



New Nordic Healthbrands AB (publ) Six month report January - June 2015

	SIX MONTHS 2015	SIX MONTHS 2014	Q2 2015	Q2 2014
Net sales, kSEK	149 433	136 007	76 486	74 935
Gross profit, kSEK	99 545	87 889	50 849	48 375
Gross margin	66.6%	64.6%	66.5%	64.6%
EBITDA kSEK	8 889	8 417	4 164	4 665
EBITDA-margin	5.9%	6.2%	5.4%	6.2%
Operating profit, kSEK	7 568	7 061	3 505	3 955
Operating margin	5.1%	5.2%	4.6%	5.3%
Profit for the period, kSEK	6 716	6 952	2 848	4 249
Profit margin	4.5%	5.1%	3.7%	5.7%
Preprofit after tax, kSEK	5 307	4 962	2 206	2 902
Net profit margin	3.6%	3.6%	2.9%	3.9%
Earnings per share after tax*, SEK	0.86	0.80	0.36	0.47

*There are no dilutive effects

Comments by Karl Kristian Bergman Jensen, CEO

Sales increased 9.9 percent to SEK 149.4 million during the first six months of the year. In local currencies, sales increased 2.9 percent. EBITDA increased to EUR 8.9 million and earnings per share after tax increased to 0.86 SEK.

We grew in all geographic areas. The countries that have contributed most to our absolute growth in sales is US, UK and Denmark. Although most markets have had success, there are some markets where growth does not match our ambitions and markets where we even experienced a slight decrease. It was particularly notable in the second quarter. Where growth has not met our expectations it has been due to a combination of several market-specific conditions. Some of these challenges we can solve relatively quickly and so we do. In other cases, we rely on external factors, and these take longer to adjust to. The effectiveness of our marketing, our cooperation with retailers and the success of our new product launches will be decisive for our performance. Our product portfolio is well tuned and further innovations are planned for introduction in the fall. The launch of Nordic Organic Fish Oil™ has been well received on the Danish market. Launch of this product is planned in a number of additional markets in the second half of 2015.

Our costs are under control. Our gross margin increased during the first half of 2015 to nearly 67 per cent and it is now at a satisfactory level. We have increased our staff from 37 to 43 people so we are better prepared for future growth. We also increased our marketing expenses to support the broadened product portfolio and our efforts to take more market share.

On 5 October this year, New Nordic can celebrate its 25th anniversary. Our growth from an idea and a passion to what New Nordic stands for today demonstrate the effectiveness of our strategy. A strategy that builds on the strengths of our brands and an entrepreneurial spirit. All employees are passionate about our business and our international expansion and I look forward to the second part of 2015 and the next 25 years with optimism.

Sales

Sales during the first six months was 149.4 million (136.0), an increase of 9.9 percent. In local currencies, the increase was 2.9 percent.

Results for the six months

Gross profit for the first half rose to 99.5 million (87.9). This corresponds to a gross margin of 66.6 percent (64.6). EBITDA amounted to SEK 8.9 million (8.4). This corresponds to an EBITDA margin of 5.9 percent (6.2). Operating profit amounted to SEK 7.6 million (7.1). This corresponds to an operating margin of 5.1 percent (5.2). Profit after financial items amounted to SEK 6.7 million (7.0). Profit after tax for the six-month period was SEK 5.3 million (5.0).

Comments to the second quarter

Sales in local currencies fell by 3.9 percent. Converted into SEK, sales increased by 2.1 percent. The sale does not show a satisfactory growth. Sales declined a bit in the Nordic countries, while it increased in the rest of Europe and North America. In the geographical areas there were big differences. The downturn in the Nordic region is mainly due to a decline in Norway, while there was good progress in Denmark. In the US we had a fine growth, while Canada showed a decline.

Gross margin increased to 66.5 percent (64.6). An increase which is mainly a result of changes in sales in the assortment.

Personel, sales and administration expenses amounted to SEK 46.7 million (43.7), an increase of 6.8 percent. The number of employees at end of period was 43 (37). The largest increase in expenses was related to increased marketing costs.

EBITDA decreased by 0.5 million and profit after tax with SEK 0.7 million. A result of an increase in costs which exceeded the increase in sales translated into SEK.

Depreciation was almost status quo and amounted to SEK 0.7 million (0.7). Interest and other financial items rose to SEK -0.7 million (0.3).

Profit after financial items was reduced by 33 percent and amounted to SEK 2.8 million (4.2).

Profit after tax decreased by 24 percent and amounted to SEK 2.2 million (2.9).

Financial position and cash flow

Total assets at 30 June 2015 amounted to SEK 114.9 M (103.9), an increase of 10.5 percent compared to the same time last year. The increase is primarily related to the fact that the Company has restructured the financing from factoring to an overdraft facility with Danske Bank A/S.

Inventories have increased by 6.2 percent compared to the same period last year and amounted to 34.2 MSEK (32.2). The size of the inventory is satisfactory to the Company activity and service rate.

During the first six months the current operations generated a negative cash flow of SEK -5.6 million (3.1). Cash and cash equivalents at end of the period amounted to SEK 4.1 million (5.1).

The Group's equity ratio was 26.2 percent (17.6).

Shareholders' equity apportioned on the outstanding 6,195,200 (6,195,200) shares was on June 30, 2015 4.86 SEK per share (2.95).

Expansion

In 2015 the company will continue to focus on building a leading brand in a number of specific market segments. Profitable products will be launched in markets where New Nordic is active and efforts will be made to broaden the geographic distribution through reputable national distributors who can market New Nordic brands for their own account and risk in their country. In the US, the company will only focus on a few brands of Pharmacy distribution. At the same time New Nordic will focus to build the business in the US health food stores. New Nordic expects to increase sales and earnings in all markets where it operates.

Parent company

The parent company had in operation the first six months of 2015 net sales of SEK 56.2 million (54.8).

Comment current quarter

Sales during the first weeks of July has started well.

Transactions with related parties

There have not been any material transactions with related parties during the period.

Accounting principles

This report has been prepared in accordance with the Annual Accounts Act (1995: 1554) and BNFAR 2012: 1 The annual report and consolidated financial statements (K3).

Certified adviser

New Nordic Healthbrands AB's Certified Adviser is Mangold Fondkommission AB.

Upcoming reports

Nine-month report 2015	30 October 2015
Year-end report 2015	7 March 2016
Annual report 2015	7 April 2016
Three-month report 2016	28 April 2016

For further information, please contact: Karl Kristian Jensen Bergman, CEO, kk@newnordic.com

This report has not been audited.

Malmö July 31, 2015

New Nordic Healthbrands AB (publ)

The Board

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Income Statement

(kSEK)	SIX MONTHS 2015	SIX MONTHS 2014	Q2 2015	Q2 2014
Sales	149 433	136 007	76 486	74 935
Cost of goods sold	-49 888	-48 118	-25 637	-26 560
Gross profit	99 545	87 889	50 849	48 375
Personnel expenses	-15 668	-13 629	-7 585	-6 760
Other external expenses	-74 988	-65 843	-39 100	-36 950
EBITDA	8 889	8 417	4 164	4 665
Depreciations	-1 321	-1 356	-659	-710
Operating profit (EBIT)	7 568	7 061	3 505	3 955
Interest and other financial items	-852	-109	-657	294
Profit after financial items	6 716	6 952	2 848	4 249
Tax	-1 409	-1 990	-642	-1 347
Net profit for the period	5 307	4 962	2 206	2 902
Average number of shares	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
Earnings per share, SEK	0.86	0.80	0.36	0.47
EBITDA per share, SEK	1.43	1.36	0.67	0.75

*There are no dilutive effects

Balance Sheet

(kSEK)	Q2 2015	Q2 2014	Full Year 2014
Assets			
FIXED ASSETS			
Intangible fixed assets	1 980	4 204	2 977
Tangible fixed assets	1 817	2 034	1 834
Financial assets	5 363	8 865	9 014
Total fixed assets	9 160	15 103	13 825
CURRENT ASSETS			
Inventories	34 193	32 186	34 995
Current receivables	67 421	51 575	45 847
Liquid funds	4 087	5 084	5 995
Total current assets	105 701	88 845	86 837
Total assets	114 861	103 948	100 662
Equity and liabilities			
EQUITY	30 102	18 247	25 059
Deffered tax	1 452	2 255	1 618
Long-term debt	1 376	1 298	1 198
Short term liabilities – interest bearing	19 359	8 841	9 439
Short term liabilities – non interest bearing	62 572	73 307	63 348
Current liabilities	81 931	82 148	72 787
TOTAL LIABILITIES AND EQUITY	114 861	103 948	100 662

Change in Equity

Q2 2015

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Opening balance	6 195	5 248	13 616	25 059
Exchange difference	0	0	-264	-264
Net profit for the period	0	0	5 307	5 307
Closing balance	6 195	5 248	18 659	30 102

Q2 2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Opening balance	6 195	3 935	3 419	13 549
Exchange difference	0	0	-264	-264
Net profit for the period	0	0	4 962	4 962
Closing balance	6 195	3 935	8 117	18 247

Full year 2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Opening balance	6 195	3 935	3 419	13 549
Transfer between restricted and unrestricted reserves	0	1 313	-1 313	0
Exchange difference	0	0	-865	-865
Net profit for the period	0	0	12 375	12 375
Closing balance	6 195	5 248	13 616	25 059

Cash Flow Statements

(kSEK)	SIX MONTHS 2015	SIX MONTHS 2014	Q2 2015	Q2 2014
CURRENT OPERATIONS				
Profit after financial items	7 568	7 061	3 505	3 955
Adjustments for				
Depreciations	1 321	1 356	659	710
Other provisions	5	1 794	0	1 455
	8 894	10 211	4 164	6 120
Interest recieved	158	120	87	69
Interest expense	-847	-885	-467	-458
Taxation paid	-1 246	-2 771	-620	-1 201
Cash flow from current operations before changes in working capital	6 959	6 675	3 164	4 530
Cash flow from changes in working capital				
Inventories	145	-1 829	3 774	-1 848
Current receivables	-22 126	-7 945	-16 941	-6 953
Current liabilities	9 460	6 195	8 206	5 245
Cash flow from current operations	-5 562	3 096	-1 797	974
INVESTMENT ACTIVITIES				
Investment in intangible fixed assets	0	0	0	0
Investments in tangible fixed assets	-599	-802	-188	-773
Divestment of assets	65	0	0	0
Long term receivables	3 178	-2 700	-126	61
Cash flow from investment activities	2 644	-3 502	-314	-712
FINANCING ACTIVITIES				
Changes in long term debt	1 092	-694	690	-159
Cash flow from financing activities	1 092	-694	690	-159
Changes in liquid funds	-1 826	-1 100	-1 421	103
Liquid funds at the beginning of the period	5 995	6 072	5 582	4 909
Exchange rate effect	-82	112	-74	72
Liquid funds at the end of the period	4 087	5 084	4 087	5 084

Key Figures

(kSEK)	SIX MONTHS 2015	SIX MONTHS 2014	Q2 2015	Q2 2014
Sales	149 433	136 007	76486	74 935
Gross profit	99 545	87 889	50 849	48 375
EBITDA	8 889	8 417	4 164	4 665
Operating profit	7 568	7 061	3 505	3 955
Profit after financial items	6 716	6 952	2 848	4 249
Net profit	5 307	4 962	2 206	2 902
Total assets	114 861	103 948	114 861	103 948
Return on capital employed, %	15.2	25.3	8.1	14.9
Return on shareholders equity, %	17.6	27.2	7.6	17.1
Equity	30 102	18 247	30 102	18 247
Equity ratio, %	26.2	17.6	26.2	17.6
Debt ratio	2.8	4.7	2.8	4.7
Interest coverage ratio	9.1	8.1	7.7	8.8
Investments	599	802	188	773
Cash flow from current operations	-5 562	3 096	-1 797	974
Gross margin, %	66.6	64.6	66.5	64.6
EBITDA margin, %	5.9	6.2	5.4	6.2
Operating margin, %	5.1	5.2	4.6	5.3
Net profit margin, %	4.5	5.1	3.7	5.7
Number of employees, average	41	37	42	37
Number of employees by the end of the period	43	37	43	37
Sales per employee	3 690	3 676	1 821	2 025
Gross margin per employee	2 458	2 375	1 211	1 307
Profit per employee	166	188	68	115
Average number of shares in the period	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
Own shares by 31st December*	0	0	0	0
EBITDA per share, SEK	1.43	1.36	0.67	0.75
Earnings per share*, SEK	0.86	0.80	0.36	0.47
Equity per share, SEK	4.86	2.95	4.86	2.95

*There are no dilutive effects

New Nordic geographic segments

Sales divided by geographic, SEK

	Q2 2015		Q2 2014		Full year 2014	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Nordic	29	38%	30	40%	115	42%
Other Europe	29	38%	27	37%	92	34%
North America	16	21%	16	21%	59	22%
Other World	2	3%	2	2%	6	2%

Quarterly overview

	2015		2014				2013				2012			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales MSEK	72.9	76.5	61.1	74.9	67.6	70.7	51.0	58.9	58.3	59.7	52.2	55.5	49.4	46.7
Change from last year, %	19.4	2.1	19.7	27.2	16.0	18.4	-2.2	6.1	18.0	28.0	10.2	6.1	-4.3	-3.2
EBITDA, MSEK	4.7	4.2	3.8	4.7	5.8	4.9	3.5	3.6	3.9	1.1	3.3	2.0	2.9	-2.7
EBITDA-margin, %	6.5	5.4	6.1	6.2	8.5	7.0	6.8	6.1	6.8	1.9	6.4	3.5	5.8	-5.7
Operating profit, MSEK	4.1	3.5	3.1	4.0	5.1	4.0	2.7	2.9	3.2	0.4	1.4	0.0	1.0	-3.4
Operating margin, %	5.6	4.6	5.1	5.3	7.6	5.7	5.3	4.9	5.5	0.6	2.7	0.1	1.9	-7.4
Profit before tax, MSEK	3.9	2.8	2.7	4.2	5.2	4.4	1.9	2.9	2.5	0.6	0.7	-1.0	-0.3	-4.1
Net profit, MSEK	3.1	2.2	2.1	2.9	4.3	3.2	1.3	2.2	1.1	1.2	0.5	-0.8	-0.8	-3.0
Liquid funds , MSEK	5.6	4.1	4.9	5.1	5.4	6.0	3.9	3.3	7.6	6.1	2.0	2.2	4.5	5.2
Inventories, MSEK	38.7	34.2	30.4	32.2	31.2	35.0	29.9	30.1	29.4	30.6	27.8	30.7	28.8	31.1
Equity, MSEK	27.7	30.1	15.7	18.2	22.2	25.1	9.7	11.8	12.7	13.5	12.2	11.3	11.4	8.5
Earnings per share, SEK	0.50	0.36	0.33	0.47	0.69	0.51	0.20	0.36	0.18	0.19	0.08	-0.12	-0.14	-0.49
Equity per share, SEK	4.47	4.86	2.54	2.95	3.59	4.04	1.57	1.90	2.06	2.19	1.96	1.82	1.85	1.37
Cash flow from current operations per share, SEK	-0.57	-0.29	0.34	0.16	0.28	-0.03	-0.24	-0.13	0.53	-0.09	0.29	0.01	0.39	-0.10
Equity ratio, %	25.6	26.2	16.8	17.6	22.9	24.9	11.1	12.7	13.7	15.0	12.6	11.5	12.7	9.2

Gross profit: Net sales less cost of sold goods.

Equity: Equity as a percentage of total assets.

Leverage ratio: The ratio of total liabilities and equity.

Profit after financial items: Profit before tax.

Net profit: Profit before tax.

Return on equity: Net income as a percentage of shareholders' equity at period end.

Capital employed: Total assets less non-interest-bearing provisions and liabilities.

Return on capital employed: Profit after financial items plus financial expenses divided by capital employed.

Investments: Investments in tangible and intangible assets.

Gross margin: Gross profit as a percentage of net sales.

EBITDA margin: Operating income before depreciation and amortization as a percentage of net sales.

Operating margin: Operating profit after depreciation and amortization as a percentage of net sales.

Profit margin: Profit after financial items as a percentage of net sales.

Net profit margin: Profit after tax as a percentage of net sales.

Revenue per employee: Net sales divided by the average number of employees.

Gross profit per employee: Gross profit divided by the average number of employees.

Profit per employee: Profit after financial items divided by the average number of employees.

Earnings per share: Profit after tax divided by the average number of shares.

Equity per share: Shareholders' equity divided by shares outstanding at period end.