



# New Nordic Healthbrands AB (publ)

## Full Year Report 2013

			Q4	Q4
	2013	2012	2013	2012
Net sales, kSEK	227 983	203 787	59 691	46 651
Gross profit, kSEK	148 789	126 457	37 041	28 308
Gross margin, %	65.3	62.1	62.1	60.7
EBITDA kSEK	12 154	5 457	1 120	-2 677
EBITDA, %	5.3	2.7	1.9	-5.7
Operating profit, kSEK	9 161	-1 038	384	-3 441
Operating margin, %	4.0	-0.5	0.6	-7.4
Profit for the period, kSEK	5 781	-4 086	1 156	-3 005
Earnings per share*, SEK	0.93	-0.66	0.19	-0.49
EBITDA per share, SEK	1.96	0.88	0.18	-0.43

\*There are no dilutive effects

### Comments by CEO

Earnings per share rose to 0,93 SEK for the year 2013.

We have focused hard on execution of our strategy and we have increased marketing spendings during the year to further build our international brand value. As a result sales revenue for the year increased with 12 per cent to a record 228 MSEK. We have increased sales of New Nordic products in virtually all of the 29 markets where our products are now sold. However, we had a drop in sales of our omega products in Sweden and Norway. This is mainly due to a decrease in the huge omega 3 market. We are convinced that we managed to keep our market share in this category. We also managed to turn around US and we came out of the year in USA with increase in sales and a profit.

Profit after tax increased to 5,8 MSEK for the year. The result is fine compared to previous years, however, its our ambition to achieve significantly higher profit and demonstrate consistent earning power in the years to come. The balance was further trimmed and the earnings on equity was high with 42,7 percent while at the same time we are employing little debt.

New Nordic employees are determined to grow both sales and profit. We will continue to execute our strategy. I see many opportunities for the company, and I am very optimistic that these initiatives can offer better products to more customers and that it will increase our revenue and earnings for the company.

Karl Kristian Bergman Jensen

**Turnover**

Sales for the year was SEK 228,0 million (203,8), an increase of 12 percent. In local currencies, the increase was 14 percent. Sales in the Nordic region increased by 2 percent to SEK 102,9 million (100,6). Sales in Other Europe increased by 6 percent to SEK 70,4 million (66,5). Sales in North America increased by 30 percent to SEK 47,7 million (36,6). Export to Asia increased to SEK 7,0 million (0,0).

**Results for the year**

Gross profit for the year amounted to SEK 148,8 million (126,5). This corresponds to a gross margin of 65,3 percent (62,1). Selling and administrative expenses amounted to SEK 136,6 million (121,0), an increase of 13 percent. EBITDA amounted to SEK 12,2 million (5,5). This corresponds to an EBITDA margin of 5,3 percent (2,7).

Operating income amounted to SEK 9,2 million (-1,0). This corresponds to an operating margin of 4,0 percent (-0,5). Profit after financial items amounted to SEK 7,9 million (-4,6). Profit after tax for the year amounted to SEK 5,8 million (-4,1).

**Comments for fourth quarter**

Sales in local currencies increased by 29 percent. Converted into SEK, sales rose 28 percent to SEK 59,7 million (46,6)z. EBITDA increased by SEK 3,8 million to SEK 1,1 million and net income increased by 4,2 million to SEK 1.2 (-3,0). Gross margin increased to 62,1 percent (60,7). Selling and administrative expenses amounted to SEK 35,9 million (31,0), an increase of 16 percent.

Profit after financial items amounted to SEK 0,6 million (-4,1). Inventories was reduced by 2 percent compared to the same period last year and amounted to SEK 30,6 million (31,1).

**Financial position and cash flow**

Total assets as of 31st December, 2013 amounted to SEK 90,3 million (91,7), a decrease of 2 percent compared to the same time last year. Operating activities during the year generated a positive cash flow of SEK 0,5 million (4,2). Cash and cash equivalents amounted to SEK 6,1 million (5,2).

The Group's equity ratio was 15,0 percent (9,2). Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 31st December, 2013 amounted to 2,19 SEK (1,37).

**Expansion**

In 2014, the company will continue a strong focus on building brand leaders in a range of condition specific market segments. Profitable condition specific brands will be launched in the markets where New Nordic operate and efforts will be made to broaden the geographical distribution through reputable national exclusive distributors who can market New Nordic's brands on their own account and risk in their country. In the US, the company will focus solely on a few brands for pharmacy distribution. Simultaneously, New Nordic will start connecting with the US health food trade and build business here. New Nordic expects to increase sales and profit in all markets in which the company operates.

**Parent company**

In 2013 the parent company had a turnover of SEK 64,6 million (2,1). The reason for the significant increase in sales during the period is that the parent company has taken over invoicing against its subsidiaries.

**Comment to this quarter**

The company had a fine growth in sales in the 4th quarter 2013. Particularly in North America but also due to better than expected sales growth in Italy and France. Additionally, New Nordic increased exports to Asia which has hitherto been negligible.

**Transactions with related parties**

There have been no material related party transactions during the period.

**Accounting principles**

This report has been prepared in accordance with the Annual Accounts Act and the Financial Accounting Standards Council's recommendations.

**Certified Adviser**

New Nordic Health Brands AB's Certified Adviser, Mangold Fondkommission AB.

**Future reports**

15th April, 2014	Annual Report 2013
30th April, 2014	Three month report 2014
30th April, 2014	General Meeting 2014
31st July, 2014	Six months Report 2014
31st October, 2014	Nine months Report 2014

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This report has not been audited.

Malmö March 7, 2014

New Nordic Health Brands AB (publ)

New Nordic Health Brands AB

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# Income Statement

(kSEK)	2013	2012	Q4 2013	Q4 2012
Sales	227 983	203 787	59 691	46 651
Cost of goods sold	-79 194	-77 330	-22 650	-18 343
<b>Gross profit</b>	<b>148 789</b>	<b>126 457</b>	<b>37 041</b>	<b>28 308</b>
Personnel expenses	-26 429	-26 501	-6 906	-6 944
Other external expenses	-110 206	-94 499	-29 015	-24 041
<b>EBITDA</b>	<b>12 154</b>	<b>5 457</b>	<b>1 120</b>	<b>-2 677</b>
Depreciations	-2 993	-6 495	-736	-764
<b>Operating profit (EBIT)</b>	<b>9 161</b>	<b>-1 038</b>	<b>384</b>	<b>-3 441</b>
Interest and other financial items	-1 267	-3 516	210	-625
<b>Profit after financial items</b>	<b>7 894</b>	<b>-4 554</b>	<b>594</b>	<b>-4 066</b>
Tax	-2 113	468	562	1 061
<b>Profit for the period</b>	<b>5 781</b>	<b>-4 086</b>	<b>1 156</b>	<b>-3 005</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	0.93	-0.66	0.19	-0.49
EBITDA per share, SEK	1.96	0.88	0.18	-0.43

\*There are no dilutive effects

# Balance Sheet

(kSEK)	2013	2012
<b>Assets</b>		
FIXED ASSETS		
Intangible fixed assets	5 246	7 592
Tangible fixed assets	1 514	1 639
Financial assets	6 732	7 401
<b>Total fixed assets</b>	<b>13 492</b>	<b>16 632</b>
CURRENT ASSETS		
Inventories	30 602	31 136
Current receivables	40 122	38 773
Liquid funds	6 072	5 186
<b>Total current assets</b>	<b>76 796</b>	<b>75 095</b>
<b>Total assets</b>	<b>90 288</b>	<b>91 727</b>
<b>Equity and liabilities</b>		
EQUITY	13 549	8 472
<b>Deferred tax</b>	<b>1 466</b>	<b>3 622</b>
<b>Long-term debt</b>	<b>785</b>	<b>535</b>
Short term liabilities – interest bearing	10 324	10 407
Short term liabilities – non interest bearing	64 164	68 691
<b>Current liabilities</b>	<b>74 488</b>	<b>79 098</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>90 288</b>	<b>91 727</b>

## Change in Equity

### 2013

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
<b>Balance</b>	<b>6 195</b>	<b>3 165</b>	<b>-888</b>	<b>8 472</b>
Transfer between restricted and unrestricted reserves	0	770	-770	0
Exchange rate differences	0	0	-704	-704
Profit for the period	0	0	5 781	5 781
<b>Balance</b>	<b>6 195</b>	<b>3 935</b>	<b>3 419</b>	<b>13 549</b>

### 2012

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
<b>Balance</b>	<b>6 195</b>	<b>3 069</b>	<b>2 366</b>	<b>11 630</b>
Transfer between restricted and unrestricted reserves	0	96	-96	0
Exchange rate differences	0	0	928	928
Profit for the period	0	0	-4 086	-4 086
<b>Balance</b>	<b>6 195</b>	<b>3 165</b>	<b>-888</b>	<b>8 472</b>

# Cash Flow Statements

(kSEK)	2013	2012	Q4 2013	Q4 2012
<b>CURRENT OPERATIONS</b>				
Profit after financial items	9 161	-1 038	384	-3 441
<b>Adjustments for</b>				
Depreciations	2 993	6 495	736	764
Other provisions	2 032	1	455	-1 015
	<b>14 186</b>	<b>5 458</b>	<b>1 575</b>	<b>-3 692</b>
Interest recieved	330	370	77	91
Interest expense	-1 597	-3 886	-829	-716
Taxation paid	-2 419	-2 305	826	398
<b>Cash flow from current operations before changes in working capital</b>	<b>10 500</b>	<b>-363</b>	<b>1 586</b>	<b>-3 919</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-1 351	-4 592	-1 255	-2 225
Current receivables	-1 461	4 717	1 431	-667
Current liabilities	-7 205	4 405	-2 289	6 204
<b>Cash flow from current operations</b>	<b>483</b>	<b>4 167</b>	<b>-527</b>	<b>-607</b>
<b>INVESTMENT ACTIVITIES</b>				
Investment in intangible fixed assets	-36	-2	-5	-2
Investments in tangible fixed assets	-472	-904	-47	-44
Proceeds from sale of assets	0	80	0	0
Long term receivables	543	538	-259	1 299
<b>Cash flow from investment activities</b>	<b>35</b>	<b>-288</b>	<b>-311</b>	<b>1 253</b>
<b>FINANCING ACTIVITIES</b>				
Changes in long term debt	406	-176	-708	122
<b>Cash flow from financing activities</b>	<b>406</b>	<b>-176</b>	<b>-708</b>	<b>122</b>
<b>Changes in liquid funds</b>	<b>924</b>	<b>3 703</b>	<b>-1 546</b>	<b>768</b>
<b>Liquid funds at the beginning of the period</b>	<b>5 186</b>	<b>1 545</b>	<b>7 623</b>	<b>4 475</b>
<b>Exchange rate effect</b>	<b>-38</b>	<b>-62</b>	<b>-5</b>	<b>-57</b>
<b>Liquid funds at the end of the period</b>	<b>6 072</b>	<b>5 186</b>	<b>6 072</b>	<b>5 186</b>

# Key Figures

(kSEK)	2013	2012	Q4 2013	Q4 2012
Sales	227 983	203 787	59 691	46 651
Gross profit	148 789	126 457	37 041	28 308
EBITDA	12 154	5 457	1 120	-2 677
Operating profit	9 161	-1 038	384	-3 441
Profit after financial items	7 894	-4 554	594	-4 066
Profit after tax	5 781	-4 086	1 156	-3 005
Total assets	90 288	91 727	90 288	91 727
Return on capital employed, %	38.5	-3.4	2.0	-15.6
Return on shareholders equity, %	42.7	-48.2	8.5	-35.5
Equity	13 549	8 472	13 549	8 472
Equity ratio, %	15.0	9.2	15.0	9.2
Debt ratio	5.66	9.83	5.66	9.83
Interest coverage ratio	3.5	-0.2	0.52	-4.68
Investments	508	906	52	46
Cash flow from current operations	483	4 167	-527	-607
Cash flow from financing activities	406	-176	-708	122
Gross margin, %	65.3	62.1	62.1	60.7
EBITDA margin, %	5.3	2.7	1.9	-5.7
Operation margin, %	4.0	-0.5	0.6	-7.4
Profit margin, %	3.5	-2.2	1.0	-8.7
Number of employees, average	37	40	37	37
Number of employees by the end of the period	37	37	37	37
Sales per employee	6 162	5 095	1 613	1 261
Gross margin per employee	4 021	3 161	1 001	765
Profit per employee	213	-114	16	-110
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
EBITDA per share, SEK	1.96	0.88	0.18	-0.43
Profit per share*, SEK	0.93	-0.66	0.19	-0.49
Equity per share, SEK	2.19	1.37	2.19	1,37

\*There are no dilutive effects



## New Nordic geographic and product segments

### Revenue by segment, SEK

	2013		2012	
	MSEK	PERCENT	MSEK	PERCENT
Diet and prediabetes	59	26	60	29
Gastro intestinal	19	9	18	9
Anti-aging	60	26	52	26
Sleep	16	7	16	8
Beauty	49	21	29	14
Concentration	25	11	29	14

### Sales divided by geographic, SEK

	2013		2012	
	MSEK	PERCENT	MSEK	PERCENT
Nordic	103	45	100	49
Other Europe	70	31	67	33
North America	48	21	37	18
Other World	7	3	0	0

**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.