



New Nordic Healthbrands AB (publ) Three month report January - March 2016

	Q1 2016	Q1 2015	Full Year 2015
Net sales, kSEK	74 576	72 947	298 485
Change in local currencies, %	5.1	10.2	5.0
Gross profit, kSEK	47 562	48 696	196 708
Gross margin, %	63.8	66.8	65.9
EBITDA kSEK	3 194	4 725	18 592
EBITDA, %	4.3	6.5	6.2
Operating profit, kSEK	2 828	4 063	15 718
Operating margin, %	3.8	5.6	5.3
Profit for the period, kSEK	2 322	3 101	11 330
Resultat per aktie*, SEK	0.37	0.50	1.83
Earnings per share *, SEK	0.52	0.76	3.00

* There are no dilutive effects

Comments by CEO Karl Kristian Bergman Jensen

Sales increased with more than 5 percent in local currencies in the first quarter. The increase was high in North America and particularly Canada where we have increased the distribution and delivered the first orders to Costco - a large department store chain. In the Nordic area, our sales declined in Denmark and Norway. This is in spite of information that sales of our products from retailers to the end consumer has increased in the same period. This means that our largest retailers has drastically reduced inventories. We are confident that this situation is temporary and that our sales in the Nordic region will increase for the full year.

Earnings declined in the first quarter. The decline in earnings is directly related to decreased gross profit due to that one of our major manufacturers suddenly raised their manufacturing prices drastically at the end of 2015. To defend our gross margin, we have taken steps to move some of this manufacturing to other manufacturers. We have also negotiated prices and come to an agreement with the manufacturer who raised prices.

The whole affair with sudden increased manufacturing prices has prompted us to establish a new internal manufacturing policy. In the future we will make sure always to have a minimum of two manufacturers of our main products. In the process, we have also taken over the inventory of raw materials from our manufacturers and we renegotiated prices of raw materials and in particular our herbal ingredients. We are therefore confident that our cost prices are under control as of April 2016 and that the gross margin in the second half will again be on the same level as in 2015.

All other costs are under control and since we were aware that cost of goods would be extraordinarily high in the quarter we have not increased marketing costs in the rate we normally do. Our total inventory has increased considerably as we have increased the inventory of raw materials. We expect to reduce inventories by 10-15 percent by the end of the year through improved raw material flow. We will now concentrate to continue our growth.

We are just about to introduce three new products to trade in Denmark and Norway: No Stress™, Deep Breath™ and Easy Digest™. We also have several innovative products ready for launch in the autumn. We work specifically on the introduction of the New Nordic in two additional countries in Europe. In addition, we have by end of the quarter delivered the first New Nordic products to a new distributor in Hong Kong. We have many exciting projects underway in New Nordic and I am convinced that 2016 will end up being a good year.

Turnover

Sales in local currencies increased by 5.1 percent during the first quarter. Converted to SEK sales increased by 2.2 percent.

Results for the first quarter

Gross profit for the first quarter amounted to SEK 47.6 million (48.7). This corresponds to a gross margin of 66.8 percent (63.8). EBITDA amounted to SEK 3.2 M (4.7). This corresponds to an EBITDA margin of 4.3 percent (6.5). Operating profit amounted to SEK 2.8 million (4.1). This corresponds to an operating margin of 3.8 percent (5.6). Profit after financial items amounted to SEK 3.1 million (3.9). Profit after tax for the quarter reached 2.3 million (3.1).

Comments to the first quarter

The total sales growth was satisfactory. Sales growth by region was satisfactory for North America but not for The Nordic area and other Europe. The sales in the Nordic area was drastically influenced by inventory reductions by major retailer chains in Norway and Denmark. Gross margin decreased to 63.8 percent (66.8), which is primarily a consequence of that a major manufacturer of New Nordic's products increased prices significantly. Personnel and other external expenses increased by 1 percent and amounted to SEK 44.4 million (44.0). Depreciation decreased and amounted to SEK 0.4 million (0.7) and financial items increased to SEK 0.2 million (-0.2). Profit after financial items decreased by 21 percent and amounted to SEK 3.1 M (3.9). Profit after tax decreased by 25 percent and amounted to SEK 2.3 million (3.1).

Financial position and cash flow

The Group's total assets at 31 March 2016 amounted to SEK 138.1 million (105.7), an increase of 31 percent from the same time last year. The increase is mainly related to the increase in inventories of raw materials and the termination of factoring. Operating activities generated a negative cash flow of SEK -3.3 million (-3.5) during the first three months. Cash and cash equivalents at end of period amounted to SEK 4.0 million (5.6). The Group's equity ratio was 27.3 percent (26.2). Equity per outstanding 6,195,200 (6,195,200) shares amounted to 6.09 SEK (4.47) at 31 March 2016.

Expansion

In 2016, the company will continue to focus on building a leading brand in specific market segments. Profitable products will be launched in the markets where New Nordic operate and efforts will be made to broaden the geographical spread through reputable national distributors who can market New Nordic brands for their own account and risk in their country. In the US, the company will only focus on a few brands for pharmacy distribution. At the same time New Nordic focuses to build their business in the American health food stores. New Nordic expects to increase sales and profit in all markets where it operates.

Parent Company

The parent company had during the operation first three months of 2016 net sales of SEK 30.6 million (33.3).

Comment on the current quarter

The Company has entered into a new price agreement with the main manufacturer and has commenced shipments to a new customer in Hong Kong.

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 (1995:1554) and BNFAR 2012:1 The Annual Report and Consolidated Group Report (K3).

Certified Adviser

New Nordic Healthbrands AB's Certified Adviser is Mangold Fondkommission AB. 08-503 01 550

Future reports

Annual meeting	28th April 2016
Sixmonth report 2016	29th July 2016
Ninemonth report 2016	31th October 2016
Full year report 2016	6th March 2017

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This report has not been audited.

Malmö April 28, 2016

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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Income Statement

(kSEK)	Q1 2016	Q1 2015	Full Year 2015
Sales	74 576	72 947	298 485
Cost of goods sold	-27 014	-24 251	-101 777
Gross profit	47 562	48 696	196 708
Personnel expenses	-8 310	-8 083	-31 731
Other external expenses	-36 058	-35 888	-146 385
EBITDA	3 194	4 725	18 592
Depreciations	-366	-662	-2 874
Operating profit (EBIT)	2 828	4 063	15 718
Interest and other financial items	233	-195	-1 478
Profit after financial items	3 061	3 868	14 240
Tax	-739	-767	-2 910
Profit for the period	2 322	3 101	11 330
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	0.37	0.50	1.83
EBITDA per share, SEK	0.52	0.76	3.00

* There are no dilutive effects

Balance Sheet

(kSEK)	Q1 2016	Q1 2015	Full Year 2015
Assets			
FIXED ASSETS			
Intangible fixed assets	478	2 478	699
Tangible fixed assets	1 813	1 942	1 552
Financial assets	5 378	5 776	5 358
Total fixed assets	7 669	10 196	7 609
CURRENT ASSETS			
Inventories	54 429	38 691	46 879
Current receivables	72 002	51 264	63 911
Liquid funds	4 013	5 582	6 836
Total current assets	130 444	95 537	117 626
Total assets	138 113	105 733	125 235
Equity and liabilities			
EQUITY	37 746	27 694	35 772
Deffered tax	1 516	1 533	1 320
Long-term debt	1 197	1 455	1 295
Short term liabilities – interest bearing	21 453	8 528	18 145
Short term liabilities – non interest bearing	76 201	66 523	68 703
Current liabilities	97 654	75 051	86 848
TOTAL LIABILITIES AND EQUITY	138 113	105 733	125 235

Change in Equity

Q1 2016

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	29 577	35 772
Transfer between restricted and unrestricted reserves	0	-348	-348
Profit for the period	0	2 322	2 322
Balance	6 195	31 551	37 746

Q1 2015

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	18 864	25 059
Transfer between restricted and unrestricted reserves	0	-466	-466
Profit for the period	0	3 101	3 101
Balance	6 195	21 499	27 694

HELÅR 2015

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	18 864	25 059
Transfer between restricted and unrestricted reserves	0	-617	-617
Profit for the period	0	11 330	11 330
Balance	6 195	29 577	35 772

Cash Flow Statements

(kSEK)	Q1 2016	Q1 2015	Full Year 2015
CURRENT OPERATIONS			
Profit after financial items	2 828	4 063	15 718
Adjustments for			
Depreciations	366	662	2 874
Other provisions	0	5	5
	3 194	4 730	18 597
Interest recieved	1	71	256
Interest expense	-170	-380	-1 165
Taxation paid	-1 668	-626	-2 289
Cash flow from current operations before changes in working capital	1 357	3 795	15 399
Cash flow from changes in working capital			
Inventories	-7 854	-3 629	-13 511
Current receivables	-8 678	-5 203	-20 497
Current liabilities	11 875	1 513	16 049
Cash flow from current operations	-3 300	-3 524	-2 560
INVESTMENT ACTIVITIES			
Acquisition of tangible assets	-356	-432	-792
Sales of equipment	0	65	65
Change in long-term receivables	647	3 304	2 816
Cash flow from investment activities	291	2 937	2 089
FINANCING ACTIVITIES			
Changes in long term debt	198	130	1 555
Cash flow from financing activities	198	130	1 555
Changes in liquid funds	-2 811	-457	1 084
Liquid funds at the beginning of the period	6 836	5 995	5 995
Exchange rate effect	-12	44	-243
Liquid funds at the end of the period	4 013	5 582	6 836

Key Figures

(kSEK)	Q1 2015	Q1 2015	Full Year 2015
Sales	74 576	72 947	298 485
Gross profit	47 562	48 696	196 708
EBITDA	3 194	4 725	18 592
Operating profit	2 828	4 063	15 718
Profit after financial items	3 061	3 868	14 240
Profit after tax		3 101	11 330
Total assets	138 113	105 733	125 235
Return on capital employed, %	4.68	10.97	28.9
Return on shareholders equity, %	6.2	11.2	31.7
Equity	37 746	27 694	35 772
Equity ratio, %	27.3	26.2	28.6
Debt ratio	2.66	2.82	2.50
Interest coverage ratio	16.64	10.88	13.7
Investments	356	432	792
Cash flow from current operations	-3 300	-3 524	-2 560
Cash flow from financing activities	198	130	1 555
Gross margin, %	63.8	66.8	65.9
EBITDA margin, %	4.3	6.5	6.2
Operation margin, %	3.8	5.6	5.3
Profit margin, %	4.1	5.3	4.8
Number of employees, average	44	40	41
Number of employees by the end of the period	44	41	44
Sales per employee	1 695	1 847	7 280
Gross margin per employee	1 081	1 233	4 798
Profit per employee	70	98	347
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	0.52	0.76	3.00
Profit per share *, SEK	0.37	0.50	1.83
Equity per share, SEK	6.09	4.47	5.77

* There are no dilutive effects

New Nordic geographic

Sales divided by geographic, SEK

	Q1 2016		Q1 2015		Full Year 2015	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Norden	30	39	33	45	126	42
Other Europe	24	32	24	33	101	34
North America	20	27	14	19	66	22
Other World	1	2	2	3	6	2

Quarterly overview

	2016	2015				2014				2013			
	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	74,6	72,9	76,5	73,9	75,2	61,1	74,9	65,2	70,7	51,0	58,9	58,3	59,7
Change from last year, %	2,2	19,4	2,1	13,2	6,4	19,7	27,2	11,8	18,4	-2,2	6,1	18,0	28,0
EBITDA, MSEK	3,2	4,7	4,2	5,5	4,2	3,8	4,7	5,8	4,9	3,5	3,6	3,9	1,1
EBITDA-margin, %	4,3	6,5	5,4	7,4	5,6	6,1	6,2	8,8	7,0	6,8	6,1	6,8	1,9
Operating result, MSEK	2,8	4,1	3,5	4,9	3,3	3,1	4,0	5,1	4,0	2,7	2,9	3,2	0,4
Operating margin, %	3,8	5,6	4,6	6,6	4,4	5,1	5,3	7,9	5,7	5,3	4,9	5,5	0,6
Result before tax, MSEK	3,1	3,9	2,8	4,7	2,8	2,7	4,2	5,2	4,4	1,9	2,9	2,5	0,6
Result after tax, MSEK	2,3	3,1	2,2	3,7	2,3	2,1	2,9	4,3	3,2	1,3	2,2	1,1	1,2
Cash, MSEK	4,0	5,6	4,1	5,1	6,8	4,9	5,1	5,4	6,0	3,9	3,3	7,6	6,1
Stocks, MSEK	54,4	38,7	34,2	31,9	46,9	30,4	32,2	31,2	35,0	29,9	30,1	29,4	30,6
Equity, MSEK	37,7	27,7	30,1	33,3	35,8	15,7	18,2	22,2	25,1	9,7	11,8	12,7	13,5
Result per share, SEK	0,37	0,50	0,36	0,60	0,37	0,33	0,47	0,69	0,51	0,20	0,36	0,18	0,19
Equity per share, SEK	6,09	4,47	4,86	5,37	5,77	2,54	2,95	3,59	4,04	1,57	1,90	2,06	2,19
Cash flow from current operations per share, SEK	-0,53	-0,57	-0,29	0,15	0,21	0,34	0,16	0,28	-0,03	-0,24	-0,13	0,53	-0,09
Solidity, %	27,3	25,6	26,2	28,4	28,6	16,8	17,6	22,9	24,9	11,1	12,7	13,7	15,0

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.