

# NEW NORDIC HEALTHBRANDS AB (PUBL)

## SIX MONTH REPORT

### JANUARY - JUNE 2021



	SIX MONTHS 2021	SIX MONTHS 2020	Q2 2020	Q2 2020
Net sales, kSEK	268 943	217 027	141 112	104 769
Change in SEK, %	23,9	-1.4	34,7	-10.1
Change in local currencies, %	30,8	-1.2	40,9	-9.9
Gross profit, kSEK	182 796	152 050	97 114	71 717
Gross margin, %	68,0	70.1	68,8	68.5
EBITDA kSEK	24 566	11 818	11 151	4 768
EBITDA margin, %	9,1	5.4	7,9	4.6
Operating profit, kSEK	24 129	11 416	10 934	4 535
Operating margin, %	9,0	5.3	7,7	4.3
Profit for the period, kSEK	19 102	8 656	8 716	3 261
Earnings per share EBITDA, SEK	3,97	1.91	1,80	0.77
Earnings per share * after tax, SEK	3,08	1.40	1,41	0.53

\* There are no dilutive effects

## COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

Demand for New Nordic's products was high in 2021. Growth in sales accelerated during the first half of the year and exceeded our expectations. The second quarter was a record. During the first half of the year, we had a growth of 31 percent in local currencies and 24 percent after conversion to Swedish kronor. Sales reached SEK 269 million. The increased sales have resulted in a good half-year result with an increase of 120 percent in earnings per share. Our entire international team has done a good job of achieving this great result.

We have had growth in all geographical areas, driven by increased marketing with a focus on our best sellers. We have had surprisingly great success with our campaign activities at Hair Volume™ in connection with the product's 10th anniversary. In Canada, too, we have had great success with campaign activities with Hair Gro™ in membership only warehouses. It is also gratifying to see that we have had growth in Sweden and Norway this year after a decline in 2020. In Australia, we have had good results from our efforts to build partnerships with distributors in all states and we have now achieved nationwide distribution. We are currently starting business in both Spain and Portugal as well as the Czech Republic. After this, we have only a few countries left to open before New Nordic becomes available in all countries in Europe.

During the first half of the year, we also focused on increasing sales on our own website, which is our "online New Nordic flagship store". Among other things, we are now introducing subscription sales in all 26 countries where we run our own local New Nordic online store. We expect high growth in our own online stores in the coming years.

However, the half year has still been challenging due to Covid-19 restrictions. This is especially true in the UK. We expect sales here to increase in connection with the opening and normalisation of the market.

Due to changes in product mix and increased costs for shipping in particular, our gross profit has decreased from 70 to 68 percent compared to last year. We will do our best maintaining a high gross profit and we will use all profit-increasing parameters in this regard. We have good control over our costs, which have increased by 13 percent, which is significantly less than our revenue increase.

Cash flow from operating activities was only a small plus, despite an increase in cash flow from operating activities before changes in working capital, amounted to SEK 19.2 million. This is due to an increase in inventories of SEK 11.9 million and an increased difference between receivables and current liabilities of SEK 7.1 million. The increased receivables are mainly related to the large increase in sales in Canada and Denmark. Liquidity is still good. We can implement our organic growth plans without the need for more capital.

Beauty In & Out™ has got off to a really good start in the test market in Denmark. Both the hair products and the skin care products are doing well and have been very well received by both the trade and the consumers. We have already won several prestigious awards for the products and in April 2021 we won the Danish beauty award as "Series of the Year". Here is the judges' statement: "New Nordic has surpassed itself and launched a cross-over series that combines inner and outer beauty. It is complete and nice to be able to debut in the external skin care market with such a hit of a series, so New Nordic can now deliver beauty in and out - in top class. All the judges were very impressed."

Our strategy is firm. Our continued work in 2021 will be to execute it efficiently and focus on creating "larger products and larger markets", not least to continue to establish Hair Volume as a global brand. In all countries where we operate, our country offices drive the bestsellers forward in collaboration with our retailers such as pharmacies, drugstores, health stores and online stores. Our international position in the category of inner beauty is strengthened day by day. With the good test results in Denmark, we will do what we can to increase success and become a leading and driving supplier in the category of inner beauty and Beauty In & Out. We are planning an international "Roll Out" by Beauty In & Out which will also require expansion to new sales channels and an increased presence in department stores, beauty shops and "Travel Retail".

Although Beauty In & Out represents great opportunities, we will not forget our vitality products, lifestyle products and premium vitamin products that are also growing and form a large part of New Nordic.

Innovation and increased marketing are our two growth engines. The development of new products and technologies is in full swing with a focus on herbs, vitamins, minerals and probiotics. Our major marketing efforts and advertising campaigns will grow further at the international level and there will be an even greater focus on internationally coordinated digital marketing.

The USA, Germany and the United Kingdom are countries that, with our current position in the market, represent great growth potential. We must take advantage of that. Of course, China also represents great opportunities, but here the opportunities depend on how well we manage to find the sales activities that can increase our sales.

We are currently preparing to move our share from First North Growth Markets in Stockholm to Nasdaq Main Markets Stockholm in 2022. This also means that we are currently expanding our international reporting, upgrading our accounting system and preparing for the transition to IFRS accounting standards. .

For investors who want to invest in a company that mainly focuses on dietary supplements and is active internationally, the New Nordic share is unique. There are very few alternatives to New Nordic on the international stock exchanges, so we expect a lot from being on the Main Market list.

During the first half of the year, we have had exceptionally good campaigns with our retailers and growth has been higher than expected. I am very positive about the continued development, but it is difficult to assess whether the high demand right now is a result of the current euphoria of consumption or whether it is the beginning of a more long-term trend. In addition, I am very humbled by the situation we are in when it comes to new corona outbreaks and restrictions. The entire New Nordic team is enthusiastic and works purposefully to increase sales and results as well as spread knowledge about New Nordic throughout the world.

## **Sales**

Sales during the first half of the year amounted to SEK 268.9 M (217.0), an increase of 23.9 percent. In local currencies, the increase was 30.8 percent. Sales increased in all geographical areas: the Nordic countries, the rest of Europe, North America and Asia.

## **Results for the six months**

Gross profit for the first half of the year increased to SEK 182.8 million (152.1). This corresponds to a gross margin of 68.0 percent (70.1). EBITDA amounted to SEK 24.6 M (11.8). This corresponds to an EBITDA margin of 9.1 percent (5.4). Operating profit amounted to SEK 24.1 million (11.4). This corresponds to an operating margin of 9.0 percent (5.3). Profit after financial items amounted to SEK 23.9 million (11.0). Profit after tax for the half-year amounted to SEK 19.1 million (8.7).

## **Comments to the second quarter**

Sales in local currencies increased by 40.9 percent. Converted to SEK, sales increased by 34.7 percent to SEK 141.1 million (104.8). The increase in sales is strongly influenced by increased demand for Covid-19 Pandemic and to a large extent by extraordinary good campaigns at Hair Volume <sup>™</sup> in Denmark and at Hair Gro <sup>™</sup> in Canada. The gross margin increased to 68.8 percent (68.5). Personnel, sales and administration costs amounted to SEK 86.0 M (66.9), an increase of 28.4 percent. The number of employees at the end of the period was 67 (58). The largest cost increase was related to increased marketing costs, while the cost increases for personnel and other costs were slightly lower. EBITDA increased by SEK 6.4 million and profit after tax increased by SEK 5.5 million. A result of higher sales and smaller increases in costs. Depreciation was the status quo of SEK -0.2 million (-0.2). Interest and other financial items decreased to SEK -0.1 million (-0.3). Profit after financial items increased by 158.3 percent and amounted to SEK 10.8 million (4.2). Profit after tax increased by 167.3 percent and amounted to SEK 8.7 million (3.3).

## **Financial position and cash flow**

The Group's total assets as of June 30, 2021 amounted to SEK 236.6 M (205.0), an increase of 15.4 percent compared with the same period last year. Inventories increased by 6.7 percent compared with the same period last year and amounted to SEK 92.5 million (86.7). During the first six months, operating activities generated a positive cash flow of SEK 0.2 M (8.4) despite an increase in cash flow before changes in working capital of SEK 19.2 million. This is due to an increase in inventories of SEK 11.9 million and a decrease in cash flow due to an increased difference between receivables and current liabilities of SEK 7.1 million. Cash and cash equivalents at the end of the period amounted to SEK 11.0 million (10.2).

The Group's equity / assets ratio was 49.6 percent (47.4). Equity divided by the outstanding 6,195,200 (6,195,200) shares was SEK 18.94 per share (15.68) on June 30, 2021.

## **Expansion**

The New Nordic business adds value to its costumers and shareholders. In 2020 and onwards, the company will continue to develop herbal food supplements and beauty products to satisfy specific health and beauty needs. New Nordic will market these products to a growing number of consumers all over the world. All with care for people and nature. The products will be marketed under the characteristic New Nordic brand. A brand that reflects the Scandinavian heritage, the Scandinavian values, and the company's passion for herbs and healthy living.

## **Parent company**

During the first half of 2021, the Parent Company had net sales of SEK 117.3 million (82.1).

## **Comment current quarter**

Sales during the first few weeks of July have started satisfactory.

### **Transactions with related parties**

During the period, there were no significant transactions with related parties apart from the usual sales of New Nordic products at normal trading prices and terms to Dansk Retail APS (health stores), Denmark, which is jointly owned by Marinus Blåbjerg Sørensen and Karl Kristian Bergman Jensen.

### **Risks and uncertainties**

A number of factors can affect New Nordic's earnings and operations. Many of these can be handled through internal routines, while some others are more affected by external influences. There are risks and uncertainties associated with consumer trends, weather conditions, adverse macroeconomic changes, geopolitical risks, sustainability and external factors in developing countries, regulatory issues, trade interventions, foreign exchange and taxation, but also related to expansion into new markets, launch of new products, changes in consumer behavior and how the brand is handled. There are also certain risks related to the group's reputation, so-called "reputational risks".

For a more detailed description of risks and uncertainties, please refer to the annual report and consolidated accounts for 2020 under "Risk factors".

### **Accounting principles**

The Group prepares its accounts in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice 2012: 1 (K3). Information on the accounting principles in general is provided in the 2020 annual report

### **Certified Adviser**

New Nordic Healthbrands AB's Certified Adviser är Mangold Fondkommission AB. +46 8 503 01 550.

### **Upcoming reports**

Nine month report 2021	October 29, 2021
Year-end report 2021	February 28, 2022
Annual Report 2021	March 25, 2022
Three-month report 2022	April 28, 2022
Annual General Meeting in Malmö	April 28, 2022

### **For further information contact:**

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This report has not been audited.

Malmö 31 July 2021

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*The information in this document is that which New Nordic Healthbrands AB (publ) is required to disclose, and made public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 (CET) on 30 July 2021.*

# INCOME STATEMENT

(kSEK)	<b>SIX MONTHS 2021</b>	<b>SIX MONTHS 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
Sales	268 943	217 027	141 112	104 769
Cost of goods sold	-86 147	-64 977	-43 998	-33 052
<b>Gross profit</b>	<b>182 796</b>	<b>152 050</b>	<b>97 114</b>	<b>71 717</b>
Personnel expenses	-28 146	-23 506	-14 573	-11 663
Other external expenses	-130 084	-116 726	-71 390	-55 286
<b>EBITDA</b>	<b>24 566</b>	<b>11 818</b>	<b>11 151</b>	<b>4 768</b>
Depreciations	-437	-402	-217	-233
<b>Operating profit (EBIT)</b>	<b>24 129</b>	<b>11 416</b>	<b>10 934</b>	<b>4 535</b>
Interest and other financial items	-181	-455	-108	-344
<b>Profit after financial items</b>	<b>23 948</b>	<b>10 961</b>	<b>10 826</b>	<b>4 191</b>
Tax	-4 846	-2 305	-2 110	-930
<b>Profit for the period</b>	<b>19 102</b>	<b>8 656</b>	<b>8 716</b>	<b>3 261</b>
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	3,08	1,40	1,41	0,53
EBITDA per share, SEK	3,97	1,91	1,80	0,77

\* There are no dilutive effects

# BALANCE SHEET

(kSEK)	Q2 2021	Q2 2020	FULL YEAR 2020
<b>Assets</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	1 849	1 708	1 714
Tangible fixed assets	2 100	2 197	1 782
Financial assets	4 948	4 615	3 659
<b>Total fixed assets</b>	<b>8 897</b>	<b>8 520</b>	<b>7 155</b>
<b>CURRENT ASSETS</b>			
Inventories	92 525	86 680	80 668
Current receivables	124 106	99 573	93 264
Liquid funds	11 033	10 222	10 404
<b>Total current assets</b>	<b>227 664</b>	<b>196 475</b>	<b>184 336</b>
<b>TOTAL ASSETS</b>	<b>236 561</b>	<b>204 995</b>	<b>191 491</b>
<b>Equity and liabilities</b>			
<b>EQUITY</b>	117 334	97 127	104 808
<b>Deferred tax</b>	<b>2 218</b>	<b>2 865</b>	<b>2 304</b>
<b>Long-term debt</b>	<b>2 840</b>	<b>2 353</b>	<b>2 736</b>
Short term liabilities – interest bearing	12 556	12 520	1 563
Short term liabilities – non interest bearing	101 613	90 130	80 080
<b>Current liabilities</b>	<b>114 169</b>	<b>102 650</b>	<b>81 643</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>236 561</b>	<b>204 995</b>	<b>191 491</b>

# CHANGE IN EQUITY

<b>Q2 2021 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Opening balance</b>	<b>6 195</b>	<b>98 613</b>	<b>104 808</b>
Dividend	0	-9 293	-9 293
Exchange difference	0	2 717	2 717
Profit for the period	0	19 102	19 102
<b>Closing balance</b>	<b>6 195</b>	<b>111 139</b>	<b>117 334</b>

<b>Q2 2020 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Opening balance</b>	<b>6 195</b>	<b>95 722</b>	<b>101 917</b>
Dividend	0	-10 842	-10 842
Exchange difference	0	-2 604	-2 604
Profit for the period	0	8 656	8 656
<b>Closing balance</b>	<b>6 195</b>	<b>90 932</b>	<b>97 127</b>

<b>FULL YEAR 2020 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Balance</b>	<b>6 195</b>	<b>95 722</b>	<b>101 917</b>
Dividend	0	-10 842	-10 842
Currency exchange differences	0	-4 032	-4 032
Profit for the period	0	17 765	17 765
<b>Balance</b>	<b>6 195</b>	<b>98 613</b>	<b>104 808</b>

# CASH FLOW STATEMENTS

(kSEK)	SIX MONTHS 2021	SIX MONTHS 2020	Q2 2021	Q2 2020
<b>CURRENT OPERATIONS</b>				
Profit after financial items	24 129	11 416	10 934	4 535
<b>Adjustments for</b>				
Depreciations	437	402	217	233
Other provisions	0	-96	0	0
	<b>24 566</b>	<b>11 722</b>	<b>11 151</b>	<b>4 768</b>
Interest received	1	1	0	0
Interest expense	-182	-279	-108	-164
Taxation paid	-5 142	-3 058	-2 819	-1 446
<b>Cash flow from current operations before changes in working capital</b>	<b>19 243</b>	<b>8 386</b>	<b>8 224</b>	<b>3 158</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-11 857	-6 292	-4 666	-3 373
Current receivables	-28 031	-521	-5 117	16 982
Current liabilities	20 885	6 858	690	-7 958
<b>Cash flow from current operations</b>	<b>240</b>	<b>8 431</b>	<b>-869</b>	<b>8 809</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of intangible assets	-301	-1 085	-251	-154
Acquisition of tangible assets	-564	-804	-525	-340
Sales of equipment	0	96	0	0
Change in long-term receivables	-600	587	-250	-13
<b>Cash flow from investment activities</b>	<b>-1 465</b>	<b>-1 206</b>	<b>-1 026</b>	<b>-507</b>
<b>FINANCING ACTIVITIES</b>				
Dividend	-9 293	-10 842	-9 293	-10 842
Changes in long term debt	104	475	180	233
Change in bank overdrafts	10 993	2 548	10 786	834
<b>Cash flow from financing activities</b>	<b>1 804</b>	<b>-7 819</b>	<b>1 673</b>	<b>-9 775</b>
<b>Cash flow for the period</b>	<b>579</b>	<b>-594</b>	<b>-222</b>	<b>-1 473</b>
<b>Liquid funds at the beginning of the period</b>	<b>10 404</b>	<b>10 819</b>	<b>11 450</b>	<b>11 894</b>
<b>Changes in liquid funds</b>	<b>50</b>	<b>-3</b>	<b>-195</b>	<b>-199</b>
<b>Liquid funds at the end of the period</b>	<b>11 033</b>	<b>10 222</b>	<b>11 033</b>	<b>10 222</b>



# KEY FIGURES

(kSEK)	SIX MONTHS 2021	SIX MONTHS 2020	Q2 2021	Q2 2020
Sales	268 943	217 027	141 112	104 769
Gross profit	182 796	152 050	97 114	71 717
EBITDA	24 566	11 818	11 151	4 768
Operating profit	24 129	11 416	10 934	4 535
Profit after financial items	23 948	10 961	10 826	4 191
Profit after tax	19 102	8 656	8 716	3 261
Total assets	236 561	204 995	236 561	204 995
Return on capital employed, %	18,2	10,2	8,5	3,9
Return on shareholders equity, %	16,3	8,9	7,4	3,4
Equity	117 334	97 127	117 334	97 127
Equity ratio, %	49,6	47,4	49,6	47,4
Dept ratio	1,02	1,11	1,02	1,11
Interest coverage ratio	132,6	40,9	101,2	27,7
Investments	865	1 889	776	494
Cash flow from current operations	240	8 431	-869	8 809
Gross margin, %	68,0	70,1	68,8	68,5
EBITDA margin, %	9,1	5,4	7,9	4,6
Operation margin, %	9,0	5,3	7,7	4,3
Profit margin, %	8,9	5,1	7,7	4,0
Number of employees, average	64	57	64	57
Number of employees by the end of the period	67	58	67	58
Sales per employee	4 235	3 841	2 205	1 838
Gross margin per employee	2 879	2 691	1 517	1 258
Profit per employee	377	194	169	74
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 *	0	6 195 200	0	6 195 200
Treasury shares at end of period *	3,97	0	1,80	0
EBITDA per share, SEK	3,08	1,91	1,41	0,77
Profit per share *, SEK	18,94	1,40	18,94	0,53
Equity per share, SEK		15,68		15,68

\* There are no dilutive effects

# NEW NORDIC GEOGRAPHIC

	Q2 2021		Q2 2020		FULL YEAR 2020	
Sales divided by geographic, SEK	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	47	33	32	30	156	34
Other Europe	51	36	44	42	175	39
North America	40	28	28	27	107	24
Other World	3	3	1	1	12	3

# QUARTERLY OVERVIEW

	2021		2020				2019				2018			
	Q 1	Q 2	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Turnover MSEK	127.8	141.1	112.3	104.8	115.3	117.8	103.7	116.5	118.1	114.4	88.4	95.0	112.7	97.6
Change from last year, %	13.9	34.7	8.3	-10.1	-2.4	2.9	17.3	22.7	4.8	17.2	9.3	6.9	27.6	12.7
EBITDA, MSEK	13.4	11.2	7.1	4.8	8.2	5.7	8.5	6.8	14.5	7.1	7.3	3.8	13.8	10.0
EBITDA-margin, %	10.5	7.9	6.3	4.6	7.1	4.8	8.2	5.8	12.3	6.2	8.3	4.0	12.2	10.2
Operating result, MSEK	13.2	10.9	6.9	4.5	8.0	5.5	8.4	6.6	14.3	7.0	7.1	3.6	13.6	9.8
Operating margin, %	10.3	7.7	6.1	4.3	6.9	4.7	8.1	5.7	12.1	6.1	8.1	3.8	12.1	10.1
Result before tax, MSEK	13.1	10.8	6.8	4.2	7.8	4.5	8.5	6.5	14.3	6.8	7.4	3.6	13.4	9.7
Result after tax, MSEK	10.4	8.7	5.4	3.3	6.4	2.7	6.7	5.3	11.4	4.6	5.6	2.9	10.7	7.2
Cash, MSEK	11.5	11.0	11.9	10.2	11.2	10.4	19.6	7.0	9.7	10.8	7.8	7.3	7.9	14.4
Stocks, MSEK	87.9	92.5	83.3	86.7	77.9	80.7	76.6	78.7	77.3	80.4	53.9	61.6	61.7	65.1
Equity, MSEK	118.7	117.3	107.8	97.1	103.8	104.8	89.1	84.5	97.0	101.9	67.4	63.3	73.7	80.2
Result per share, SEK	1.68	1.41	0.87	0.53	1.04	0.43	1.09	0.85	1.85	0.75	0.91	0.47	1.73	1.17
Equity per share, SEK	19.16	18.94	17.41	15.68	16.75	16.92	14.38	13.64	15.66	16.45	10.89	10.22	11.9	12.95
Cash flow from current operations per share, SEK	0.18	-0.14	-0.06	1.42	-0.18	1.99	1.12	-2.34	0.26	0.85	0.49	-1.10	0.91	2.58
Solidity, %	52.4	49.6	49.1	47.4	51.0	54.7	47.5	43.4	47.1	51.7	45.2	37.6	41.8	49.3

**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 margin:** Profit after financial items plus financial expenses divided by financial expenses.

**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.

**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.