



# New Nordic Healthbrands AB (publ)

## Six Months Report Q2 2014

	SIX MONTHS	SIX MONTHS	Q2	Q2
	2014	2013	2014	2013
Net sales, kSEK	136 007	109 955	74 935	58 928
Gross profit, kSEK	87 889	75 682	48 375	41 936
Gross margin, %	64.6	68.8	64.6	71.2
EBITDA kSEK	8 417	7 089	4 665	3 616
EBITDA, %	6.2	6.4	6.2	6.1
Operating profit, kSEK	7 061	5 583	3 955	2 860
Operating margin, %	5.2	5.1	5.3	4.9
Profit for the period, kSEK	4 962	3 517	2 902	2 249
Earnings per share*, SEK	0.80	0.57	0.47	0.36
EBITDA per share, SEK	1.36	1.14	0.75	0.58

\*There are no dilutive effects

### Comments by CEO

We had a record first half year.

Revenues grew more than 19 percent in local currencies. After translation to Swedish kronor, sales amounted to a record 136.0 million SEK, a growth of nearly 24 percent.

An increase in marketing efforts on existing and more well established brands and a focus on the launch of our new Skin Care tablets in the growing beauty from within category has been successful.

Progress has been satisfactory in all geographic regions in which we operate. The biggest absolute growth region for the first half year has been other Europe. A great step forward in our efforts to establish New Nordic as a true international company. Our individual brands has been performing well. All brands with the exception of a few low priority brands has grown.

The growth margin amounted to 64.6 percent in the first half year. It is a decrease compared to same period last year mainly caused by fluctuations in the assortment sold. I expect the gross margin for the whole year will improve a little compared to the first half of 2014. We continue to have all our own products manufactured in Scandinavia.

EBITDA increased by 19 percent to 8.4 million SEK. We increased the marketing spend in the period to increase sales and help launch the Skin Care tablets in the Nordic region and USA.

Our cost control has been satisfactory. Staff and administrative expenses continued to decrease as a percent of sales. The sales of 3.7 million SEK and gross profit of 2.4 million SEK per employee in just six months bear witness to an effective administration and organization.

The internationalization of New Nordic continues in a good momentum. We are taking market share in every region of the growing international food supplement market. We want to increase our international sales hand in hand with increasing our profitability and earnings per share. The efficacy of our marketing efforts, our capabilities of increasing the gross margin, and the success of our new product introductions will be crucial to our results.

We will continue to increase marketing spend for our established products and invest in the Skin Care brand to establish it as one of the leading and driving brands in this growing market category. New positive clinical results of eye q® and ADHD has been published at The International Society for the Study of Fatty Acids and Lipids, ISSFALL Congress in Stockholm at the end of June, 2014. We expect these new trials over time can increase sales of eye q in a omega 3 market that is struggling and has been decreasing significantly particularly in the Nordic region.

The entire organization is very dedicated and has great focus on making our marketing even more efficient and optimizing the coming product launches.

I am full of optimism and looking forward to an exciting and rewarding year for the New Nordic and our shareholders.

Karl Kristian Bergman Jensen

## **Turnover**

Sales for the first six months was 136.0 million (110.0), an increase of 23.7 percent. In local currencies, the increase was 19.1 percent.

## **Results for the six months**

Gross profit for the first half-year amounted to SEK 87.9 million (75.7). This corresponds to a gross margin of 64.6 percent (68.8). EBITDA amounted to SEK 8.4 million (7.1). This corresponds to an EBITDA margin of 6.2 percent (6.4).

Operating income amounted to SEK 7.1 M (5.6). This corresponds to an operating margin of 5.2 percent (5.1).

Profit after financial items amounted to SEK 7.0 million (4.8).

Profit after tax for the six months amounted to 5.0 million (3.5).

## **Comments for second quarter**

Sales in local currencies increased by 22.7 percent. Converted into SEK, sales rose 27.2 percent. EBITDA increased by 1.0 million and net income of 0.7 million.

Gross margin decreased to 64.6 percent (71.2). Selling and administrative expenses amounted to SEK 43.7 million (38.3), an increase of 14.1 percent.

Profit after financial items amounted to SEK 4.2 million (2.9).

Inventories increased by 6.8 percent compared to the same period last year and amounted to SEK 32.2 M (30.1). The balance sheet increased with 11.7 percent compared with the same period last year and amounted to SEK 103.9 M (93.0).

## **Financial position and cash flow**

Total assets as at 30 June 2014 amounted to SEK 103.9 M (93.0), an increase of 11.7 percent compared to the same time last year. Intangible assets are amortized at the end of the period to SEK 4.2 M (6.4).

Operating activities generated a positive cash flow of SEK 3.1 M (-2.4 M) during the first six months. Cash and cash equivalents amounted to MSEK 5.1 (3.3).

The Group's equity ratio was 17.6 per cent (12.7).

Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 30 June 2014 amounted to 2.95 SEK (1.90).

## **Expansion**

In 2014, the company will continue to focus on a narrow range facing the international emerging market categories. New Nordic expects to increase sales in all markets in which the company operates.

**Parent company**

The parent company had in operation the first six months of 2014 a turnover of SEK 54.8 M (29.8).

The reason for the significant increase in sales during the period is that the parent company last year has taken over invoicing against its subsidiaries.

**Comment to this quarter**

No particular comments regarding the current quarter.

**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.

Phone: +46 8-503 01 550

**Future reports**

31st October, 2014	Nine months report 2014
9th March, 2015	Full year report 2014
15th April, 2015	Annual Report 2014
30th April, 2015	Three month report 2015
30th April, 2015	General Meeting 2015

**For further information contact:** Karl Kristian Bergman Jensen, CEO, [kk@newnordic.com](mailto:kk@newnordic.com)

This report has not been audited.

Malmö July 31, 2014

New Nordic Health Brands AB (publ)

New Nordic Health Brands AB

Södra Förstadsgatan 3 • SE-211 43 Malmö, Sweden • Phone: +46 40 23 64 14

# Income Statement

(kSEK)	SIX MONTHS 2014	SIX MONTHS 2013	Q2 2014	Q2 2013
Sales	136 007	109 955	74 935	58 928
Cost of goods sold	-48 118	-34 273	-26 560	-16 992
<b>Gross profit</b>	<b>87 889</b>	<b>75 682</b>	<b>48 375</b>	<b>41 936</b>
Personnel expenses	-13 629	-12 311	-6 760	-6 023
Other external expenses	-65 843	-56 282	-36 950	-32 297
<b>EBITDA</b>	<b>8 417</b>	<b>7 089</b>	<b>4 665</b>	<b>3 616</b>
Depreciations	-1 356	-1 506	-710	-756
<b>Operating profit (EBIT)</b>	<b>7 061</b>	<b>5 583</b>	<b>3 955</b>	<b>2 860</b>
Interest and other financial items	-109	-753	294	87
<b>Profit after financial items</b>	<b>6 952</b>	<b>4 830</b>	<b>4 249</b>	<b>2 947</b>
Tax	-1 990	-1 313	-1 347	-698
<b>Profit for the period</b>	<b>4 962</b>	<b>3 517</b>	<b>2 902</b>	<b>2 249</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	0.80	0.57	0.47	0.36
EBITDA per share, SEK	1.36	1.14	0.75	0.58

\*There are no dilutive effects

# Balance Sheet

(kSEK)	Q2 2014	Q2 2013	ANNUAL 2013
<b>Assets</b>			
FIXED ASSETS			
Intangible fixed assets	4 204	6 413	5 246
Tangible fixed assets	2 034	1 527	1 514
Financial assets	8 865	6 713	6 732
<b>Total fixed assets</b>	<b>15 103</b>	<b>14 653</b>	<b>13 492</b>
CURRENT ASSETS			
Inventories	32 186	30 127	30 602
Current receivables	51 575	45 003	40 122
Liquid funds	5 084	3 264	6 072
<b>Total current assets</b>	<b>88 845</b>	<b>78 394</b>	<b>76 796</b>
<b>Total assets</b>	<b>103 948</b>	<b>93 047</b>	<b>90 288</b>
<b>Equity and liabilities</b>			
EQUITY	18 247	11 772	13 549
<b>Deferred tax</b>	<b>2 255</b>	<b>2 630</b>	<b>1 916</b>
<b>Long-term debt</b>	<b>1 298</b>	<b>1 144</b>	<b>785</b>
Short term liabilities – interest bearing	8 841	10 110	10 324
Short term liabilities – non interest bearing	73 307	67 391	63 714
<b>Current liabilities</b>	<b>82 148</b>	<b>77 501</b>	<b>74 038</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>103 948</b>	<b>93 047</b>	<b>90 288</b>

# Change in Equity

## Q2 2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
<b>Balance</b>	<b>6 195</b>	<b>3 935</b>	<b>3 419</b>	<b>13 549</b>
Exchange rate differences	0	0	-264	-264
Profit for the period	0	0	4 962	4 962
<b>Balance</b>	<b>6 195</b>	<b>3 935</b>	<b>8 117</b>	<b>18 247</b>

## Q2 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>
Exchange rate differences	0	0	-217	-217
Profit for the period	0	0	3 517	3 517
<b>Balance</b>	<b>6 195</b>	<b>3 165</b>	<b>2 412</b>	<b>11 772</b>

## HELÅR 2012

(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>

# Cash Flow Statements

(kSEK)	SIX MONTHS 2014	SIX MONTHS 2013	Q2 2014	Q2 2013
<b>CURRENT OPERATIONS</b>				
Profit after financial items	7 061	5 583	3 955	2 860
<b>Adjustments for</b>				
Depreciations	1 356	1 506	710	756
Other provisions	1 794	1 829	1 455	952
	<b>10 211</b>	<b>8 918</b>	<b>6 120</b>	<b>4 568</b>
Interest recieved	120	176	69	130
Interest expense	-885	-929	-458	-43
Taxation paid	-2 771	-2 090	-1 201	-1 281
<b>Cash flow from current operations before changes in working capital</b>	<b>6 675</b>	<b>6 075</b>	<b>4 530</b>	<b>3 374</b>
<b>Cash flow from changes in working capital</b>				
Inventories	-1 829	632	-1 848	-42
Current receivables	-7 945	-5 089	-6 953	-6 600
Current liabilities	6 195	-4 040	5 245	2 440
<b>Cash flow from current operations</b>	<b>3 096</b>	<b>-2 422</b>	<b>974</b>	<b>-828</b>
<b>INVESTMENT ACTIVITIES</b>				
Investment in intangible fixed assets	0	-29	0	0
Investments in tangible fixed assets	-802	-182	-773	-110
Long term receivables	-2 700	528	61	320
<b>Cash flow from investment activities</b>	<b>-3 502</b>	<b>317</b>	<b>-712</b>	<b>210</b>
<b>FINANCING ACTIVITIES</b>				
Changes in long term debt	-694	138	-159	-20
<b>Cash flow from financing activities</b>	<b>-694</b>	<b>138</b>	<b>-159</b>	<b>-20</b>
<b>Changes in liquid funds</b>	<b>-1 100</b>	<b>-1 967</b>	<b>103</b>	<b>-638</b>
<b>Liquid funds at the beginning of the period</b>	<b>6 072</b>	<b>5 186</b>	<b>4 909</b>	<b>3 872</b>
<b>Exchange rate effect</b>	<b>112</b>	<b>45</b>	<b>72</b>	<b>30</b>
<b>Liquid funds at the end of the period</b>	<b>5 084</b>	<b>3 264</b>	<b>5 084</b>	<b>3 264</b>

# Key Figures

(kSEK)	SIX MONTHS 2014	SIX MONTHS 2013	Q2 2014	Q2 2013
Sales	136 007	109 955	74 935	58 928
Gross profit	87 889	75 682	48 375	41 936
EBITDA	8 417	7 089	4 665	3 616
Operating profit	7 061	5 583	3 955	2 860
Profit after financial items	6 952	4 830	4 249	2 947
Total assets	103 948	93 047	103 948	93 047
Return on capital employed, %	25.3	25.0	14.9	13.8
Return on shareholders equity, %	27.2	29.9	17.1	19.1
Equity	18 247	11 772	18 247	11 772
Equity ratio, %	17.6	12.7	17.6	12.7
Debt ratio	4.70	6.90	4.70	6.90
Interest coverage ratio	8.11	6.2	8.79	69.53
Investments	802	211	773	110
Cash flow from current operations	3 096	-2 422	974	-828
Gross margin, %	64.6	68.8	64.6	71.2
EBITDA margin, %	6.2	6.4	6.2	6.1
Operation margin, %	5.2	5.1	5.3	4.9
Profit margin, %	5.1	4.4	5.7	5.0
Number of employees, average	37	37	37	37
Number of shares by the end of the period	37	37	37	37
Sales per employee	3 676	2 972	2 025	1 593
Gross margin per employee	2 375	2 045	1 307	1 133
Profit per employee	188	131	115	80
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	1.36	1.14	0.75	0.58
Profit per share*, SEK	0.80	0.57	0.47	0.36
Equity per share, SEK	2.95	1.90	2.95	1.90

\*There are no dilutive effects

## New Nordic Geographic and Product Segments

### Revenue by business segment, SEK

	Q2 2014		Q2 2013		ANNUAL 2013	
	MSEK	PROCENT	MSEK	PROCENT	MSEK	PROCENT
Diet och prediabetes	21	28	18	31	59	26
Stomach and intestinal	5	7	5	8	19	9
Anti-aging	21	28	15	25	60	26
Sleep	4	5	3	5	16	7
Beauty	19	25	14	24	49	21
Concentration	5	7	4	7	25	11

### Sales divided by geographic, SEK

	Q2 2014		Q2 2013		ANNUAL 2013	
	MSEK	PROCENT	MSEK	PROCENT	MSEK	PROCENT
Nordic	30	40	26	43	103	45
Rest of Europe	27	37	19	33	70	31
North America	16	21	13	22	48	21
Rest of the World	2	2	1	2	7	3

## Quarterly Overview

	2014		2013				2012				2011			
	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 excl. VAT MSEK	61,1	74,9	51,0	58,9	58,3	59,7	52,2	55,5	49,4	46,7	47,3	52,3	51,6	48,2
Change from last year, %	19,7	27,2	-2,2	6,1	18,0	27,8	10,2	6,1	-4,3	-3,2	2,7	4,1	10,6	-7,8
EBITDA, MSEK	3,8	4,7	3,5	3,6	3,9	1,1	3,3	2,0	2,9	-2,7	3,1	4,1	6,1	0,8
EBITDA-margin, %	6,1	6,2	6,8	6,1	6,8	1,9	6,4	3,5	5,8	-5,7	6,5	7,9	11,7	1,7
Operating result, MSEK	3,1	4,0	2,7	2,9	3,2	0,4	1,4	0,0	1,0	-3,4	1,1	2,2	4,1	-1,4
Operating margin, %	5,1	5,3	5,3	4,9	5,5	0,6	2,7	0,1	1,9	-7,4	2,3	4,2	7,9	-2,8
Result before tax, MSEK	2,7	4,2	1,9	2,9	2,5	0,6	0,7	-1,0	-0,3	-4,1	0,3	1,3	4,0	-3,2
Result after tax, MSEK	2,1	2,9	1,3	2,2	1,1	1,2	0,5	-0,8	-0,8	-3,0	0,2	1,6	1,1	-2,6
Cash, MSEK	4,9	5,1	3,9	3,3	7,6	6,1	2,0	2,2	4,5	5,2	1,0	1,8	2,6	1,5
Stocks, MSEK	30,4	32,2	29,9	30,1	29,4	30,6	27,8	30,7	28,8	31,1	26,8	28,8	22,2	26,9
Equity, MSEK	15,7	18,2	9,7	11,8	12,7	13,5	12,2	11,3	11,4	8,5	12,9	14,3	15,2	11,6
Result per share, SEK	0,33	0,47	0,20	0,36	0,18	0,19	0,08	-0,12	-0,14	-0,49	0,03	0,27	0,17	-0,42
Equity per share, SEK	2,54	2,95	1,57	1,90	2,06	2,19	1,96	1,82	1,85	1,37	2,08	2,31	2,46	1,88
Cash flow per share, SEK	0,34	0,16	-0,24	-0,13	0,53	-0,09	0,29	0,01	0,39	-0,10	0,10	0,27	0,45	-0,59
Solidity, %	16,8	17,6	11,1	12,7	13,7	15,0	12,6	11,5	12,7	9,2	12,4	12,9	15	12,3

**Gross profit:** New Nordic's gross profit is the company's net sales less costs to New Nordic suppliers.

**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.