

NEW NORDIC HEALTHBRANDS AB (PUBL)

THREE MONTH REPORT

JANUARY - MARCH 2019



	Q1 2019	Q1 2018	FULL YEAR 2018
Net sales, kSEK	103 680	88 406	393 708
Change in SEK, percent	17.3	9.3	14.2
Change in local currencies, %	9.7	8.3	9.8
Gross profit, kSEK	72 021	60 595	277 510
Gross margin, %	69.5	68.5	70.5
EBITDA kSEK	8 508	7 306	34 891
EBITDA, %	8.2	8.3	8.9
Operating profit, kSEK	8 354	7 144	34 223
Operating margin, %	8.1	8.1	8.7
Profit for the period, kSEK	6 744	5 618	26 523
Earnings per share EBITDA, SEK	1.37	1.18	5.63
Earnings per share * after tax, SEK	1.09	0.91	4.28

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

The year has started well. Sales increased organically by almost 10 percent in local currencies and just over 17 percent converted to Swedish kronor.

The internationalisation of New Nordic has continued and all geographical areas have had a good development in sales. For the first time, sales in Europe outside the Nordic area is higher than in the Nordic area.

Canada, Denmark, the UK, Sweden and the US are the five largest markets for New Nordic in the first quarter of 2019. France and Germany are also among our best markets and I am pleased that both France and Germany have had exceptional growth during the period. During the quarter, New Nordic has started sales in Slovakia and we have increased our activities in Romania. In Asia, sales are still small but increasing.

At the end of March, we launched our Hair Volume™ and Skin Care™ products in “travel retail” at Copenhagen Airport. It is a new sales channel for New Nordic and we expect sales in this channel to grow and cover several countries in the future.

The gross margin was 69.5 percent and we have good control over our costs. EBITDA increased by 16 percent to SEK 8.5 million and earnings after tax per share increased by 16 percent to SEK 1.37.

Cash flow from operating activities has been good and amounted to SEK 7 million during the period. Cash and cash equivalents amounted to almost SEK 20 million at the end of the period and the equity ratio was just over 47 percent.

Inventories increased by 42 percent compared with the same period last year and amounted to SEK 76.6 million. The increased inventory is the result of increased operations in several countries, decisions on increasing purchases amount to reduce price and to increase gross profit. More goods are also transported internationally by sea to save freight costs. Our principle of having two producers on our essential products also causes us

to have inventory of the same raw material in several places. The staff did a fantastic job during the period. Everyone works purposefully to create growth through increased international distribution, continued innovation and increased marketing. I look forward to an exciting year for New Nordic and a profitable year for the shareholders.

Sales

Sales in local currencies increased by 9.7 percent during the first quarter of the year. Converted to SEK, sales increased by 17.3 percent and amounted to SEK 103.7 million. Revenues from the first quarter of 2019 include the sale of the Dermyn® brand that New Nordic has sold to MedicaNatumin AB.

Earnings for the first quarter

Gross profit for the first quarter amounted to SEK 72.0 million (60.6). This corresponds to a gross margin of 69.5 percent (68.5).

EBITDA amounted to SEK 8.5 million (7.3). This corresponds to an EBITDA margin of 8.2 percent (8.3).

Operating profit amounted to SEK 8.4 million (7.1). This corresponds to an operating margin of 8.1 percent (8.1).

Profit after financial items amounted to SEK 8.5 million (7.4).

Profit after tax for the three-month period was SEK 6.7 million (5.6).

Comments to the first quarter

The total sales increase was satisfactory. Sales growth per region was satisfactory for the Nordic countries, the rest of Europe, North America and Asia.

The gross margin increased to 69.5 percent (68.5). Which is a consequence of a focus on sales of goods with a higher margin, larger and better purchases of raw materials, more sea freight towards previous air freight and the low price of the period on Swedish kronor which constitutes the majority of the company's purchase of production.

Personnel and other external expenses increased by 19.2 percent and amounted to SEK 63.5 million (53.3).

Depreciation was relatively unchanged and amounted to MSEK 0.2 (0.2) and financial items were positive and amounted to MSEK 0.1 (0.2).

Profit after financial items increased by 14.6 percent and amounted to SEK 8.5 million (7.4). Profit after tax increased by 20.0 percent and amounted to SEK 6.7 million (5.6).

Financial position and cash flow

The Group's total assets as of March 31, 2019 amounted to SEK 187.3 million (149.1), an increase of 25.7 percent compared with the corresponding period last year.

Operating activities generated a positive cash flow of SEK 6.9 million (3.0) during the first three months of the year. Cash and cash equivalents at the end of the period amounted to SEK 19.6 million (7.8).

The Group's equity / assets ratio was 47.5 percent (45.2).

Equity divided by the outstanding 6,195,200 (6,195,200) shares as of March 31, 2019 amounted to SEK 14.4 (10.9).

Expansion

In 2019, the company will continue to focus on building a leading brand in a number of specific market segments. Dietary supplements will be launched in the markets where New Nordic is active and efforts will be made to broaden the geographical spread through new own sales companies and reputable national distributors who can market New Nordic's brands on their own behalf and risk in their country. The company will focus on distribution through both physical and online pharmacies, drugstores, health food stores and travel retail. New Nordic will also offer consumers online sales on the company's own website.

Parent Company

In the first three months of 2019, the Parent Company had sales of SEK 42.4 million (36.3).

Comment to this quarter

The company has extended the distribution agreement with SFI AG for eye q® in Norway and Sweden for another 5 years.

Transactions with related parties

There have been no significant transactions with related parties during the period.

Risks and uncertainties

A number of factors can affect New Nordic's results and operations. Many of these can be managed through internal routines, while some others are more affected by external influences. There are risks and uncertainties associated with consumer trends, weather conditions, negative macroeconomic changes, geopolitical risks, sustainability and external factors in production countries, regulatory issues, trade interventions, foreign currency and tax, but also in connection with expansion into new markets, the launch of new products, changes in consumer behavior and how the brand is managed. There are also certain risks related to the group's reputation, known as "reputational risks".

For a more detailed description of risks and uncertainties, please refer to the Annual Report and Consolidated Financial Statements for 2018 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 Council 2012: 1 (K3). Information about the accounting principles in other respects can be found in the annual report 2018.

Certified Adviser

New Nordic Healthbrands AB's certified advisor is Mangold Fondkommission AB. Telephone: +46 8 503 01 550.

Upcoming reports and events

Annual General Meeting in Malmö	April 25th 2019
Six-month report 2019	July 31st 2019
Nine-month report 2019	October 31st 2019
Year-end report 2019	February 28th 2020
Annual Report 2019	March 27th 2020
Three-month report 2020	April 29th 2020
Annual General Meeting in Malmö	April 29th 2020

For further information contact:

Karl Kristian Bergman Jensen, CEO, kk@newnordic.com, telephone: +46 40 23 64 14
New Nordic Health Brands AB, Södra Förstadsgatan 3, SE-211 43 Malmö, Sweden,

The year-end report has not been reviewed by the company's auditor. The Board of Directors and the CEO assure that the interim report provides a true and fair view of the Group's operations, position and results. Marinus Blåbjerg Sørensen, Chairman of the Board. Jessica Tyreman, board member. Lennart Sjölund, member of the board. Karl Kristian Bergman Jensen, CEO and Board member

Malmö, April 25, 2019, New Nordic Healthbrands AB (publ), The Board.

INCOME STATEMENT

(kSEK)	Q1 2019	Q1 2018	FULL YEAR 2018
Sales	103 680	88 406	393 708
Cost of goods sold	-31 659	-27 811	-116 198
Gross profit	72 021	60 595	277 510
Personnel expenses	-10 821	-9 331	-40 570
Other external expenses	-52 692	-43 958	-202 049
EBITDA	8 508	7 306	34 891
Depreciations	-154	-162	-668
Operating profit (EBIT)	8 354	7 144	34 223
Interest and other financial items	102	237	-104
Profit after financial items	8 456	7 381	34 119
Tax	-1 712	-1 763	-7 596
Profit for the period	6 744	5 618	26 523
Average number of shares	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
Earnings per share, SEK	1.09	0.91	4.28
EBITDA per share, SEK	1.37	1.18	5.63

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q1 2019	Q1 2018	FULL YEAR 2018
Assets			
FIXED ASSETS			
Intangible fixed assets	8	30	9
Tangible fixed assets	1 355	1 575	1 282
Financial assets	4 319	3 969	4 348
Total fixed assets	5 682	5 574	5 639
CURRENT ASSETS			
Inventories	76 587	53 888	65 126
Current receivables	85 517	81 780	77 496
Liquid funds	19 556	7 849	14 386
Total current assets	181 660	143 517	157 008
TOTAL ASSETS	187 342	149 091	162 647
Equity and liabilities			
EQUITY	89 062	67 445	80 213
Deferred tax	2 484	1 997	2 558
Long-term debt	1 002	1 251	1 149
Short term liabilities – interest bearing	759	3 178	2 657
Short term liabilities – non interest bearing	94 035	75 220	76 070
Current liabilities	94 794	78 398	78 727
TOTAL LIABILITIES AND EQUITY	187 342	149 091	162 647

CHANGE IN EQUITY

Q1 2019 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	74 018	80 213
Currency exchange differences	0	2 105	2 105
Profit for the period	0	6 744	6 744
Balance	6 195	82 867	89 062

Q1 2018 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	54 615	60 810
Currency exchange differences	0	1 017	1 017
Profit for the period	0	5 618	5 618
Balance	6 195	61 250	67 445

FULL YEAR 2018 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	54 615	60 810
Dividend	0	-7 124	-7 124
Currency exchange differences	0	4	4
Profit for the period	0	26 523	26 523
Balance	6 195	74 018	80 213

CASH FLOW STATEMENTS

(kSEK)	Q1 2019	Q1 2018	FULL YEAR 2018
CURRENT OPERATIONS			
Profit after financial items	8 354	7 144	34 223
Adjustments for			
Depreciations			
Other provisions	154	162	668
	0	0	21
Interest received	8 508	7 306	34 912
Interest expense	2	0	8
Taxation paid	-52	-52	-340
Cash flow from current operations before changes in working capital	-880	-150	-4 743
	7 578	7 104	29 837
Cash flow from changes in working capital			
Inventories	-11 461	-2 792	-14 209
Current receivables	-7 059	-7 828	-4 765
Current liabilities	17 891	6 528	6 989
Cash flow from current operations	6 949	3 012	17 852
INVESTMENT ACTIVITIES			
Acquisition of tangible assets	-202	-698	-880
Sales of equipment	0	0	231
Change in long-term receivables	375	472	113
Cash flow from investment activities	173	-226	-536
FINANCING ACTIVITIES			
Dividend	0	0	-7 124
Changes in long term debt	-147	-112	-214
	-1 898	-4 114	-4 635
Cash flow from financing activities	-2 045	-4 226	-11 973
Cash flow for the period	5 077	-1 440	5 343
Liquid funds at the beginning of the period	14 386	9 058	9 058
Changes in liquid funds	93	231	-15
Liquid funds at the end of the period	19 556	7 849	14 386

KEY FIGURES

(kSEK)	Q1 2019	Q1 2018	FULL YEAR 2018
Sales	103 680	88 406	393 708
Gross profit	72 021	60 595	277 510
EBITDA	8 508	7 306	34 891
Operating profit	8 354	7 144	34 223
Profit after financial items	8 456	7 381	34 119
Profit after tax	6 744	5 618	26 523
Total assets	187 342	149 091	162 647
Return on capital employed, %	9.2	9.9	40.7
Return on shareholders equity, %	7.6	8.3	33.1
Equity	89 062	67 445	80 213
Equity ratio, %	47.5	45.2	49.3
Debt ratio	1.10	1.21	1.03
Interest coverage ratio	160.7	134.8	100.7
Investments	202	698	880
Cash flow from current operations	6 949	3 012	17 852
Cash flow from financing activities	-2 045	-4 226	-11 973
Gross margin, %	69.5	68.5	70.5
EBITDA margin, %	8.2	8.3	8.9
Operation margin, %	8.1	8.1	8.7
Profit margin, %	8.2	8.4	8.7
Number of employees, average	50	42	47
Number of employees by the end of the period	49	42	51
Sales per employee	2 074	2 130	8 467
Gross margin per employee	1 440	1 460	5 968
Profit per employee	169	178	734
Average number of shares in the period	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
Treasury shares at end of period *	0	0	0
EBITDA per share, SEK	1.37	1.18	5.63
Profit per share *, SEK	1.09	0.91	4.28
Equity per share, SEK	14.38	10.89	12.95

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by geographical area, SEK	Q1 2019		Q1 2018		FULL YEAR 2018	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	40	38	37	42	160	41
Other Europe	40	38	32	36	139	35
North America	23	23	18	21	91	23
Other World	1	1	1	1	4	1

QUARTERLY OVERVIEW

	2019	2018				2017				2016			
	Q 1	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	103.7	88.4	95.0	112.7	97.6	80.9	88.9	88.3	86.6	74.6	76.0	84.7	70.6
Change from last year, %	17.3	9.3	6.9	27.6	12.7	8.5	17.0	4.2	22.8	2.2	-0.7	14.7	-6.2
EBITDA, MSEK	8.5	7.3	3.8	13.8	10.0	4.2	5.3	9.2	9.9	3.2	2.1	7.4	1.4
EBITDA-margin, %	8.2	8.3	4.0	12.2	10.2	5.1	5.9	10.4	11.4	4.3	2.7	8.7	2.0
Operating result, MSEK	8.4	7.1	3.6	13.6	9.8	4.0	5.1	9.0	9.6	2.8	1.8	7.2	1.2
Operating margin, %	8.1	8.1	3.8	12.1	10.1	4.9	5.7	10.2	11.1	3.8	2.4	8.5	1.7
Result before tax, MSEK	8.5	7.4	3.6	13.4	9.7	3.7	4.9	8.7	9.9	3.1	1.6	6.9	0.9
Result after tax, MSEK	6.7	5.6	2.9	10.7	7.2	2.9	3.8	7.0	6.6	2.3	1.5	5.5	0.3
Cash, MSEK	19.6	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1	4.0	5.7	7.0	6.9
Stocks, MSEK	76.6	53.9	61.6	61.7	65.1	43.0	44.2	42.4	50.9	54.4	59.0	51.1	51.6
Equity, MSEK	89.1	67.4	63.3	73.7	80.2	45.9	47.0	54.0	60.8	37.7	37.4	42.6	43.0
Result per share, SEK	1.09	0.91	0.47	1.73	1.17	0.47	0.61	1.13	1.07	0.37	0.24	0.88	0.05
Equity per share, SEK	14.38	10.89	10.22	11.9	12.95	7.41	7.58	8.72	9.82	6.09	6.04	6.88	6.94
Cash flow from current operations per share, SEK	1.12	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26	-1.07	0.18	-0.53	-0.06
Solidity, %	47.5	45.2	37.6	41.8	49.3	33.9	33.5	38.2	43.8	27.3	26.3	29.6	33.7

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.