



New Nordic Healthbrands AB (publ)

Nine Months Report Q3 January - September 2013

	NINE MONTHS	NINE MONTHS	Q3	Q3
	2013	2012	2013	2012
Net sales, kSEK	168 292	157 136	58 337	49 437
Gross profit, kSEK	111 748	98 149	36 066	29 981
Gross margin, %	66.4	62.5	61.8	60.6
EBITDA kSEK	11 034	8 135	3 945	2 858
EBITDA, %	6.6	5.2	6.8	5.8
Operating profit, kSEK	8 777	2 404	3 194	954
Operating margin, %	5.2	1.5	5.5	1.9
Profit for the period, kSEK	4 625	-1 080	1 108	-845
Earnings per share*, SEK	0.75	-0.17	0.18	-0.14
EBITDA per share, SEK	1.78	1.31	0.64	0.46

Comments by CEO

Both revenue and earnings have grown in the first nine months. We have further more increased the number of loyal customers and increased the value of the New Nordic brand internationally. Earnings per share increased to 0.75 SEK, which is record earnings per share for New Nordic.

In the Nordic region sales have grown by 4 %, in other European countries by 6 % and in North America by 16 %. Our strong focus on building brand leaders in condition specific market segments is bearing fruit. Every brand possesses a unique story and has a brand marketing business model that makes us attractive as partners for pharmacy and health chains world wide. Through innovation which has both benefitted our consumers and our cost prices, we have been able to increase our gross margin in the first nine months to 66.4 percent compared to 62.5 percent over the same period last year. During the nine month period, we have increased marketing costs as a percentage of sales which reflects our plan to invest in the markets where we are currently establishing New Nordic.

From the moment a consumer engages with one of our brands a connection is born. We nurture this connection and stay with her through the length of her journey, ultimately fostering her long-term loyalty to our brands. What makes our brands desirable and distinctive are the details surrounding our research, our heritage and our innovation. We allocate extensive resources to communicating what goes into our aspirational brands and products. Short- and medium-term, the allocated marketing resources is about right for our ambitions. However, we have an infinite striving to improve the efficiency and return of the resources we use. Long-term, when New Nordic and our individual condition specific brands are more geographical diffused and established, we can reduce the marketing allocations slightly. The general costs, including staff costs has been kept at the same percentage of sales. The gross margin per employee is record high. We can grow further with little extra fixed costs and there is room for improvement of fixed costs as a percentage of sales. Compared to the same period last year, we now have significantly less depreciation, which also benefits our profit after tax.

In the coming period, we will pursue our strategy to develop and market products that can provide our consumers with an unbeatable product experience and connect with her. This will be done through continued development and innovation of our existing range plus new introductions in economically interesting segments, where a consumer need that we can satisfy better than our competitors occurs. In september we launched Free-To-Move™ for test marketing in Denmark. A herbal and vitamin tablet based on new technology and an innovative composition. Free-To-Move™ is aimed at people who wants to stay active and needs nutritional support to help maintain healthy joint cartilage, muscles and bones. Today, we have a good portfolio of successful condition specific brands. We will continue to obtain further international penetration of these

profit proven brands. We are also devoted to pursue our great opportunities in the US and European countries where we are still under establishment.

Additionally, we will make an effort develop our geographic expansion through national distributors who can market our brands on their own account and risk in their own country. New Nordic employees are determined to make our strategy a success. I see many nearby opportunities for the company. I am very optimistic that the initiatives can offer better products to more consumers and that they will increase our revenue and results for the company as a whole and per share.

Karl Kristian Bergman Jensen

Turnover

Sales for the first nine months was SEK 168.3 million (157.1), an increase of 7 percent. In local currencies, the increase was 9.7 percent.

Results for the nine months

Gross profit for the first nine months amounted to SEK 111.7 million (98.1). This corresponds to a gross margin of 66.4 percent (62.5).

Selling and administrative expenses amounted to SEK 100.7 million (90.0), an increase of 12 percent.

EBITDA amounted to SEK 11.0 million (8.1). This corresponds to an EBITDA margin of 6.6 percent (5.2).

Operating income amounted to SEK 8.8 million (2.4). This corresponds to an operating margin of 5.2 percent (1.5).

Profit after financial items amounted to SEK 7.3 million (-0.5).

Profit after tax for the nine months SEK 4.6 million (-1.1).

Comments for third quarter

Sales in local currencies increased by 18.3 percent. Converted into SEK, sales rose 18.0 percent. EBITDA increased by 38 percent to SEK 3.9 million and net income increased by 1.9 million to SEK 1.1 (-0.8).

Gross margin increased to 61.8 percent (60.6).

Selling and administrative expenses amounted to SEK 32.1 million (27.1), an increase of 18 percent.

Profit after financial items amounted to SEK 2.5 million (-0.3).

Inventories increased by 2 percent compared to the same period last year and amounted to SEK 29.4 M (28.8).

Financial position and cash flow

Total assets as at 30 September 2013 amounted to SEK 92.9 M (90.3), an increase of 3 percent compared to the same time last year.

Operating activities generated during the first nine months of positive cash flow of SEK 0.3 M (4.0). Cash and cash equivalents amounted to MSEK 7.6 (4.5).

The Group's equity ratio was 13.7 percent (12.7).

Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 30 September 2013 amounted to 2.06 SEK (1.85).

Expansion

In 2013, the company will continue a strong focus on building brand leaders in a narrow 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

The parent company had in operation the first nine months of 2013 a turnover of SEK 48.8 M (5.2).

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

In Norway, New Nordic won prices as the best supplier of the year at both our two major customers Sunkost and Life. Sales in the Nordic countries continues to increase and in September, the company launched its new product Free-To-Move™ in Denmark. Sales to Iceland also began this quarter. In other European countries sales also increased in the quarter. Sales out of stores in the US of New Nordic's focus products here continues to increase. Distribution also increased in the third quarter to include more smaller but important drugstore chains such as Duane Read, the most recognized drugstore chain in metropolitan New York. In Canada and North America as a whole, sales also went up in third 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.

Future reports

7th March, 2014	Full year report 2013
15th April, 2014	Annual Report 2013
30th April, 2014	Three month report 2014
30th April, 2014	General Meeting 2014

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This report has not been audited.

Malmö October 31, 2013

New Nordic Health Brands AB (publ)

New Nordic Health Brands AB

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Income Statement

(kSEK)	NINE MONTHS 2013	NINE MONTHS 2012	Q3 2013	Q3 2012
Sales	168 292	157 136	58 337	49 437
Cost of goods sold	-56 544	-58 987	-22 271	-19 456
Gross profit	111 748	98 149	36 066	29 981
Personnel expenses	-19 523	-19 557	-7 212	-6 058
Other external expenses	-81 191	-70 457	-24 909	-21 065
EBITDA	11 034	8 135	3 945	2 858
Depreciations	-2 257	-5 731	-751	-1 904
Operating profit (EBIT)	8 777	2 404	3.194	954
Interest and other financial items	-1 477	-2 891	-724	-1 239
Profit after financial items	7 300	-487	2 470	-285
Tax	-2 675	-593	-1 362	-560
Profit for the period	4 625	-1 080	1 108	-845
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	0.75	-0.17	0.18	-0.14
EBITDA per share, SEK	1.78	1.31	0.64	0.46

*There are no dilutive effects

Balance Sheet

(kSEK)	Q3 2013	Q3 2012	ANNUAL 2012
Assets			
FIXED ASSETS			
Intangible fixed assets	5 809	8 159	7 592
Tangible fixed assets	1 613	1 744	1 639
Financial assets	6 478	8 780	7 401
Total fixed assets	13 900	18 683	16 632
CURRENT ASSETS			
Inventories	29 397	28 757	31 136
Current receivables	42 020	38 337	38 773
Liquid funds	7 623	4 475	5 186
Total current assets	79 040	71 569	75 095
Total assets	92 940	90 252	91 727
Equity and liabilities			
EQUITY	12 740	11 449	8 472
Deferred tax	2 745	4 415	3 622
Long-term debt	1 684	707	535
Short term liabilities – interest bearing	8 094	11 495	10 407
Short term liabilities – non interest bearing	67 677	62 186	68 691
Current liabilities	75 771	73 681	79 098
TOTAL LIABILITIES AND EQUITY	92 940	90 252	91 727

Change in Equity

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

Q3 2012

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 069	2 366	11 630
Exchange rate differences	0	0	899	899
Profit for the period	0	0	-1 080	-1 080
Balance	6 195	3 069	2 185	11 449

ANNUAL 2012

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 069	2 366	11 630
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
Balance	6 195	3 165	-888	8 472

Cash Flow Statements

(kSEK)	NINE MONTHS 2013	NINE MONTHS 2012	Q3 2013	Q3 2012
CURRENT OPERATIONS				
Profit after financial items	8 777	2 404	3 194	954
Adjustments for				
Depreciations	2 257	5 731	751	1 904
Other provisions	1 651	279	893	723
	12 685	8 414	4 838	3 581
Interest recieved	253	279	77	94
Interest expense	-1 730	-3 170	-801	-1 333
Taxation paid	-3 245	-2 703	-1 155	-926
Cash flow from current operations before changes in working capital	7 963	2 820	2 959	1 416
Cash flow from changes in working capital				
Inventories	-472	-3 083	-725	1 784
Current receivables	-3 438	3 507	2 635	6 891
Current liabilities	-3 791	737	-1 585	-7 705
Cash flow from current operations	262	3 981	3 284	2 386
INVESTMENT ACTIVITIES				
Investment in intangible fixed assets	-31	0	0	0
Investments in tangible fixed assets	-424	-886	-245	-92
Proceeds from sale of assets	0	78	0	0
Long term receivables	802	-761	274	-370
Cash flow from investment activities	347	-1 569	29	-462
FINANCING ACTIVITIES				
Changes in long term debt	1 853	565	1 072	341
Cash flow from financing activities	1 853	565	1 072	341
Changes in liquid funds	2 462	2 977	4 385	2 265
Liquid funds at the beginning of the period	5 186	1 545	3 264	2 243
Exchange rate effect	-25	-47	-26	-33
Liquid funds at the end of the period	7 623	4 475	7 623	4 475

Key Figures

(kSEK)	NINE MONTHS 2013	NINE MONTHS 2012	Q3 2013	Q3 2012
Sales	168 292	157 136	58 337	49 437
Gross profit	111 748	98 149	36 066	29 981
EBITDA	11 034	8 135	3 945	2 858
Operating profit	8 777	2 404	3 194	954
Profit after financial items	7 300	-487	2 470	-285
Total assets	92 940	90 252	92 940	90 252
Return on capital employed, %	40.1	11.3	14.4	4.3
Return on shareholders equity, %	36.3	-9.4	8.7	-7.4
Equity	12 740	11 449	12 740	11 449
Equity ratio, %	13.7	12.7	13.7	12.7
Debt ratio	6.3	6.88	6.3	6.88
Interest coverage ratio	5.2	0.8	4.08	0.79
Investments	455	886	245	92
Cash flow from current operations	262	3 981	3 284	2 386
Cash flow from financing activities	1 853	565	1 072	341
Gross margin, %	66.4	62.5	61.8	60.6
EBITDA margin, %	6.6	5.2	6.8	5.8
Operation margin, %	5.2	1.5	5.5	1.9
Profit margin, %	4.3	-0.3	4.2	-0.6
Number of employees, average	37	40	37	40
Number of employees by the end of the period	37	40	37	40
Sales per employee	4 548	3 928	1 577	1 236
Gross margin per employee	3 020	2 454	975	750
Profit per employee	197	-12	67	-7
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	1.78	1.31	0.64	0.46
Profit per share*, SEK	0.75	-0.17	0.18	-0.14
Equity per share, SEK	2.06	1.85	2.06	1.85

*There are no dilutive effects

New Nordic geographic and product segments

Revenue by segment, SEK

	NINE MONTHS 2013		NINE MONTHS 2012		ANNUAL 2012	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Diet and prediabetes	44	26	49	31	60	29
Gastro intestinal	14	8	14	9	18	9
Anti-aging	43	26	39	25	52	26
Sleep	11	7	11	7	16	8
Beauty	36	21	21	13	29	14
Concentration	20	12	23	15	29	14

Sales divided by geographic, SEK

	NINE MONTHS 2013		NINE MONTHS 2012		ANNUAL 2012	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Nordic	80	48	77	49	94	46
Other Europe	52	31	49	31	73	36
North America	36	21	31	20	37	18

Quarterly overview

	2010				2011				2012				2013		
	kv 1	kv 2	kv 3	kv 4	kv 1	kv 2	kv 3	kv 4	kv 1	kv 2	kv 3	kv 4	kv 1	kv 2	kv 3
Turnover excl. VAT MSEK	46.1	50.3	46.7	52.2	47.3	52.3	51.6	48.2	52.2	55.5	49.4	46.7	51.0	58.9	58.3
Change from last year, %	-21.2	-11.1	-17.4	-3.2	2.7	4.1	10.6	-7.8	10.2	6.1	-4.3	-3.2	-2.2	6.1	18.0
EBITDA, MSEK	0.2	4.1	5.1	-1.1	3.1	4.1	6.1	0.8	3.3	2.0	2.9	-2.7	3.5	3.6	3.9
EBITDA-margin, %	0.4	8.1	10.9	-2.2	6.5	7.9	11.7	1.7	6.4	3.5	5.8	-5.7	6.8	6.1	6.8
Operating result, MSEK	-1.8	2.1	3.1	-3.2	1.1	2.2	4.1	-1.4	1.4	0.0	1.0	-3.4	2.7	2.9	3.2
Operating margin, %	-3.9	4.1	6.7	-6.1	2.3	4.2	7.9	-2.8	2.7	0.1	1.9	-7.4	5.3	4.9	5.5
Result before tax, MSEK	-3.5	1.8	1.1	-3.9	0.3	1.3	4.0	-3.2	0.7	-1.0	-0.3	-4.1	1.9	2.9	2.5
Result after tax, MSEK	-4.0	2.1	0.2	-4.0	0.2	1.6	1.1	-2.6	0.5	-0.8	-0.8	-3.0	1.3	2.2	1.1
Cash, MSEK	4.1	2.1	1.6	2.4	1.0	1.8	2.6	1.5	2.0	2.2	4.5	5.2	3.9	3.3	7.6
Stocks, MSEK	34.6	33.4	29.7	27.4	26.8	28.8	22.2	26.9	27.8	30.7	28.8	31.1	29.9	30.1	29.4
Equity, MSEK	12.0	13.8	15.7	11.4	12.9	14.3	15.2	11.6	12.2	11.3	11.4	8.5	9.7	11.8	12.7
Result per share, SEK	-0.64	0.34	0.03	-0.65	0.03	0.27	0.17	-0.42	0.08	-0.12	-0.14	-0.49	0.20	0.36	0.18
Equity per share, SEK	1.93	2.24	2.54	1.84	2.08	2.31	2.46	1.88	1.96	1.82	1.85	1.37	1.57	1.90	2.06
Cash flow per share, SEK	0.62	-0.12	-0.08	-0.10	0.10	0.27	0.45	-0.59	0.29	0.01	0.39	-0.10	-0.24	-0.13	0.53
Solidity, %	10.2	11.6	14.3	11.1	12.4	12.9	15	12.3	12.6	11.5	12.7	9.2	11.1	12.7	13.7

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.