

MACKMYRA SVENSK WHISKY AB (PUBL)

Q1 **INTERIM REPORT**
JANUARY – MARCH 2017



Published May 11, 2017

MACKMYRA
SWEDISH SINGLE MALT WHISKY

RESULTS IN BRIEF

SEKm	2017	2016	2016
	Jan.-March	Jan.-March	Full year
Net sales (excluding alcohol tax), SEKm	17.1	14.4	73.4
<i>Growth in sales (excluding alcohol tax)</i>	18%	5%	18%
Sales of Bottled Products, SEKm	10.6	9.7	47.1
Sales of Casks and Experiences, SEKm	6.5	4.7	26.3
Gross profit/loss, before under-absorption, SEKm	8.7	6.9	36.2
<i>Gross profit/loss, before under-absorption, %</i>	51%	48%	49%
Gross profit/loss, SEKm	8.7	4.8	29.5
<i>Gross profit margin, percent</i>	51%	33%	40%
Operating profit/loss, SEKm	-1.3	-4.6	-13.6
Interest expenses, SEKm	-3.0	-2.9	-12.4
Taxes, SEKm	0.0	0.0	-0.1
Profit/loss after tax, SEKm	-4.3	-7.5	-26.1
Cash flow after investments, SEKm	-7.3	-7.9	-9.5
Earnings per share, basic, SEK	-0.37	-0.83	-2.70

SUBSTANTIALLY IMPROVED PERFORMANCE AND 18% GROWTH IN Q1

SALES GROWTH IN Q1

Mackmyra began 2017 with continued strong sales growth of 18 percent compared with the previous year, representing the ninth consecutive quarter of sales growth. Growth is driven by trends in the Swedish home market, where sales of both casks and bottles clearly rose compared with the previous year.

The strong growth in the quarter is the result of successes in several parallel areas:

- In absolute figures, sales of Casks & Experiences increased most during the quarter, with 38 percent growth in the business area. The surge in sales can be explained in part by the success of the campaign casks available during the quarter, and in part by a general increase in demand.
- Sales to Systembolaget increased by 17 percent during the quarter. MACK by Mackmyra continues to score sales successes, as does Mackmyra's exclusive Moment editions, where Moment Tolv was the engine driving sales during the quarter.
- The Travel Retail segment experienced an upswing during the quarter, thanks to the collaborative effort initiated with SAS. Sales growth in this segment was 81 percent for the quarter and Mackmyra sees potential for continued growth moving forward.
- At the end of the quarter the number of bottles sold over the last rolling 12-month period was about 286,000 bottles (excluding volumes bottled from previously sold customer casks), a new record since the inception of the company.

Q1 EARNINGS AND CASH FLOW TREND

The operating loss for the quarter was SEK -1.3 million (-4.6), an improvement of about SEK 3.3 million compared with the previous year. Earnings improved in part due to sales growth in the quarter, as well as a somewhat stronger underlying gross margin in sales, though the reduced cost of under-absorption since the end of 2016 because of the increase in the distillation rate also played a role.

The after-tax financial results for the quarter amounted to SEK -4.3 million (-7.5). The improvement in earnings can be explained by the improved gross profit described above.

Cash flow after investments amounted to SEK -7.3 million (-7.9) for the quarter. Cash flow is traditionally very weak in the first quarter of the year due to seasonal variations in whisky sales. The marginally improved cash flow for the quarter should be viewed in light of the fact that the distillation rate more than tripled in the quarter compared with the previous year.

SIGNIFICANT EVENTS IN THE FIRST QUARTER

- Mackmyra announced that the first whisky distilled at its climate-smart gravity distillery will be available at Systembolaget from the end of February. The first whisky from the gravity distillery is MACK by Mackmyra.
- Mackmyra announced that the launch of Moment Tolv was a huge success. The 1,200 bottles that Systembolaget released were popular among customers to say the least – all bottles were sold out within the first few minutes. The remaining 300 bottles were allocated for the export markets. They were sold out some time ago in advance, with demand exceeding supply many times over.
- Mackmyra announced the launch of the spring's seasonal whisky "Ten Years", the first aged whisky that will be available on a slightly larger scale.
- Mackmyra announced that, for the third consecutive year, the Company had been engaged to produce a limited whisky edition for the Sweden Rock Festival.
- Mackmyra announced that the Company had initiated a collaboration with SAS under which Mackmyra's Svensk Ek whisky would be available under the name of Traveler on SAS flights beginning on 26 March.
- Mackmyra announced the commissioning of the distillery at Mackmyra Bruk to enable development of innovative new craft spirit products in addition to single malt whisky. These new products will be produced and developed under the Mackmyra LAB distillery label.

SIGNIFICANT EVENTS AFTER THE QUARTER

- A proposal was made prior to the Annual General Meeting on 20 May to expand the Board of Directors by electing Emma Heimonen. Over the past 12 years Emma has held senior positions in digital operations and has gained experience working with digital business development, new collaborations and innovation management. Emma is currently head of digital innovation at Swedbank.
- It was also proposed prior to the AGM that holders of the K14 convertible program, which matures in June 2017, will be offered the opportunity to subscribe for new convertibles corresponding to the same nominal value as their existing convertible debentures. By making this offer, Mackmyra intends to maintain financing through convertibles at the same level as before in order to avoid raising the corresponding amount of capital via some other route, since the business has not yet financed itself through cash flow.
- Mackmyra announced in April that the Company was launching a new whisky exclusively developed for the large Travel Retail market. The product, called Expedition, has been available for sale since 1 May.
- In early May Mackmyra was awarded three silver medals and one bronze in this year's International Spirits Competition (ISC). This scotch whisky competition is among the most prestigious in the whisky world. The jury that judges in blind tests is comprised exclusively of Master Blenders from all over the world.

CEO'S REPORT

The next chapter in Mackmyra's history is beginning right now.

Q1 represents yet another quarter during which we successfully leveraged the strengths of the business that we have been developing since the Company's inception in 1999, which today puts us in a completely unique market position. The result of this effort is Mackmyra's strongest first quarter to date. In Q1, we reached the same sales level as in the peak season (Q4) in 2014. In light of the significant seasonal variations in whisky sales, where the first quarter is generally the weakest of the year and the fourth is the strongest, this achievement bears witness to the success of our journey over these years. While we are pleased with the trend since 2014, we still believe that the journey has just begun. The strengths that have paid off in dividends during this first quarter are:

Larger volumes of older whisky

Mackmyra's first older aged whisky in slightly larger volumes, Mackmyra Ten Years, was launched at whisky fairs beginning in late March. There was strong interest prior to the sales launch at Systembolaget on 5 May. Mackmyra Tolv, which was released in a more limited edition, also became a major sales success.

Personal whisky in larger bottlings

Mackmyra makes personal whisky on both a small and large scale. One example of a personal whisky launched on a large scale during the first quarter is SAS Traveler. This personalised version of Mackmyra Svensk Ek, made especially for SAS, is served on their flights. Traveler is part of the SAS menu for local Scandinavian food and beverages – a concept that fits right into today's world.

Personal whisky in many small bottlings

Another example in the first quarter is the strong increase in sales of personal whisky casks (+50%), as many new customers are discovering our customised whisky in their own 30-litre casks. The concept of small personal casks was originally Mackmyra's own innovation, which many other distilleries have also begun to emulate in recent years, including in other countries. It is easy to understand that competitors find this model to be appealing, since it is a great way to develop close ties to consumers while simultaneously financing the casks before they are produced. Each cask represents a personalised small-scale product, with about 50 bottles per cask. Significant volumes are involved since the inception of the concept in 2002. To date, over 16,000 casks have been sold, about half of which have been bottled and the final product delivered to the customer. The result is over 500,000 bottled personal bottles, which in the hands of their owners embody the best possible marketing tool for the Mackmyra taste and brand.

Crowdsourcing through close dialogue

Mackmyra engages in close dialogue with consumers. Many liquor companies, large and small, worldwide strive to achieve this trend. For Mackmyra this initiative began back in 1999-2002, when future consumers were invited to participate in the development of the recipe for Sweden's first single malt whisky. This early form of what today is known as crowdsourcing has become increasingly common in recent years. This model, which offers consumers the opportunity to influence recipes and flavours, will be used again when we reopen our distillery at Mackmyra Bruk to develop new categories of craft spirit products. Naturally we would like to invite Mackmyra's Ambassadors to participate in developing the recipe through taste panels and discussions, for example on Mackmyra Day, 20 May.

Mackmyra Lab Distillery

Mackmyra has an extra fully functional and fully depreciated pot still distillery at Mackmyra Bruk that has been dormant since 2013, when production of our single malt whisky moved to the new Gravity Distillery. During the first quarter we recommissioned it under the name Mackmyra Lab Distillery. Actual development and distillation will take place in collaboration with new incoming talent – craft distillers who will focus solely on the new products. The first craft distiller, who also has primary responsibility for the recommissioning and first test runs, is Rickard Aldén. Rickard has prepared the distillery during the first quarter and initiated development of the Lab Distillery's first product, an organic Swedish gin. Demand and interest in super-premium craft gin is growing in Sweden, a trend that has been extremely strong in Europe for several years. The craft gin section in the liquor stores of Europe is huge, while only a limited selection of craft gin can be found on the shelves of Systembolaget in Sweden. Rickard and Mackmyra Lab Distillery intend to remedy this situation.



Craft distiller Rickard Aldén monitors hand mashing of a batch of organic grain.

Magnus Dandanel, Chief Executive Officer, Mackmyra Svensk Whisky AB

MACKMYRA SVENSK WHISKY

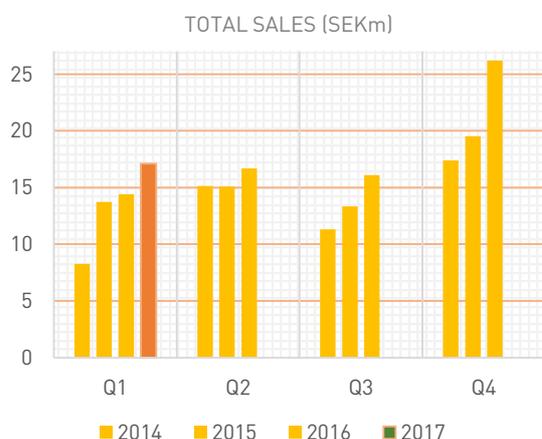
Mackmyra Svensk Whisky AB (publ) was founded in 1999 and is Sweden's first producer of malt whisky. The Company has successfully launched the first Swedish single malt whisky in the form of personal 30-litre casks and single malt whisky sold in bottles. Operations are conducted in Mackmyra Whisky Village outside Gävle with marketing handled in Stockholm, as well as through the subsidiaries Mat och Upplevelser i Kungsbäck AB and Mackmyra Swedish Whisky GmbH, which is based in Hamburg. Mackmyra has approximately 6,700 shareholders and Mackmyra Class B shares are listed on Nasdaq First North.

MARKET

Systembolaget's sales of single malt whisky rose by about 2 percent (6) in the first quarter compared with the previous year, according to Systembolaget's own statistics. The trend for New World Whisky, whisky from non-traditional countries, remains positive. Many new distilleries are starting all over the world and receiving strong interest among consumers and the media.

NET SALES AND FINANCIAL PERFORMANCE

Net sales



Whisky sales have clear seasonal variations. Historically, Q4 and Q2 have been Mackmyra's strongest quarters.

Net sales excluding alcohol tax for the first quarter totalled SEK 17.1 million (14.4), up 18 (5) percent over the previous year. This quarter was therefore the ninth consecutive quarter with growth compared with the previous year.

During the quarter, Bottled Products comprised 62 percent (68) of net sales excluding alcohol tax for the

quarter, while Casks and Experiences accounted for the remaining 38 percent (32).

Financial Performance

Gross profit for the quarter amounted to SEK 8.7 million (4.8) with a gross profit margin of 51 percent (33). The greatly improved gross margin can be attributed in part to higher sales during the quarter, but also to a charge against the first quarter of the previous year for the cost of under-absorption equivalent to SEK 2.1 million due to the low production rate at the time. Gross margin excluding under-absorption for the first quarter last year was 48 percent.

In practice, the cost of under-absorption entails periods with low distillation volume during which earnings are charged with fixed expenses that cannot reasonably be applied to the value of the maturation stock because of the low distillation volume. The negative impact on earnings arises when the fixed production costs cannot be fully allocated to the distilled volumes and instead are expensed directly in income. In recent years under-absorption has had a substantial negative impact on gross profit. However, the lower distillation volume during these years has also contributed to a significant improvement in cash flow. At the current production rate, no costs for under-absorption arise.

Other operating expenses for the first quarter amounted to SEK 10.0 million (9.4). The increase in expenses largely reflects the gradually increasing focus on sales and marketing in both Sweden and Europe in recent years.

The operating loss for the first quarter was SEK -1.3 million (-4.6). Depreciation and amortisation for the quarter amounted to SEK 2.8 million (3.0).

Net financial items for the quarter totalled SEK -3.0 million (-2.9). Net financial items include interest expense attributable to the equity portion of convertible debentures corresponding to SEK 0.3 million (0.3). This latter interest expense has no impact on cash flow for the Company, either historically or in the future.

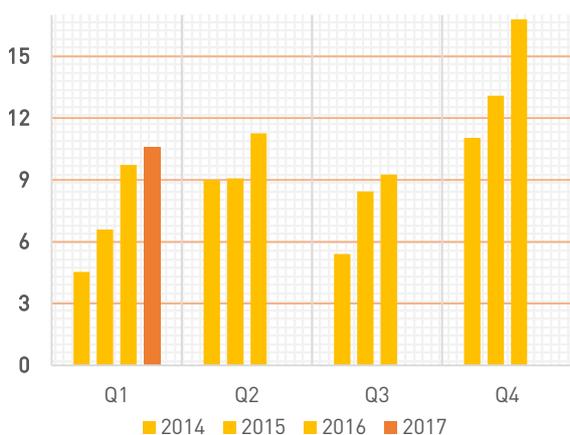
The loss after tax for the first quarter was SEK -4.3 million (loss: 7.5), thereby representing an improvement of SEK 3.2 million.

BOTTLED PRODUCTS

Currently about half of Mackmyra’s revenue comes from bottle sales from Systembolaget, which is Mackmyra’s largest customer.

The priority export markets, Germany, France and the UK, account for about one fourth of sales. Borders Shops, Travel Retail and Private Brand account for almost another quarter of sales. The remainder is sold in small volumes to other export markets.

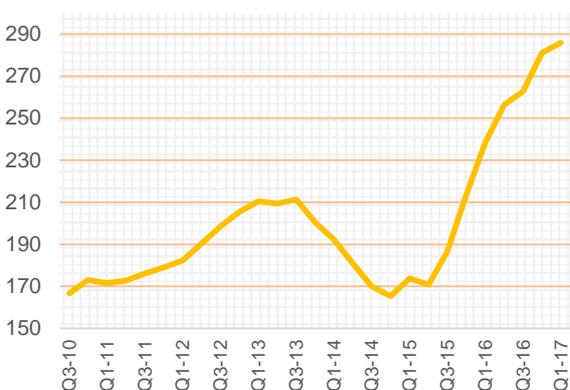
SALES OF BOTTLED PRODUCTS (SEKm)



Net sales from sales of bottles increased by 9 percent during the first quarter compared with the previous year and totalled SEK 10.6 million (9.7)

The number of bottles sold during the quarter amounted to 63,000 (58,300), an increase of 8 percent (74) compared with the previous year. The number of bottles sold over the most recent rolling 12-month period thereby reached a record high at the end of the first quarter of 2017 since the inception of the company.

NUMBER OF BOTTLES SOLD ROLLING 12 MONTHS (THOUSANDS)



Mackmyra’s priority export markets

Sales to the priority export markets during the quarter amounted to SEK 2.4 million (2.8). This represents an 11-percent reduction in sales.

Sales in the first quarter of 2016 were unusually high in Germany because several major customers chose to buy larger volumes prior to an impending price increase. We did not have a corresponding effect in the first quarter this year. In addition, a number of orders of slightly higher value that were scheduled for delivery in late March were a few days late and were delivered in early April instead. The delay was due to a temporary problem at an external freight company and has long been resolved.

First quarter sales to the priority export markets accounted for 14 percent (19) of Mackmyra’s revenue.

Systembolaget

Sales to Systembolaget increased by 17 percent (5) during the quarter. We continue to achieve sales successes with MACK by Mackmyra and our exclusive Moment editions. However, we saw a slight decline during the quarter in sales of Svensk Ek, which was backordered during part of the period, and for Svensk Rök, which had more competition on the shelf from similar alternatives.

The reason that the number of bottles sold to Systembolaget increased more (in relative terms) than sales revenue is the continued sales success with MACK by Mackmyra. The increase in the number of bottles sold was an impressive 36 percent (45).

Private Brand

The Private Brand segment achieved continued sales growth during the first quarter. Sales rose by 6 percent (75) compared with the previous year. Motörhead Whisky continues to be included in Systembolaget’s standard product line and Mackmyra was engaged to produce a whisky for the Sweden Rock music festival for the third consecutive year.

Travel Retail

The collaboration with SAS (Traveler), which has been included in the Travel Retail segment since the end of the first quarter, is the main explanation for the 81-percent increase in sales in the segment for the quarter compared with the previous year. This collaboration provides an excellent opportunity for Mackmyra regarding both the volume of sales through this channel and potential new customers that may become aware of Mackmyra products. It will be extremely interesting to follow the sales trend moving forward.

NEW PRODUCTS

Moment Tolv

Moment Tolv was released at Systembolaget on 16 February. The whisky, which is part of Mackmyra's exclusive Moment series, is the first Swedish 12-year whisky available for purchase and was launched in an extremely limited edition of barely 1,500 bottles. The 1,200 bottles of Moment Tolv released at Systembolaget were sold out within a matter of minutes. Demand was many times greater than the supply. The remaining bottles were allocated to the export markets, where interest was also strong. The whisky itself is elegant with soft tones of fruit, berries, and roasted oak.



Sweden Rock 17 Single Malt Bourbon Cask

On 24 March a limited edition of the whisky Sweden Rock 17 Single Malt Bourbon Cask was released in Systembolaget's order assortment. This whisky is the result of a collaboration between Mackmyra and the well-known rock festival that will be held in Sölvesborg in June. The whisky is a brash rock 'n roll story instilled with the joy of the riff and festival expectations. Sweden Rock 16 and Sweden Rock 15 were previously produced by Mackmyra.



Traveler

Mackmyra's single malt whisky "Svensk Ek" has been available on SAS flights since 26 March. The bottles are sold on SAS flights under the name "Traveler" and have a unique design adapted to SAS' graphic expression. The bottles are available in two sizes, 50 cl and 5 cl. Svensk Ek, which has garnered many international awards, has a spicy character with elements of sandalwood, dried ginger, black pepper, roasted oak casks and herbs.

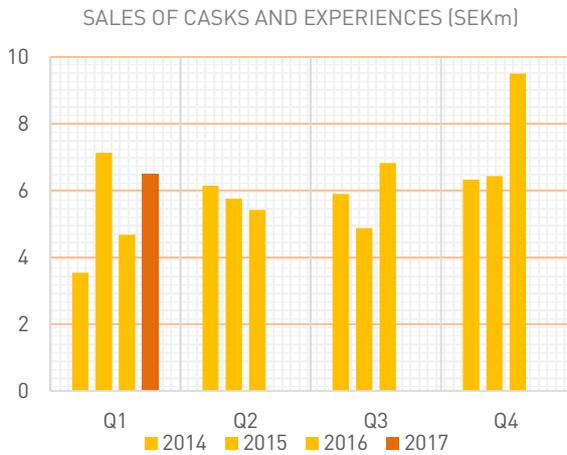


Ten Years

On March 23 Mackmyra announced that the spring's seasonal whisky is "Ten Years," a ten-year old single malt whisky. Ten Years is Mackmyra's first aged whisky that will be available on a slightly larger scale (20,000 bottles). Sales of Ten Years began during the last week of March on some of the export markets, where it was extremely well-received. The product was released at Systembolaget on 5 May. Ten Years is an elegant whisky that is spicy, fruity and gently oaky with a hint of vanilla, raisin and anise.



Casks and Experiences



First quarter sales of Casks and Experiences totalled SEK 6.5 million (4.7), which was an increase of 38 percent [-34] compared with the previous year.

Both the interest shown and sales at trade shows, as well as current sales bear witness to a slight increase in demand. The campaign casks sold during the quarter represent another factor explaining the strong sales. The casks with the rum finish that were launched during the fall were produced in collaboration with Plantation Rum and are nearly sold out. In addition, an anniversary cask was launched during the quarter that is associated with Mackmyra’s west coast warehouse at Smögen, which is celebrating its tenth anniversary in May.

The anniversary cask, which is saturated with a craft-produced cherry wine, is a natural successor to last year’s highly appreciated and internationally award-winning seasonal whisky “Blomstertid”. Blomstertid also contained some whisky that was saturated with the same cherry wine. The Smögen facility will celebrate its tenth anniversary on 27 May. More than 2,000 personal whisky casks have been stored here since its opening in 2007.



The first 15-year-old Swedish single malt whisky

Since early July 2016 Mackmyra has supplemented the cask offering with its first 15-year-old Swedish single malt whisky. Customers will be able to invest about SEK 100 thousand to reserve one of the elegant 200-litre bourbon casks from 2007.

While the transactions are not reported as sales/revenue until after bottling and delivery, they represent an injection of cash at the time of the reservation. This type of cask was sold during the first quarter. In 2016, 35 casks of this type were sold.

Mackmyra Whisky Village

As previously, Mackmyra’s visitor centre in Mackmyra Whisky Village offers visits to Mackmyra’s restaurant, whisky tastings, tours of the distillery and warehouse, as well as conferences. Mackmyra targets both private individuals and companies. Mackmyra’s visitor centre plays an important support role in marketing Mackmyra’s whisky experiences of both bottled products and casks.

During the first quarter Mackmyra’s own restaurant in the Whisky Village reorganised with the aim of achieving better stability in the business and improving profitability. Even though it is low season and despite the long-term nature of the project, we can already see improvement.

Perhaps the biggest event each year in Mackmyra Whisky Village is Mackmyra Day, which will be held on 20 May this year. Mackmyra Day is a “homecoming event” during which shareholders, cask owners, whisky lovers in general and staff all have the opportunity to meet. Mackmyra’s bottled products and casks can be sampled in the bar environment, along with gourmet food from Mackmyra’s own restaurant, as well as at whisky tastings and together with delicacies. The Annual General Meeting is also held in connection with Mackmyra Day.

PRODUCTION

DISTILLATION

About 94,000 bottles (31,000) were distilled during the first quarter. The distillation rate was ratcheted up considerably at the end of 2016 and continued at the same pace during the first quarter of the year. This increase in the pace of distillation to meet the increased demand for Mackmyra bottled products is necessary to ensure the future supply of younger whisky in Mackmyra’s maturing stocks for use in, for example, MACK by Mackmyra. An even age distribution in the maturing stock is preferable in the long term. Consequently, the aim over the next few years is to balance the distillation rate so that the input of newly

distilled whisky in the warehouse equals the output of bottled whisky from the warehouse. Moreover, the estimated growth of younger whisky products will be added to that amount.

MATURING STOCK

The carrying amount of the maturing stock declined during the quarter by SEK 0.3 million to a total of SEK 161.4 million as at 31 March 2017. The carrying amount of the maturing stock includes warehouse costs.

The maturing stock is valued at the lower of either production cost or net realisable sales value at the close of the reporting period. Included in the production cost is the cost of storage during the period up to the point when the whisky is matured for selling. The value of goods ready to deliver increased during the quarter by SEK 2.8 million to SEK 15.5 million. The total value of stocks on hand at the end of the first quarter was SEK 176.9 million, which is SEK 2.5 million higher than at the beginning of the quarter. An increase in the value of stocks on hand is natural during the first quarter, which is generally the most modest of the year in terms of sales, at the same time that the pace of distillation is relatively high.

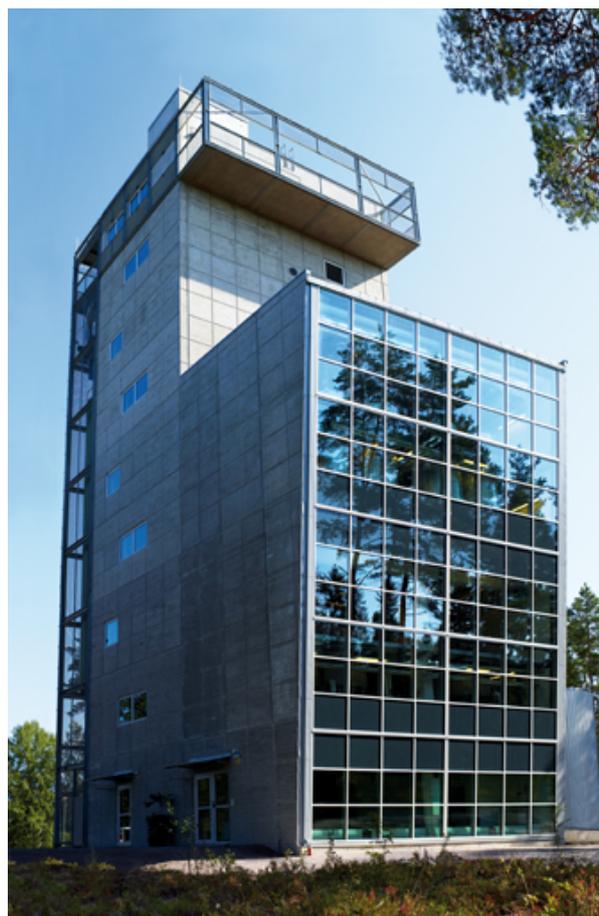
Finished whisky at the right age and recipe mix in sufficient quantities are crucial to increase sales in the long term. Approximately 40 percent of Mackmyra’s total maturing stock consists of whisky that has been aged for five or more years. This means that presently Mackmyra even has a high delivery capacity of somewhat older whisky. Meanwhile, the higher sales of bottles require increased distillation, for which reason the pace of distillation has been ratcheted up to avoid a shortage of younger whisky in the warehouse around 2022.

The whisky that is already in the warehouse and that has not been bottled for 2022 will be five years older than today and will command a substantially higher retail price. It should therefore not be used for products in the lower price segment, but rather to supply the products in the more exclusive segments. A good capacity to bottle ten-year old to fifteen-year old whisky, while hedging the supply of younger whisky with a well-balanced annual distillation rate, will be a major strength.

FINANCIAL INFORMATION

INVESTMENTS

Investments in the first quarter totalled SEK 0.9 million (0.8). Investments mainly related to casks for ageing of whisky and to IT development.



PERSONNEL AND ORGANISATION

The Group had an average of 41 full-time employees (35) during the quarter. The increase is primarily due to additional sales representatives, but also to some extent to production personnel. The management consists of the CEO, CFO, Sales and Marketing Manager, Master Blender, and Supply Chain Manager. The chart below shows the average number of full-time employees by quarter.



CASH FLOW

Cash flow after investments for the first quarter amounted to SEK -7.3 million (-7.9). Cash flow is generally weak during the first quarter with relatively low sales, while VAT and alcohol taxes are paid on sales from the strongest quarter of the previous year. Given that distillation during the quarter more than tripled compared with the previous year, the improvement in cash flow is greater than the absolute figures show. Cash flow for the period including financial items was SEK -5.8 million (-4.4), where the change compared with the previous year is mainly because we used less of our overdraft facility in 2017 than in the previous year.

LIQUIDITY AND FINANCING

At the close of the reporting period, cash and cash equivalents amounted to SEK 2.2 million, compared with SEK 1.5 million as at 31 March 2016. Unutilised bank lines of credit at the close of the reporting period totalled SEK 6.4 million, compared with SEK 0.8 million as at 31 March 2016.

Non-current liabilities amounted to SEK 146.0 million at the close of the reporting period, compared with SEK 178.9 million as at 31 March 2016. At the close of the reporting period, non-current liabilities consisted of SEK 133.6 million (141.0) in loans from credit institutions, SEK 0 million (16.2) in convertible debentures, SEK 3.6 million (9.2) in unutilised lines of credit, and SEK 8.8 million (12.5) in non-interest-bearing liabilities attributable to loans from the Company's cask owners. The item non-current liabilities related to convertible debentures is substantially lower because they count as current liabilities from Q1 2017.

Bank overdraft facilities totalled SEK 10.0 million (10.0).

SHARE CAPITAL

The total number of shares is 11,561,008. Share capital is 11,561,008.

RISKS AND UNCERTAINTIES

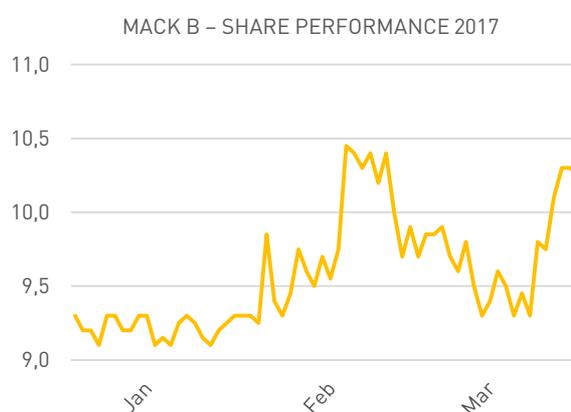
For a description of risks and uncertainties, please refer to Mackmyra's 2016 Annual Report, pages 28.

Mackmyra's annual reports are available at: www.mackmyra.se.

THE MACKMYRA SHARE

Mackmyra Class B shares are listed on Nasdaq First North. The closing share price on 31 March 2017 was SEK 9.20, which can be compared with SEK 9.20 as at 30 December 2016. A total of 447,816 shares were traded over the course of the quarter, compared with 203,595 shares during the corresponding quarter the previous year.

The chart below shows the share price movements in the first quarter.



ACCOUNTING POLICIES

This quarterly report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board General Guidelines BFNAR 2012:1 Annual Reports and Consolidated Financial Statements (K3 rules). The same accounting policies are applied as in the 2016 Annual Report. For a more detailed

description of the accounting policies applied, please refer to the 2016 ANNUAL REPORT. All information in this report refers to the Group which consists of Mackmyra Svensk Whisky AB and the wholly owned subsidiaries Mat och Upplevelser i Kungsbäck AB and Mackmyra Swedish Whisky GmbH.

OWNERSHIP Q1 2017

Owner	Total	Class A shares	Class B shares	Capital %	Votes %
Family Rolf Klingberg	1,606,750	11,000	1,595,750	13.9%	12.1%
The Founders' Group	1,337,062	207,860	1,129,202	11.6%	22.8%
Lantmännen ek. för.	1,136,908	34,940	1,101,968	9.8%	10.3%
Håkan Johansson	1,016,622	0	1,016,622	8.8%	7.2%
W & L Blommor AB	470,600	0	470,600	4.1%	3.4%
ALMI Invest Norra Mellansverige	250,000	0	250,000	2.2%	1.8%
Lennart Hero	246,018	0	246,018	2.1%	1.8%
Family Tage Klingberg	22,230	22,200	30	0.2%	1.6%
Other shareholders	5,474,818	0	5,474,818	47.4%	39.0%
Total	11,561,008	276,000	11,285,008	100.0%	100.0%

The above list of major shareholders reflects the ownership structure as at 31 March 2017.

* The Founders' Group consists of the eight founders (Annika Berg, Jonas Berg, Astrid Dandanell, Magnus Dandanell, Jennie Kastengren, Carl-Johan Kastengren, Richard Lundborg and Malin Lövemmark), Spritum Spritaktiebolag AB as well as the Gillesvik AB Group.

FINANCIAL REPORTS

PROFIT & LOSS STATEMENT

SEK THOUSAND	2017	2016	2016
	Jan.-March	Jan.-March	Full year
Net sales	22,303	18,157	99,773
<i>Less: alcohol tax</i>	-5,245	-3,749	-26,417
Net sales excluding alcohol tax	17,058	14,408	73,356
Cost of goods sold	-8,374	-7,500	-37,108
Under-absorption	0	-2,152	-6,715
Gross profit/loss	8,684	4,755	29,533
Other operating expenses			
Selling and marketing expenses	-6,924	-5,855	-27,854
Administrative costs	-3,097	-3,528	-13,913
Other operating expenses	0	0	-1,387
	-10,022	-9,383	-43,155
Operating profit/loss	-1,337	-4,628	-13,622
Net financial items	-2,982	-2,910	-12,368
Profit/loss after financial items	-4,319	-7,538	-25,990
Taxes	0	0	-127
Profit/loss after tax, SEKm	-4,319	-7,538	-26,117

BALANCE SHEET

SEK THOUSAND	31 March 2017	31 March 2016	31 December 2016
ASSETS			
NON-CURRENT ASSETS	107,908	118,976	109,869
CURRENT ASSETS			
Stocks on hand	176,902	182,934	174,434
Other current assets	15,870	13,453	21,896
Cash and bank balances	2,190	1,536	7,999
	194,962	197,923	204,329
TOTAL ASSETS	302,869	316,898	314,198
EQUITY AND LIABILITIES			
SHAREHOLDER EQUITY	110,688	113,199	115,007
NON-CURRENT LIABILITIES AND PROVISIONS	150,189	181,883	163,651
SHORT-TERM LIABILITIES	41,992	21,816	35,540
TOTAL EQUITY AND LIABILITIES	302,869	316,898	314,198

CHANGES IN EQUITY

SEK THOUSAND	2017 Jan.-March	2016 Jan.-March	2016 Full year
Equity at the beginning of the period	115,007	120,689	120,689
Issuance of new shares	-	-	21,378
Issuance expenses	-	-	-990
Convertible debentures, value of conversion option	-	-	-
Translation differences	-	48	46
Profit/loss for the year	-4,319	-7,538	-26,117
Equity at the end of the period	110,688	113,199	115,007

CASH FLOW STATEMENT

SEK THOUSAND	2017 Jan.-March	2016 Jan.-March	2016 Full year
Cash flow from operating activities	-920	-4,266	-15,116
Change in working capital			
Change in inventories	-2,468	1,414	9,913
Change in other working capital	-3,020	-4,226	-2,208
Cash flow after changes in working capital	-6,408	-7,079	-7,411
Cash flow to investments	-881	-818	-2,052
Cash flow after investments	-7,289	-7,896	-9,463
Cash flow from financing activities	1,480	3,482	11,512
Cash flow for the period	-5,809	-4,414	2,049
Cash and cash equivalents at the beginning of the period	7,999	5,950	5,950
Cash and cash equivalents at the end of the period	2,191	1,536	7,999

KEY FIGURES

SEKm	2017	2016	2016
	Jan.-March	Jan.-March	Full year
Net sales (SEK millions)	22.3	18.2	99.8
Net sales (excluding alcohol tax), SEKm	17.1	14.4	73.4
<i>Growth in sales (excluding alcohol tax)</i>	<i>18%</i>	<i>5%</i>	<i>18%</i>
Sales of Bottled Products, SEKm	10.6	9.7	47.1
Sales of Casks and Experiences, SEKm	6.5	4.7	26.3
Gross profit/loss, before under-absorption, SEKm	8.7	6.9	36.2
Gross profit/loss, before under-absorption, %	51%	48%	49%
Under-absorption	0.0	-2.2	-6.7
Gross profit/loss, SEKm	8.7	4.8	29.5
Gross profit margin, percent	51%	33%	40%
Operating profit/loss, SEKm	-1.3	-4.6	-13.6
Profit/loss after tax, SEKm	-4.3	-7.5	-26.1
Cash flow after investments, SEKm	-7.3	-7.9	-9.5
Cash flow, SEKm	-5.8	-4.4	2.0
Investments, SEKm	-0.9	0.8	2.1
Maturing stocks, carrying amount, SEKm	161.4	169.9	161.7
Change in maturing stocks, SEKm	-0.3	-3.2	-9.6
Change in maturing stocks, percent	0%	-2%	-6%
Financial net debt excluding convertible debentures, SEKm	159.6	154.5	136.7
Liquid ratio, percent	58%	72%	112%
Interest coverage ratio (times)	-0.4	-1.6	-1.1
Equity, SEKm	110.7	113.2	115.0
Equity per share, SEK	9.57	12.51	9.95
Equity ratio, percentage	37%	36%	37%
Number of shares, basic	11,561,008	9,045,924	11,561,008
Number of shares, diluted	12,529,881	9,946,521	12,529,881
Earnings per share, basic, SEK	-0.37	-0.83	-2.70
Earnings per share, diluted, SEK	-0.37	-0.83	-2.70
Average number of shares, basic	11,561,008	9,045,924	9,674,695
Average number of shares, diluted	12,529,881	9,946,521	10,629,053
Number of employees (average)	41	35	37

The Company's auditors did not audit this interim report.

FINANCIAL CALENDAR, GLOSSARY AND DEFINITIONS

DATES FOR PUBLICATION OF FINANCIAL INFORMATION

20 May 2017	Annual General Meeting
31 August 2017	Interim report Q2
30 November 2017	Interim report Q3
28 February 2018	Year-end Report 2017

GLOSSARY AND DEFINITIONS

Bottle

70 cl raw spirit or whisky calculated with an alcohol content of at least 40 percent, distributed and sold via traditional channels.

Cask

Personal whisky casks ordered and produced according to customer orders. To be delivered after maturation for an average of five years, in about 48 whisky bottles.
50 centilitres.

Angel's share

Up to three percent of the whisky evaporates from the oak casks each year during storage. This is referred to as the angels' share.

Gross Profit Margin (%):

Gross profit/loss divided by net sales.

Operating Margin (%):

Operating profit divided by net sales.

Liquidity ratio

The total of current assets, cash and cash equivalents and unutilised line of credit divided by current liabilities.

Financial net debt excluding convertible debentures

Interest-bearing liabilities, excluding convertible debentures - Cash and bank balances

Equity ratio (%)

Shareholders' equity divided by the balance sheet total.

Return on equity (%)

Profit/loss after tax divided by average equity.

Interest coverage ratio (times)

Earnings before interest expense divided by interest expense.

Earnings per share (SEK)

Profit/loss after tax divided by average equity during the period.

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