



## New Nordic Healthbrands AB (publ) Three month report January - March 2014

	Q1 2014	Q1 2013	Full Year 2013
Net sales, kSEK	61 072	51 027	227 983
Change in local currencies, %	15.1	0.7	14.2
Gross profit, kSEK	39 514	33 746	148 789
Gross margin, %	64.7	66.1	65.3
EBITDA kSEK	3 752	3 473	12 154
EBITDA, %	6.1	6.8	5.3
Operating profit, kSEK	3 106	2 723	9 161
Operating margin, %	5.09	5.34	4.0
Profit for the period, kSEK	2 060	1 268	5 781
Resultat per aktie*, SEK	0.33	0.20	0.93
Earnings per share*, SEK	0.61	0.56	1.96

\*There are no dilutive effects

### Comments by CEO Karl Kristian Bergman Jensen

We had a flying start to the year.

Revenues grew more than 15 percent in local currencies. After translation to Swedish kronor, sales amounted to a record 61.1 million SEK. The sales has grown satisfactory in all geographic areas.

EBITDA increased by 8 percent to 3.8 million SEK. Earnings per share increased 9 percent from 0.56 SEK to 0.61 SEK. Gross margin was slightly lower than the same period previous year. This is mainly a consequence of temporary changes in sales within our assortment and we expect the gross margin to return to a higher level later this year. We increased our marketing spend in the period to increase sales and help kick-start the introduction of new products in selected markets.

Our costs are under control. Staff and administrative expenses as a percent of sales bear witness to effective administration and organization. These expenses are not expected to increase significantly during the year. Our efforts in recent years to reduce depreciation and financial costs is also bearing fruit and these are now at a comfortable level. The internationalization of New Nordic is in a good momentum. We are taking market share in food supplements market, which is expected to grow by 1.6 percent in the Nordic countries, 3.4 percent in other Europe and 8.1 percent in North America in 2014. We want to increase our international sales hand in hand with increasing our profitability and earnings per share. The efficacy of our marketing efforts and the success of our new product introductions will be crucial for our results. We have several exciting launches during the year. 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.

**Turnover**

Sales in local currencies increased by 15.1 percent during the first quarter. Converted to SEK sales increased by 19.7 percent.

**Gross profit Result for first quarter**

Gross profit for amounted to SEK 39.5 million (33.7). This corresponds to a gross margin of 64.7 percent (66.1). EBITDA amounted to SEK 3.8 million (3.5). This corresponds to an EBITDA margin of 6.1 percent (6.8). Operating income amounted to SEK 3.1 million (2.7). This corresponds to an operating margin of 5.1 percent (5.3). Profit after financial items amounted to SEK 2.7 million (1.9). Profit after tax for the three month period amounted to SEK 2.1 million (1.3).

**Comments on the first quarter**

The overall sales increase was satisfactory. Sales growth per region was satisfactory for other Europe and North America. For the Nordic region however, the sales was status quo. Sales in the Nordic area is strongly influenced by specific retailers reduction in inventory despite satisfactory growth of sales out of stores to end consumers plus the fact that joint marketing retailer campaigns with certain retailers has not been as effective as last year.

The gross margin decreased to 64.7 percent (66.1), which is mainly a consequence of temporary changes in sales within the company's assortment. Personnel and other external expenses increased with 18 percent and amounted to SEK 35.8 million (30,3). The main increase was related to increase in marketing costs.

Depreciations decreased by 14 percent to SEK 0.6 (0.8) and net financial items decreased by 52 percent to SEK 0.4 million SEK (0.8).

Profit after financial items increased by 44 percent and amounted to SEK 2.7 million (1.9). Profit after tax increased by 62 percent and amounted to SEK 2.1 million (1.3).

**Financial position and cash flow**

Total assets as of 31st March, 2014 amounted to SEK 93,7 million (87,3), an increase of 7 percent compared to the same time last year. Operating activities during the quarter generated a positive cash flow of SEK 2.1 million (-1.5). Cash and cash equivalents amounted to SEK 4.9 million (3.9).

The Group's equity ratio was 16.8 percent (11.1). Equity apportioned on the outstanding 6,195,200 (6,195,200) shares at 31st March, 2014 amounted to 2.54 SEK (1.57).

**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**

The parent company had a turnover of SEK 25.3 million (5,9) in the period.

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

**Comment on the current quarter**

Sales in the first weeks of April have started well. In the US we have received our first orders from the Meijer pharmacy group.

**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 Healthbrands AB's Certified Adviser is Mangold Fondkommission AB.

**Future reports**

Annual meeting	30th April 2014
Sixmonth report 2014	31th July 2014
Ninemonth report 2014	31th October 2014
Full year report 2014	6th March 2015

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This report has not been audited.

Malmö April 30, 2014

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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# Income Statement

(kSEK)	Q1 2014	Q1 2013	Full Year 2013
Sales	61 072	51 027	227 983
Cost of goods sold	-21 558	-17 281	-79 194
<b>Gross profit</b>	<b>39 514</b>	<b>33 746</b>	<b>148 789</b>
Personnel expenses	-6 869	-6 288	-26 429
Other external expenses	-28 893	-23 985	-110 206
<b>EBITDA</b>	<b>3 752</b>	<b>3473</b>	<b>12 154</b>
Depreciations	-646	-750	-2 993
<b>Operating profit (EBIT)</b>	<b>3 106</b>	<b>2 723</b>	<b>9 161</b>
Interest and other financial items	-403	-840	-1 267
<b>Profit after financial items</b>	<b>2 703</b>	<b>1 883</b>	<b>7 894</b>
Tax	-643	-615	-2 113
<b>Profit for the period</b>	<b>2 060</b>	<b>1 268</b>	<b>5 781</b>
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	0.33	0.20	0.93
EBITDA per share, SEK	0.61	0.56	1.96

\*There are no dilutive effects

# Balance Sheet

(kSEK)	Q1 2014	Q1 2013	Full Year 2013
<b>Assets</b>			
FIXED ASSETS			
Intangible fixed assets	4 725	7 015	5 246
Tangible fixed assets	1 412	1 526	1 514
Financial assets	9 379	7 164	6 732
<b>Total fixed assets</b>	<b>15 516</b>	<b>15 705</b>	<b>13 492</b>
CURRENT ASSETS			
Inventories	30 438	29 926	30 602
Current receivables	42 817	37 799	40 122
Liquid funds	4 909	3 872	6 072
<b>Total current assets</b>	<b>78 164</b>	<b>71 597</b>	<b>76 796</b>
<b>Total assets</b>	<b>93 680</b>	<b>87 302</b>	<b>90 288</b>
<b>Equity and liabilities</b>			
EQUITY	15 713	9 729	13 549
<b>Deferred tax</b>	<b>1 361</b>	<b>3 853</b>	<b>1 466</b>
<b>Long-term debt</b>	<b>708</b>	<b>740</b>	<b>785</b>
Short term liabilities – interest bearing	9 317	9 684	10 324
Short term liabilities – non interest bearing	66 581	63 296	64 164
<b>Current liabilities</b>	<b>75 898</b>	<b>72 980</b>	<b>74 488</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>93 680</b>	<b>87 302</b>	<b>90 288</b>

# Change in Equity

## Q1 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>
Transfer between restricted and unrestricted reserves	0	0	104	104
Profit for the period	0	0	2 060	2 060
<b>Balance</b>	<b>6 195</b>	<b>3 935</b>	<b>5 583</b>	<b>15 713</b>

## Q1 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	0	-11	-11
Profit for the period	0	0	1 268	1 268
<b>Balance</b>	<b>6 195</b>	<b>3 165</b>	<b>369</b>	<b>9 729</b>

## Full Year 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>

# Cash Flow Statements

(kSEK)	Q1 2014	Q1 2013	Full Year 2013
CURRENT OPERATIONS			
Profit after financial items	3 106	2 723	9 161
<b>Adjustments for</b>			
Depreciations	646	750	2 993
Other provisions	339	996	2 032
	<b>4 091</b>	<b>4 469</b>	<b>14 186</b>
Interest recieved	51	46	330
Interest expense	-427	-886	-1 597
Taxation paid	-1 570	-809	-2 419
<b>Cash flow from current operations before changes in working capital</b>	<b>2 145</b>	<b>2 820</b>	<b>10 500</b>
<b>Cash flow from changes in working capital</b>			
Inventories	19	659	-1 351
Current receivables	-992	1 582	-1 461
Current liabilities	950	-6 572	-7 205
<b>Cash flow from current operations</b>	<b>2 122</b>	<b>-1 511</b>	<b>483</b>
INVESTMENT ACTIVITIES			
Investment in intangible fixed assets	0	-28	-36
Investments in tangible fixed assets	-29	-71	-472
Long term receivables	-2 761	208	543
<b>Cash flow from investment activities</b>	<b>-2 790</b>	<b>109</b>	<b>35</b>
FINANCING ACTIVITIES			
Changes in long term debt	-535	49	406
<b>Cash flow from financing activities</b>	<b>-535</b>	<b>49</b>	<b>406</b>
<b>Changes in liquid funds</b>	<b>1 203</b>	<b>-1 353</b>	<b>924</b>
<b>Liquid funds at the beginning of the period</b>	<b>6 072</b>	<b>5 186</b>	<b>5 186</b>
<b>Exchange rate effect</b>	<b>40</b>	<b>39</b>	<b>-38</b>
<b>Liquid funds at the end of the period</b>	<b>4 909</b>	<b>3 872</b>	<b>6 072</b>

# Key Figures

(kSEK)	Q1 2014	Q1 2013	Full Year 2013
Sales	61 072	51 027	227 983
Gross profit	39 514	33 746	148 789
EBITDA	3 752	3 473	12 154
Operating profit	3 106	2 723	9 161
Profit after financial items	2 703	1 883	7 894
Profit after tax	2 060	1 268	5 781
Total assets	93 680	87 302	90 288
Return on capital employed, %	12.27	13.73	38.5
Return on shareholders equity, %	13.1	13.0	42.7
Equity	15 713	9 729	13 549
Equity ratio, %	16.8	11.1	15.0
Debt ratio	4.96	7.97	5.66
Interest coverage ratio	6.94	3.12	3.5
Investments	29	99	508
Cash flow from current operations	2 122	-1 511	483
Cash flow from financing activities	-535	49	406
Gross margin, %	64,7	66,1	65,3
EBITDA margin, %	6,1	6,8	5,3
Operation margin, %	5,09	5,34	4,0
Profit margin, %	4,43	3,69	3,5
Number of employees, average	37	37	37
Number of employees by the end of the period	37	37	37
Sales per employee	1 651	1 379	6 162
Gross margin per employee	1 068	912	4 021
Profit per employee	73.1	50.9	213
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
EBITDA per share, SEK	0.61	0.56	1.96
Profit per share*, SEK	0.33	0.20	0.93
Equity per share, SEK	2.54	1.57	2.19

\*There are no dilutive effects



## New Nordic geographic and product segments

### Revenue by segment, SEK

	Q1 2014		Q1 2013		Full Year 2013	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Diet and prediabetes	12	20	12	24	59	26
Gastro intestinal	4	6	4	7	19	9
Anti-aging	20	33	14	28	60	26
Sleep	4	7	4	8	16	7
Beauty	14	23	10	19	49	21
Brain function	7	11	7	14	25	11

### Sales divided by geographic, SEK

	Q1 2014		Q1 2013		Full Year 2013	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Nordic	27	44	25	49	103	45
Other Europe	23	38	17	33	70	31
North America	9	15	8	17	48	21
Other World	2	3	1	1	7	3

## Quarterly overview

	2014	2013				2012				2011			
	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	61.1	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	-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	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	6.8	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	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	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	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	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	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	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	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	0.20	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	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 from current operations per share, SEK	0.34	-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	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:** 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.