	173	101
Exchange-rate difference in cash and cash equivalents	-2	2	3	-9	-3
Cash and cash equivalents at end of year	**235**	**121**	**53**	**195**	**173**

Key figures[1]

		2023	2022	2021	2020	2019
Income and expense						
Net sales growth	%	-2.7	3.3	1.7	20.4	8.0
Organic change, net sales	%	-6.6	-2.6	-6.0	3.9	-6.1
Selling expenses/Net sales[2]	%	16.3	26.8	15.7	14.6	16.4
Administrative expenses/Net sales	%	8.6	7.6	7.7	7.7	7.8
Margin						
Gross margin	%	25.3	22.5	26.9	28.0	29.3
Gross margin, before items affecting comparability	%	25.9	24.0	27.0	28.1	29.5
EBITDA margin	%	4.9	4.5	8.7	10.9	9.2
EBITDA margin, before items affecting comparability	%	5.7	4.9	8.3	10.5	9.4
Operating margin	%	0.8	-11.9	4.3	6.9	5.5
Operating margin, before items affecting comparability	%	1.6	0.8	4.2	6.6	5.7
Profit margin	%	-0.9	-13.6	3.0	5.5	3.8
Capital						
Average capital employed	SEK million	3,848	4,171	4,228	3,970	3,348
Return on capital employed	%	1.0	neg.	4.1	6.6	5.0
Return on shareholders' equity	%	neg.	neg.	3.4	7.6	4.9
Equity/assets ratio	%	64.9	62.8	54.4	45.1	48.6
Liquidity						
Net debt	SEK million	496	774	1,436	1,584	1,353
Net debt/EBITDA	multiple	2.7	4.4	4.4	3.9	4.8
Net debt/Adjusted EBITDA	multiple	2.7	4.4	4.4	4.2	4.4
Net debt/equity ratio	multiple	0.2	0.3	0.5	0.7	0.6
Interest coverage ratio	multiple	0.4	neg.	3.9	7.0	4.2
Liquidity reserve/Net sales, %.	%	17.2	18.2	14.4	9.3	17.0
Cash flow						
Cash flow from operating activities	SEK million	343	203	-64	283	198
Free cash flow	SEK million	315	180	-94	252	155
Employees						
Average number of employees	number	778	820	832	747	581
Number of employees at the end of the year	number	765	780	849	834	721
Shares and market capitalisation						
Average number of shares during the year	thousand	145,428	74,447	67,783	65,005	48,179
Number of shares at end of year	thousand	145,428	145,428	72,714	65,005	65,005
Market capitalisation	SEK million	1,193	1,382	3,938	5,057	3,212
Number of unregistered shares at end of year[3]	thousand	-	-	-	213	-
Data per share						
Profit attributable to Parent Company shareholders	SEK	-0.36	-6.73	1.31	2.70	2.02
Shareholders' equity	SEK	20.54	21.19	39.54	35.58	35.72
Cash flow from operating activities	SEK	2.36	2.73	-0.94	4.35	4.11
Free cash flow	SEK	2.17	2.42	-1.39	3.88	3.22
Share price on balance sheet date (Series B shares)	SEK	8.19	9.50	54.10	77.80	49.40
Dividend[4]	SEK	-	-	-	1.25	1.25
Yield	%	-	-	-	1.6	2.5
Payout ratio[4]	%	-	-	-	46.4	83.6
P/E ratio	multiple	neg.	neg.	41.2	28.8	24.5

[1] Midsona presents certain financial measures in the annual accounts that are not defined in IFRS. For definitions and reconciliation with IFRS, see pages 192-195.
[2] For 2022, goodwill impairment of SEK 426 million was included in the line item selling expenses. The selling expenses/net sales ratio was 15.9 percent for 2022 if impairment was excluded.
[3] Unregistered shares at the end of 2020 were registered on 29 January 2021 and subject to dividend resolved at the 2021 Annual General Meeting.
[4] Dividend for 2023 relates to the proposal by the Board of Directors.

Definitions

Midsona presents certain financial measures in the annual accounts that are not defined under IFRS. Midsona considers these measures to provide useful supplementary 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 shareholder's equity. *To assess the Company's ability to reach an industry reasonable level of return on the combined capital of the owners made available.*

Return on capital employed Profit before tax plus financial expenses in relation to average capital employed. *To assess 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 level of profitability.*

Market capitalisation Number of shares at year-end multiplied by the price quoted for B shares on the balance sheet date. *To assess the company's market value.*

Yield Dividend in relation to the price quoted for B shares 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 assets and intangible assets *EBITDA is a key performance measure to assess the performance of the company over time.*

EBITDA margin EBITDA in relation to net sales. *EBITDA margin is a key performance indicator to assess the Company's ability to reach a level of profitability by segment as well as whether one of the Company's financial targets 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. *A measure that determines the company's net asset value per share and enables assessment of whether 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 brands and product rights, as well as expansion investments *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. *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 in IFRS.*

Adjusted EBITDA EBITDA, rolling 12 months pro forma, excluding acquisition-related restructuring and transaction expenses. *A relevant measure to increase the comparability of EBITDA over time.*

Items affecting comparability Significant line items that are presented separately due to their size or frequency, such as restructuring costs, acquisition-related income, acquisition-related expenses, capital gains/losses in divestment of brands and impairment of tangible assets and intangible assets after impairment testing. *A measure of operating items not normally included in the Company's operating activities. Relevant to assessing the company's operating profit growth eliminated for such non-recurring operating items.*

Customer credit period Accounts receivable adjusted for VAT in relation to net sales. *A relevant measure to assess how quickly the Company is paid by its customers.*

Liquidity reserve/Net sales Cash and cash equivalents and unutilised credit in relation to net sales. *This is a relevant measure to assess the company's financial preparedness.*

Net sales growth Net sales for the year less the previous year's net sales in relation to the previous year's net sales. *Net sales growth is a key performance indicator to determine whether the Company's growth strategy is fulfilled and the fulfilment of one of the Company's financial targets of an average growth of at least 15 percent over time is 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 relevant to assessing the Company's opportunities to implement strategic investments, to meet its financial obligations, and to meet one of its financial targets of having a net debt/EBITDA of 3-4 times.*

Net debt/Adjusted EBITDA Net debt in relation to Adjusted EBITDA. *Net debt/Adjusted EBITDA is relevant to assessing the Company's opportunities to implement strategic investments, to fulfil its financial obligations, and to meet one of its financial targets of Net debt/EBITDA of 3-4 times. This key performance indicator increases 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 performance indicator to obtain a picture of the Company's capital structure.*

Organic change in net sales Change in net sales between years adjusted for translation effects on consolidation and for changes in the Group structure. *Organic change in net sales is a key performance indicator determining whether the Company's growth strategy is fulfilled, adjusted for currency effects on consolidation as well as acquisitions and divestments of operations.*

Organic change in net sales of own brands Change in net sales for own brands between years adjusted for translation effects on consolidation and for changes in the Group structure. *Organic change in net sales of own brands is a key performance indicator determining whether the Company's growth strategy for its own brands is fulfilled, 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. *This is a key performance indicator considered relevant to assessing whether the Company's shares are worth buying or not.*

Earnings per share Profit for the year in relation to the average number of shares. *Financial measures defined in IFRS.*

Interest coverage ratio Profit before tax plus interest expenses in relation to interest expenses. *Interest coverage is relevant to 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 and current non-interest-bearing liabilities. *Working capital is a key performance indicator for assessing the Company's ability to meet short-term capital requirements.*

Operating margin Operating profit in relation to net sales. *Operating margin is relevant in assessing the Company's ability to reach an industry 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 enable a picture to be obtained 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 remuneration in the form of dividends, or that it borrows from credit institutions, who receive remuneration in the form of interest.*

Pay-out ratio Proposed/approved dividend in relation to net profit for the year. *Pay-out ratio is relevant to assessing whether the Company meets one of its financial targets of having a long-term pay-out ratio exceeding 30 percent.*

Profit margin Profit before tax in relation to net sales. *Profit margin is relevant to assessing the Company's ability to reach an industry level of profitability..*

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IFRS reconciliations, Group

EBITDA

Operating profit before depreciation, amortisation and impairment of tangible assets and intangible assets.

SEK million	2023	2022	2021	2020	2019
Operating profit/loss, before items affecting comparability	**60**	**30**	**157**	**243**	**176**
Items affecting comparability included in operating profit[1,2]	-31	-495	4	14	-6
Operating profit/loss	**29**	**-465**	**161**	**257**	**170**
Amortisation of intangible assets	48	48	47	48	36
Impairment of intangible assets	-	426	8	-	-
Depreciation of tangible assets	109	113	109	99	78
Impairment of tangible assets	-	54	4	-	-
EBITDA	**186**	**176**	**329**	**404**	**284**
Items affecting comparability included in EBITDA[1,2]	31	15	-16	-14	6
EBITDA, before items affecting comparability	**217**	**191**	**313**	**390**	**290**
Net sales	3,793	3,899	3,773	3,709	3,081
EBITDA margin, before items affecting comparability	**5.7%**	**4.9%**	**8.3%**	**10.5%**	**9.4%**

[1] Specification of items affecting comparability

SEK million	2023	2022	2021	2020	2019
Restructuring expenses, net	37	15	0	25	15
Capital gains/losses on disposal of trademarks	-6	-	-	-	-
Acquisition-related costs	-	-	5	5	17
Revaluation of contingent purchase consideration	-	-	-21	-36	-26
Acquisition-related income (negative consolidated goodwill)	-	-	-	-8	-
Impairment of intangible assets and tangible assets	-	480	12	-	-
Items affecting comparability included in operating profit/loss	**31**	**495**	**-4**	**-14**	**6**
Impairment of intangible assets and tangible assets	-	-480	-12	-	-
Items affecting comparability included in EBITDA	**31**	**15**	**-16**	**-14**	**6**

[2] Corresponding line in the consolidated income statement

SEK million	2023	2022	2021	2020	2019
Expenses for goods sold	25	57	4	5	7
Selling expenses	6	435	8	5	5
Administrative expenses	6	3	0	15	2
Other operating income	-6	-	-21	-44	-26
Other operating expenses	0	0	5	5	18
Items affecting comparability included in operating profit/loss	**31**	**495**	**-4**	**-14**	**6**
Expenses for goods sold	-	-54	-4	-	-
Selling expenses	-	-426	-8	-	-
Items affecting comparability included in EBITDA	**31**	**15**	**-16**	**-14**	**6**

Adjusted EBITDA

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

SEK million	2023	2022	2021	2020	2019
EBITDA	**186**	**176**	**329**	**404**	**284**
Acquisition-related transaction expenses	-	-	-16	-39	-11
Pro forma adjustment	-	-	11	9	32
Adjusted EBITDA	**186**	**176**	**324**	**374**	**305**

Net debt

Interest-bearing provisions and interest-bearing liabilities less cash and cash equivalents, including current investments.

SEK million	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Non-current interest-bearing liabilities	608	776	1,314	1526	1,408
Current interest-bearing liabilities	123	119	175	253	118
Cash and cash equivalents[1]	-235	-121	-53	-195	-173
Net debt	**496**	**774**	**1,436**	**1,584**	**1,353**

[1] There were no current investments equivalent to cash and cash equivalents at the end of the period concerned.

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	2023	2022	2021	2020	2019
Shareholders' equity and liabilities	**4,599**	**4,904**	**5,287**	**5,127**	**4,780**
Other non-current liabilities	-7	-8	-11	-38	-92
Deferred tax liabilities	-331	-347	-347	-342	-321
Accounts payable	-312	-358	-342	-405	-288
Other current liabilities	-59	-50	-56	-80	-91
Accrued expenses and deferred income	-172	-164	-167	-170	-140
Capital employed	**3,718**	**3,977**	**4,364**	**4,092**	**3,848**
Capital employed at the beginning of the period	3,977	4,364	4,092	3,848	2,847
Average capital employed	**3,848**	**4,171**	**4,228**	**3,970**	**3,348**

Return on capital employed

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

SEK million	2023	2022	2021	2020	2019
Profit/loss before tax	**-35**	**-529**	**115**	**204**	**116**
Financial expenses	74	131	57	59	54
Profit before taxes, excluding financial expenses	**39**	**-398**	**172**	**263**	**170**
Average capital employed	3,848	4,171	4,228	3,970	3,348
Return on capital employed, %	**1.0**	**-9.5**	**4.1**	**6.6**	**5.1**

Average shareholders' equity

Total shareholder's equity at the end of the period plus total shareholder's equity at the beginning of the period divided by 2.

SEK million	2023	2022	2021	2020	2019
Shareholders' equity	**2,987**	**3,082**	**2,875**	**2,313**	**2,322**
Shareholders' equity at the beginning of the period	3,082	2,875	2,313	2,322	1,630
Average shareholders' equity	**3,035**	**2,979**	**2,594**	**2,318**	**1,976**

Return on shareholders' equity

Profit for the year in relation to average shareholder's equity.

SEK million	2023	2022	2021	2020	2019
Profit/loss for the year	**-53**	**-501**	**89**	**176**	**97**
Average shareholders' equity	3,035	2,979	2,594	2,318	1,976
Return on equity, %	**-1.7**	**-16.8**	**3.4**	**7.6**	**4.9**

Free cash flow

Cash flow from operating activities less cash flow from investing activities, excluding acquisitions/sales of operations and acquisitions/sales of brands and product rights, as well as expansion investments.

SEK million	2023	2022	2021	2020	2019
Cash flow from operating activities	**343**	**203**	**-64**	**283**	**198**
Cash flow from investing activities	-18	-29	-175	-369	-712
Acquisitions of companies or operations	-	-	114	278	659
Divestments of companies or operations	0	0	-	-	-
Expansion investment in a new production line	2	6	31	-	2
Acquisition of joint ventures	-	-	-	-	8
Acquisitions of trademarks and product rights	-	-	-	60	-
Sales of trademarks and product rights	-12	-	-	-	-
Free cash flow	**315**	**180**	**-94**	**252**	**155**

Liquidity reserve/Net sales, %.

Cash and cash equivalents and unutilised credit in relation to net sales.

SEK million	2023	2022	2021	2020	2019
Cash and cash equivalents	235	121	53	195	173
Unutilised credit facilities	416	587	490	150	350
Liquidity reserve	**651**	**708**	**543**	**345**	**523**
Net sales	3,793	3,899	3,773	3,709	3,081
Liquidity reserve/Net sales, %	**17.2**	**18.2**	**14.4**	**9.3**	**17.0**

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	2023	2022	2021	2020	2019
Net sales	**3,793**	**3,899**	**3,773**	**3,709**	**3,081**
Net sales compared with the corresponding period in the previous year	-3,899	-3,773	-3,709	-3,081	-2,852
Net sales, change	**-106**	**126**	**64**	**628**	**229**
Structural changes	3	-93	-355	-574	-355
Exchange rate changes	-156	-132	67	65	-48
Organic change	**-259**	**-99**	**-224**	**119**	**-174**
Organic change, %	-6.6%	-2.6%	-6.0%	3.9%	-6.1%
Structural changes, %	-0.1%	2.5%	9.5%	18.6%	12.4%
Exchange rate changes, %	4.0%	3.5%	-1.8%	-2.1%	1.7%

Organic change in net sales of own brands[1]

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

SEK million	2023	2022	2021
Net sales	**2,668**	**2,667**	**2,622**
Net sales compared with the corresponding period in the previous year	-2,667	-2,622	-2,550
Net sales, change	**1**	**45**	**72**
Structural changes	3	-47	-191
Exchange rate changes	-97	-85	45
Organic change	**-93**	**-87**	**-74**
Organic change, %	-3.5%	-3.3%	-2.9%
Structural changes, %	-0.1%	1.8%	7.5%
Exchange rate changes, %	3.6%	3.2%	-1.8%

[1]Comparative figures for 2019-2020 are not available.

Sales channels

Pharmacies. Operators engaged in retail trade of medicines and/or trade in other special pharmaceutical preparations and operators engaged in wholesale operations specialising in sales to operators engaged in retailing of medicines and other special pharmaceutical preparations.

Grocery trade. Operators engaged in retail and/or online trade in a wide range of household products. The term refers to superstores, supermarkets, discount stores, online shops, after-hours stores and convenience stores.

Food service. Operators preparing ready meals, such as restaurants, catering, food industry, hospitals, schools and other institutions, as well as wholesalers supplying such operators with products.

Health stores. Operators engaged in in-store and/or online trade in health and personal care, or only organically certified products and operators engaged in wholesale operations specialising in sales to operators engaged in retail trade specialising in health and personal care or organically certified products.

Other specialist trade. Operators engaged in other retail trade and/or online trade. This channel includes sports and leisure, health clubs, perfume stores, baby stores, clothing stores and bakeries.

Other sales channel. Operators engaged in trade in other ways that cannot be classified under the other sales channels.

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Glossary

Agenda 2030 In 2015, the UN member states adopted 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.

Biodiversity describes 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 disclosure system for companies, cities, states and regions. The CDP grades companies on transparency and to guide, encourage and assess environmental measures. The grades range from A to D–.

The Corporate Sustainability Due Diligence Directive (CSDDD) is an EU Directive that establishes an obligation for companies to demonstrate "due diligence" in their operations as well as throughout the value chain.

CSRD (Corporate Sustainability Reporting Directive) is a new EU Directive that aims, through reporting transparency, to generate optimum conditions for the EU to meet its Net-Zero targets by 2050. CSRD requires certain information that was previously voluntary and thus ensures that ESG information is available to investors.

DLF Trade association for companies that sell groceries to retailers, restaurants and institutional catering in Sweden.

Organic 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.

The ESRS European Sustainability Reporting Standards (ESRS) are a component of the CSRD. ESRS is a set of standards describing the mandatory concepts and principles to which companies must adapt their sustainability statements.

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.

FLAG (Forest, Land and Agriculture) is the world's first framework for companies in land-intensive sectors to set science-based targets that include land-based emission reductions.

FTI (Förpacknings- och Tidningsinsamlingen, 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 centres and kerbside collection points.

GFSI (Global Food Safety Initiative) A corporate initiative for reviewing, comparing and recognising voluntary certification programmes for food safety.

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 comprises 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.

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 by 2050 through some 50 action programmes that affect different parts of the European economy.

Sustainable Development (sustainability) Development that meets the needs of the present generation without comprising the chances of future generations to meet their needs.

Health foods Food that may be good for our health and our well-being.

IEA (International Energy Agency) is the OECD countries' co-operative body for energy issues and has 30 member states.

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 Different product categories comprising 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 a company engaging another company to assist with production. This may involve everything from not having expertise in a special field to wanting assistance with the entire production line. Sometimes called Contract manufacturing.

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 companies'' products that are marketed by Midsona.

Pharmaceuticals By law, pharmaceuticals are all substances claimed to be 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.

Zero (net-zero emissions or carbon-neutral) means that a business achieves a balance between greenhouse gas emissions and removals of greenhouse gases through climate financing. In carbon-offsetting projects involving greenhouse gases being removed 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 contains some 20 different minerals. They make up about 4 percent of bodyweight. Minerals are needed in small amounts but are vital because we cannot produce them ourselves.

Omega-3 A number of polyunsaturated and beneficial fatty acids are referred to as omega-3. They are what are known as 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-bringing 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.

Science Based Target Initiative (SBTi) A collaboration between the UN Global Compact, WRI, the World Wide Fund for Nature 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 examine its entire greenhouse gas emissions throughout the value chain.

Seitan A gluten-based food used as a base in various vegetarian meat replacement products.

Scope 1 covers the emissions taking place directly in the Company's own operations. For example, emissions from production in the Company's own factories.

Scope 2 includes indirect emissions from the production of purchased electricity, steam, heating and cooling consumed by the reporting company.

Scope 3 includes all other indirect emissions that take place in a company's value chain but that the Company does not own or control.

SDGs (Sustainable Development Goals). On 25 September 2015, the UN member states adopted the 2030 Agenda, a universal agenda for sustainable development that includes 17 global goals to be attained by 2030. The SDGs, in turn, have 169 targets and more than 230 global indicators for implementing and monitoring the work.

Sports nutrition Nutritional and dietary supplements aimed at 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 carbon-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 cooking. Made by cooked beans, usually soy beans, undergoing a fermentation process.

Tofu Curd-like product made of soy beans with a neutral flavour, which means that it can be used in ice cream and vegetarian meat alternatives, for example. Often used by vegans and people who are 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 Avoiding 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 think it tastes better.

Veganism Opposing the use of animals in any form, so that vegans completely avoid animal products, including all kinds of meat and foods produced by animals, such as milk, cheese, eggs and honey. Vegans also avoid using animal products for example in fashion and furnishings.

Vitamins Vitamins are organic substances. They vary in effect and appearance.
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 we cannot produce them ourselves. Deficiencies may lead to deficiency-related diseases.

Plant-based diet In a plant-based diet, two-thirds is preferably comprised of plant-based foods. Animal products normally do not need to be excluded entirely, instead it is the proportions that change.

Greenhouse gases The gases in the Earth's atmosphere that capture thermal radiation and in so doing 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

An English version of this report will be available at www.midsona.com from the beginning of May 2024. The English version is a translation from Swedish. In case of discrepancy, the Swedish version shall prevail.

The Annual Report is available in English and Swedish versions. In the event of any discrepancies between the Swedish and English versions, the Swedish version is the official version.

This Annual Report was published on the Company's website www.midsona.com on 9 April 2024.

Printed copies will be distributed to shareholders and other stakeholders on request.

This report contains forward-looking statements. Although Midsona's management believes this information to be reasonable, no assurance can be given that these expectations will prove correct. Actual future outcomes may consequently vary from those indicated in the forward-looking information due, among other things, to changes in economic, market and competitive conditions, changes in the regulatory environment and other political measures, changes in exchange rates and other factors.

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