



New Nordic Healthbrands AB (publ)

Nine Months Report Q3 2014 Janury-September

	NINE MONTHS	NINE MONTHS	Q3	Q3
	2014	2013	2014	2013
Net sales, kSEK	201 256	168 292	65 249	58 337
Gross profit, kSEK	128 800	111 748	40 911	36 066
Gross margin, %	64,0	66.4	62,7	61.8
EBITDA, kSEK	14 185	11 034	5 768	3 945
EBITDA, %	7.0	6.6	8.8	6.8
Operating profit, kSEK	12 192	8 777	5 131	3 194
Operating margin, %	6.1	5.2	7.9	5.5
Profit for the period, kSEK	9 221	4 625	4 259	1 108
Earnings per share*, SEK	1.49	0.75	0.69	0.18
EBITDA per share, SEK	2.29	1.78	0.93	0.64

*There are no dilutive effects

Comments by CEO

Sales and earnings continued to grow in the third quarter as we get more and more loyal consumers.

Revenues grew nearly 13 percent in local currencies during the first 9 months of the year. After translation to Swedish kronor, sales amounted to a record 201,3 million SEK. A growth of 19 percent.

The growth is fueled by increasing marketing efforts, a focus on close and dynamic cooperation with retailers and the introduction of new product innovations and variants.

The biggest absolute growth has come from European countries outside the Nordic area, followed by North America and then the Nordic area.

The Nordic area now accounts for 44 percent of sales and contributes with around 50 percent of our total profit. The other geographic areas are also contributing to our profit, but they are still burdened with heavy investments in marketing in order to gain more loyal consumers and international market share. Sales in USA are also growing but the profit from the USA operation is still insignificant.

We experience increasing interest from reputable national and regional companies around the world, who are interested in representing New Nordic in their own market. Already last year we began a fruitful cooperation with IceCare in Island and this cooperation has developed very well. Recently we also entered a distribution agreement with Omega Pharma who started to sell New Nordic in Benelux as from October 2014.

The gross margin amounted to 64.0 percent in the first nine months. It is a decrease compared to same period last year. In the 3rd quarter the gross margin amounted to 62.7 percent which is an improvement compared with same quarter last year. The gross margin in the quarter has been influenced by unusual disposal of expired items on stock. During the year, the gross margin has been under pressure because of higher demands from retailers to give discounts. A trend that we will take efforts to change. We plan to reach a gross margin of minimum 65 percent in the next few years through different means.

The marketing efforts has been effective and the cost control satisfactory, with a further decrease of staff and administrative expenses as a percentage of sales. We therefore managed to increase the EBITDA by 28 percent to 14.2 million SEK in the nine months period. This is an EBITDA of 7 percent of sales.

Our ambitions are higher, but it is a fine improvement from same period last year and a step in the right direction. The sales of 5.4 million SEK and gross profit of 3.5 million SEK per employee in just nine months bear witness to an effective administration and organization.

Several new products are in the pipeline for 2015 and we continue to build our herbal know how. The clinical "Napoli" study on our Zuccarin® tablet (known in Scandinavia as Mulberry™) has been published recently. The study showed that people on a 1300 calorie restricted diet lose up to 3 times more weight (9 kg in 3 months) than those just following the 1300 kcal per day diet and taking a placebo tablet. An extraordinary good result, which strengthen the scientific understanding of this unique tablet. Beyond building a know how within the company it is equally important to convey this know how outside New Nordic. Therefore, it has been a great pleasure to see the positive response we have received from external health advisors and retail staff who participated in our new training program "Herbal Workshop". A program that we are going to continue in the future.

The internationalization of New Nordic continues in a good momentum. We are taking market share in 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 new brands.

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 nine months was 201,3 million (168.3), an increase of 19 percent. In local currencies, the increase was 13 percent.

Results for the nine months

Gross profit for the first nine months amounted to SEK 128.8 million (111.7). This corresponds to a gross margin of 64.0 percent (66.4). EBITDA amounted to SEK 14.2 million (11.0). This corresponds to an EBITDA margin of 7.0 percent (6.6).

Operating income amounted to SEK 12.2 M (8.8). This corresponds to an operating margin of 6.1 percent (5.2).

Profit after financial items amounted to SEK 12.1 million (7.3).

Profit after tax for the nine months amounted to 9.2 million (4.6).

Comments for third quarter

Sales in local currencies increased by 3 percent. Converted into SEK, sales rose 11 percent. EBITDA increased by 1.8 million and net income of 3.2 million.

Gross margin increased to 62.7 percent (61.8). Selling and administrative expenses amounted to SEK 35.1 million (32.1), an increase of 9 percent.

Profit after financial items amounted to SEK 5.2 million (2.5).

Inventories increased by 6 percent compared to the same period last year and amounted to SEK 31.2 M (29.4). The balance sheet increased with 4 percent compared with the same period last year and amounted to SEK 96.9 M (92.9).

Financial position and cash flow

Total assets as at 30 September 2014 amounted to SEK 96.9 M (92.9), an increase of 4 percent compared to the same time last year. Intangible assets are amortized at the end of the period to SEK 3.7 M (5.8).

Operating activities generated a positive cash flow of SEK 4.8 M (0.3) during the first nine months. Cash and cash equivalents amounted to MSEK 5.4 (7.6).

The Group's equity ratio was 22.9 per cent (13.7).

Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 30 September 2014 amounted to 3.59 SEK (2.06).

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 nine months of 2014 a turnover of SEK 81.6 M (48.8).

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.

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Future reports

6th March, 2015	Full Year Report 2014
14th April, 2015	Annual Report 2014
29th April, 2015	Three Month Report 2015
29th April, 2015	General Meeting 2015
31th July, 2015	Six Months Report, 2015
30th October, 2015	Nine Months Report, 2015

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This report has not been audited.

Malmö October 31, 2014

New Nordic Health Brands AB (publ)

New Nordic Health Brands AB

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Income Statement

(kSEK)	NINE MONTHS 2014	NINE MONTHS 2013	Q3 2014	Q3 2013
Sales	201 256	168 292	65 249	58 337
Cost of goods sold	-72 456	-56 544	-24 338	-22 271
Gross profit	128 800	111 748	40 911	36 066
Personnel expenses	-19 820	-19 523	-6 191	-7 212
Other external expenses	-94 795	-81 191	-28 952	-24 909
EBITDA	14 185	11 034	5 768	3 945
Depreciations	-1 993	-2 257	-637	-751
Operating profit (EBIT)	12 192	8 777	5 131	3 194
Interest and other financial items	-77	-1 477	32	-724
Profit after financial items	12 115	7 300	5 163	2 470
Tax	-2 894	-2 675	-904	-1 362
Profit for the period	9 221	4 625	4 259	1 108
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	1.49	0.75	0.69	0.18
EBITDA per share, SEK	2.29	1.78	0.93	0.64

*There are no dilutive effects

Balance Sheet

(kSEK)	Q3 2014	Q3 2013	ANNUAL 2013
Assets			
FIXED ASSETS			
Intangible fixed assets	3 682	5 809	5 246
Tangible fixed assets	1 938	1 613	1 514
Financial assets	10 314	6 478	6 732
Total fixed assets	15 934	13 900	13 492
CURRENT ASSETS			
Inventories	31 195	29 397	30 602
Current receivables	44 419	42 020	40 122
Liquid funds	5 357	7 623	6 072
Total current assets	80 971	79 040	76 796
Total assets	96 905	92 940	90 288
Equity and liabilities			
EQUITY	22 210	12 740	13 549
Deferred tax	3 104	2 745	1 916
Long-term debt	1 181	1 684	785
Short term liabilities – interest bearing	6 477	8 094	10 324
Short term liabilities – non interest bearing	63 933	67 677	63 714
Current liabilities	70 410	75 771	74 038
TOTAL LIABILITIES AND EQUITY	96 905	92 940	90 288

Change in Equity

Q3 2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 935	3 419	13 549
Exchange rate differences	0	0	-560	-560
Profit for the period	0	0	9 221	9 221
Balance	6 195	3 935	12 080	22 210

Q3 2013

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 165	-888	8 472
Exchange rate differences	0	0	-357	-357
Profit for the period	0	0	4 625	4 625
Balance	6 195	3 165	3 380	12 740

ANNUAL 2013

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 165	-888	8 472
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
Balance	6 195	3 935	3 419	13 549

Cash Flow Statements

(kSEK)	NINE MONTHS 2014	NINE MONTHS 2013	Q3 2014	Q3 2013
CURRENT OPERATIONS				
Profit after financial items	12 192	8 777	5 131	3 194
Adjustments for				
Depreciations	1 993	2 257	637	751
Other provisions	3 370	1 651	1 576	893
	17 555	12 685	7 344	4 838
Interest recieved	189	253	69	77
Interest expense	-1 315	-1 730	-430	-801
Taxation paid	-3 266	-3 245	-495	-1 155
Cash flow from current operations before changes in working capital	13 163	7 963	6 488	2 959
Cash flow from changes in working capital				
Inventories	-2 081	-472	-252	-725
Current receivables	-279	-3 438	7 666	2 635
Current liabilities	-5 969	-3 791	-12 164	-1 585
Cash flow from current operations	4 834	262	1 738	3 284
INVESTMENT ACTIVITIES				
Investment in intangible fixed assets	0	-31	0	0
Investments in tangible fixed assets	-814	-424	-12	-245
Long term receivables	-3 993	802	-1 293	274
Cash flow from investment activities	-4 807	347	-1 305	29
FINANCING ACTIVITIES				
Changes in long term debt	-938	1 853	-244	1 072
Cash flow from financing activities	-938	1 853	-244	1 072
Changes in liquid funds	-911	2 462	189	4 385
Liquid funds at the beginning of the period	6 072	5 186	5 084	3 264
Exchange rate effect	196	-25	84	-26
Liquid funds at the end of the period	5 357	7 623	5 357	7 623

Key Figures

(kSEK)	NINE MONTHS 2014	NINE MONTHS 2013	Q3 2014	Q3 2013
Sales	201 256	168 292	65 249	58 337
Gross profit	128 800	111 748	40 911	36 066
EBITDA	14 185	11 034	5 768	3 945
Operating profit	12 192	8 777	5 131	3 194
Profit after financial items	12 115	7 300	5 163	2 470
Total assets	96 905	92 940	96 905	92 940
Return on capital employed, %	41.5	40.1	17.9	14.4
Return on shareholders equity, %	41.5	36.3	19.2	8.7
Equity	22 210	12 740	22 210	12 740
Equity ratio, %	22.9	13.7	22.9	13.7
Debt ratio	3.36	6.3	3.36	6.3
Interest coverage ratio	46.5	5.2	140.54	4.08
Investments	814	455	12	245
Cash flow from current operations	4 834	262	1 738	3 284
Gross margin, %	64.0	66.4	62.7	61.8
EBITDA margin, %	7.0	6.6	8.8	6.8
Operation margin, %	6.1	5.2	7.9	5.5
Profit margin, %	6.0	4.3	7.9	4.2
Number of employees, average	37	37	37	37
Number of shares by the end of the period	37	37	37	37
Sales per employee	5 439	4 548	1 763	1 577
Gross margin per employee	3 481	3 020	1 106	975
Profit per employee	327	197	140	67
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	2.29	1.78	0.93	0.64
Profit per share*, SEK	1.49	0.75	0.69	0.18
Equity per share, SEK	3.59	2.06	3.59	2.06

*There are no dilutive effects

New Nordic Geographic Segments

Sales divided by gergraphic, SEK	Q3 2014		Q3 2013		ANNUAL 2013	
	MSEK	PROCENT	MSEK	PROCENT	MSEK	PROCENT
Nordic	29	44	30	51	103	45
Rest of Europe	20	31	16	28	70	31
North America	14	22	10	18	48	21
Rest of the World	2	3	2	3	7	3

Quarterly Overview

	2014			2013				2012				2011			
	Q 1	Q 2	Q 3	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	65.2	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	11.8	-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	5.8	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	8.8	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	5.1	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	7.9	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	5.2	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	4.3	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	5.4	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	31.2	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	22.2	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	0.69	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	3.59	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	0.28	-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	22.9	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.