



New Nordic Healthbrands AB (publ)

Nine month report January - September 2017

	NINE MONTHS 2017	NINE MONTHS 2016	Q3 2017	Q3 2016
Net sales, kSEK	258 097	235 289	88 315	84 740
Gross profit, kSEK	173 161	153 474	58 958	55 431
Gross margin	67.1%	65.2%	66.8%	65.4%
EBITDA kSEK	18 601	12 658	9 161	7 408
EBITDA-margin	7.2%	5.4%	10.4%	8.7%
Operating profit, kSEK	18 011	11 825	8 966	7 175
Operating margin	7.0%	5.0%	10.2%	8.5%
Profit for the period, kSEK	17 245	11 575	8 704	6 930
Profit margin	6.7%	4.9%	9.9%	8.2%
Profit after tax, kSEK	13 659	9 270	6 981	5 452
Net profit margin	5.3	3.9	7.9	6.4
Earnings per share after tax*, SEK	2.20	1.50	1.13	0.88

*There are no dilutive effects

Comments by Karl Kristian Bergman Jensen, CEO

We had a fine quarter with continued growth and record profit. During the first nine months of the year sales grew organically with nearly 10 per cent equal to 8 per cent in local currencies. We have had growth in each of our big regions; the Nordic area, the rest of Europe and North America. The increase in sales is fueled by a fine pace of innovation and effective marketing. The internationalization of New Nordic is going well according to our plan and earnings are increasing as a result of economy of scale with increased activity and sales.

Our costs are well under control. The focus on reducing our cost of goods has led to an increased gross margin which amounted to 67 percent during the nine month period. General selling and administrative expenses increased with 10 per cent. EBITDA increased 47 percent during the first nine months and reached 18 million SEK and earnings per share increased likewise to 2.20 SEK per share.

Our balance is well trimmed and I am particularly satisfied with the fact that our non-current assets are valued at less than 6 million SEK. Inventory of raw materials and finished goods amounted to 42 million SEK.

Our return of capital employed amounted to 24 per cent and the return on equity 25 per cent during the nine months period.

We have now started to sell products in Switzerland through our own Swiss subsidiary. The first reactions from Swiss pharmacies and consumers are very positive. We also work hard to launch in Hong Kong. We work with both western pharmacy style retail chains and online retailers such as T-mall owned by the Alibaba Group. We hope to get started in Hong Kong beginning 2018.

In the last quarter of 2017 we are proud to launch the world first "wild probiotic"; microorganisms that are believed to provide health benefits when consumed. A capsule with 100 different types of live microorganisms concentrated from natural foods against typically 5 to 15 strains in the factory grown probiotics in the market today. Wild Biotic transplant an already balanced ecosystem of microorganism to the gut rather than providing an artificially engineered composition of strains. We expect a lot from Wild Biotic and we have started to build a highly valuable cutting edge know-how in the field of wild probiotics from plants and bees.

To satisfy the need of our potential customers who like our products but have difficulties in swallowing tablets we will soon introduce gummy versions of our bestsellers. Food supplements gummie's in general are rapidly gaining market share in the US and is expected to replicate their success in Europe soon. We will be first movers here. Our pipeline is full of exciting new products.

Our staff has done a tremendous job to reach the good results during the first nine months of the year and everybody are well aware of our goals and passionate about the continuation of our growth and increase in earnings per share. I am full of optimism for the last part of the year and we have made good plans to further take market share in this growing industry next year.

Sales

Sales during the first nine months amounted to 258.1 MSEK (235.3), an organic growth of 9.7 per cent. In local currencies, the increase was 7.9 percent.

Results for the nine months

Gross profit for the first nine months increased to 173.2 MSEK (153.5). This corresponds to a gross margin of 67.1 percent (65.2). EBITDA amounted to 18.6 MSEK (12.7). This corresponds to an EBITDA margin of 7.2 per cent (5.4). Operating profit amounted to 18.0 MSEK (11.8). This corresponds to an operating margin of 7.0 per cent (5.0). Profit after financial items amounted to 17.2 MSEK (11.6). Profit after tax for the nine-month period was 13.7 MSEK (9.3).

Comments to the third quarter

Sales in local currencies increased by 4.2 percent. Converted into SEK, sales increased by 5.0 percent. Most of the growth came from North America.

Gross margin increased to 66.8 percent (65.4). An increase related to product mix and reduced manufacturing and raw material costs. Personnel, sales and administration expenses amounted to 49.8 MSEK (48.0), an increase of 3.7 percent. The largest increase in expenses was related to increased marketing costs. The number of employees at end of period was 40 (45).

EBITDA increased by 1.8 MSEK and profit after tax with 1.5 MSEK. A result of an increase in sales while keeping cost of goods, cost of selling and general administration costs low. Depreciation was status quo at 0.2 MSEK (0.2). Interest and other financial items were slightly increased to 0.3 MSEK (0.2).

Profit after financial items was increased by 26 percent and amounted to 8.7 MSEK (6.9).

Profit after tax increased by 28 percent and amounted to 7.0 MSEK (5.5).

Financial position and cash flow

Total assets as of 30 September 2017 amounted to 141.6 MSEK (143.8), a decrease of 1.6 percent compared to the same time last year.

Inventories have decreased by 17 percent compared to the same period last year and amounted to 42.4 MSEK (51.1). During the first nine months the current operations generated a positive cash flow of 2.7 MSEK (2.7). Cash and cash equivalents at end of the period amounted to 6.7 MSEK (7.0).

The Group's equity ratio was 38.2 percent (29.6).

Shareholders' equity apportioned on the outstanding 6,195,200 (6,195,200) shares was on September 30, 2017 8.72 SEK per share (6.88).

Expansion

In 2017 and onwards, the company will continue to focus on building the global brand value of the New Nordic brand, its characteristic silver tree mark and the sub-brands of individual condition specific dietary supplements. The company will strive to operate as a sharply defined and non-compromising global brand, reflecting its Scandinavian heritage and values and its passion and expertise in natural herbals. The aim is to make a contribution to the world by making vitality bringing products which can advance the daily health of body and mind of humankind. Innovation that satisfies health and beauty needs and marketing that connect with New Nordic's potential plus an expanding geographical reach to more consumers around the world are driving New Nordic towards their goals.

Parent company

The parent company had in operation the first nine months of 2017 net sales of 87.0 MSEK (91.2).

Comment current quarter

Sales during the first weeks of October has started well. Skin Care Hyaluron Shot™ and Wild Biotic™ was launched in Denmark.

Transactions with related parties

There have not been any material transactions with related parties 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 financial statements (K3).

Certified adviser

New Nordic Healthbrands AB's Certified Adviser is Mangold Fondkommission AB, +46 8 503 01 550

Upcoming reports

Year-end report 2017	2 March 2018
Annual Report 2017	28 March 2018
Three-month report 2018	26 April 2018
Annual General Meeting 2018	26 April 2018

For further information, please contact: Karl Kristian Jensen Bergman, CEO, kk@newnordic.com

This report has not been audited.

Malmö 31st of October 2017

New Nordic Healthbrands AB (publ)

The Board

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Income Statement

(kSEK)	NINE MONTHS 2017	NINE MONTHS 2016	Q3 2017	Q3 2016
Sales	258 097	235 289	88 315	84 740
Cost of goods sold	-84 936	-81 815	-29 357	-29 309
Gross profit	173 161	153 474	58 958	55 431
Personnel expenses	-25 197	-26 059	-8 867	-9 691
Other external expenses	-129 363	-114 757	-40 930	-38 332
EBITDA	18 601	12 658	9 161	7 408
Depreciations	-590	-833	-195	-233
Operating profit (EBIT)	18 011	11 825	8 966	7 175
Interest and other financial items	-766	-250	-262	-245
Profit after financial items	17 245	11 575	8 704	6 930
Tax	-3 586	-2 305	-1 723	-1 478
Net profit for the period	13 659	9 270	6 981	5 452
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	2.20	1.50	1.13	0.88
EBITDA per share, SEK	3.00	2.04	1.48	1.20

*There are no dilutive effects

Balance Sheet

(kSEK)	Q3 2017	Q3 2016	Full year 2016
Assets			
FIXED ASSETS			
Intangible fixed assets	85	310	230
Tangible fixed assets	1 299	1 793	1 665
Financial assets	4 277	5 494	5 175
Total fixed assets	5 661	7 597	7 070
CURRENT ASSETS			
Inventories	42 416	51 122	51 626
Current receivables	86 820	78 099	62 032
Liquid funds	6 687	7 013	6 864
Total current assets	135 923	136 234	120 552
Total assets	141 584	143 831	127 592
Equity and liabilities			
EQUITY	54 040	42 608	42 979
Deffered tax	1 512	1 432	1 496
Long-term debt	1 200	1 367	1 318
Short term liabilities – interest bearing	19 162	29 233	29 021
Short term liabilities – non interest bearing	65 670	69 191	52 778
Current liabilities	84 832	98 424	81 799
TOTAL LIABILITIES AND EQUITY	141 584	143 831	127 592

Change in Equity

Q3 2017

(kSEK)	Share capital	Other equity incl. Profit for the year	Total equity
Opening balance	6 195	36 784	42 979
Dividend	0	-2 478	-2 478
Exchange difference	0	-120	-120
Net profit for the period	0	13 659	13 659
Closing balance	6 195	47 845	54 040

Q3 2016

(kSEK)	Share capital	Other equity incl. Profit for the year	Total equity
Opening balance	6 195	29 577	35 772
Dividend	0	-1 549	-1 549
Exchange difference	0	-885	-885
Net profit for the period	0	9 270	9 270
Closing balance	6 195	36 413	42 608

Full year 2016

(kSEK)	Share capital	Other equity incl. Profit for the year	Total equity
Opening balance	6 195	29 577	35 772
Dividend	0	-1 549	-1 549
Exchange difference	0	-818	-818
Net profit for the period	0	9 574	9 574
Closing balance	6 195	36 784	42 979

Cash Flow Statements

(kSEK)	NINE MONTHS 2017	NINE MONTHS 2016	Q3 2017	Q3 2016
CURRENT OPERATIONS				
Operating profit	18 011	11 825	8 966	7 175
Adjustments for				
Depreciations	590	833	195	233
Other adjustments	-55	0	-55	0
	18 546	12 658	9 106	7 408
Interest received	0	1	0	0
Interest expense	-501	-586	-142	-207
Taxation paid	-4 442	-3 845	-2 258	-1 462
Cash flow from current operations before changes in working capital	13 603	8 228	6 706	5 739
Cash flow from changes in working capital				
Inventories	8 921	-3 483	1 900	8 519
Current receivables	-25 036	-12 192	-1 701	-7 607
Current liabilities	5 193	10 196	-4 788	-5 307
Cash flow from current operations	2 681	2 749	2 117	1 344
INVESTMENT ACTIVITIES				
Investments in tangible fixed assets	-129	-593	-100	-245
Sale/disposal of tangible fixed assets	95	0	95	0
Long term receivables	-68	186	186	159
Cash flow from investment activities	-102	-407	181	-86
FINANCING ACTIVITIES				
Dividend	-2 478	-1 549	0	0
Changes in long term debt	-118	-673	-16	1
Cash flow from financing activities	-2 596	-2 222	-16	1
Changes in liquid funds	-17	120	2 282	1 259
Liquid funds at the beginning of the period	6 864	6 836	4 397	5 702
Exchange rate effect	-160	57	8	52
Liquid funds at the end of the period	6 687	7 013	6 687	7 013

Key Figures

(kSEK)	NINE MONTHS 2017	NINE MONTHS 2016	Q3 2017	Q3 2016
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Gross profit	173 161	153 474	58 958	55 431
EBITDA	18 601	12 658	9 161	7 408
Operating profit	18 011	11 825	8 966	7 175
Profit after financial items	17 245	11 575	8 704	6 930
Net profit	13 659	9 270	6 981	5 452
Total assets	141 584	143 831	141 584	143 831
Return on capital employed, %	24.2	16.2	12.5	10.5
Return on shareholders equity, %	25.3	21.8	25.8	25.6
Equity	54 040	42 608	54 040	42 608
Equity ratio, %	38.2	29.6	38.2	29.6
Debt ratio	1.62	2.38	1.62	2.38
Interest coverage ratio	35,95	20.18	63,58	34.67
Investments	129	593	100	245
Cash flow from current operations	2 681	2 749	2 117	1 344
Gross margin, %	67.1	65.2	66.8	65.4
EBITDA margin, %	7.2	5.4	10.4	8.7
Operating margin, %	7.0	5.0	10.2	8.5
Net profit margin, %	6.7	4.9	9.9	8.2
Number of employees, average	41	45	42	45
Number of employees by the end of the period	40	45	40	45
Sales per employee	6 295	5 287	2 128	1 904
Gross margin per employee	4 223	3 449	1 421	1 246
Profit per employee	421	260	210	156
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
Own shares by the end of the period	0	0	0	0
EBITDA per share, SEK	3.00	2.04	1.48	1.20
Earnings per share*, SEK	2.20	1.50	1.13	0.88
Equity per share, SEK	8.72	6.88	8.72	6.88

*There are no dilutive effects

New Nordic geographic segments

Sales divided by geographic segments

	Q3 2017		Q3 2016		Full year 2016	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Nordic	108	42	98	42	123	40
Other Europe	83	32	74	31	97	32
North America	65	25	60	25	79	26
Other World	2	1	3	2	7	2

Quarterly overview

	2017			2016				2015				2014			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales MSEK	80.9	88.9	88.3	74.6	76.0	84.7	70.6	72.9	76.5	73.9	75.2	61.1	74.9	65.2	70.7
Change from last year, %	8.5	17.0	4.2	2.2	-0.7	14.7	-6.2	19.4	2.1	13.2	6.4	19.7	27.2	11.8	18.4
EBITDA, MSEK	4.2	5.3	9.2	3.2	2.1	7.4	1.4	4.7	4.2	5.5	4.2	3.8	4.7	5.8	4.9
EBITDA-margin, %	5.1	5.9	10.4	4.3	2.7	8.7	2.0	6.5	5.4	7.4	5.6	6.1	6.2	8.8	7.0
Operating profit, MSEK	4.0	5.1	9.0	2.8	1.8	7.2	1.2	4.1	3.5	4.9	3.3	3.1	4.0	5.1	4.0
Operating margin, %	4.9	5.7	10.2	3.8	2.4	8.5	1.7	5.6	4.6	6.6	4.4	5.1	5.3	7.9	5.7
Profit before tax, MSEK	3.7	4.9	8.7	3.1	1.6	6.9	0.9	3.9	2.8	4.7	2.8	2.7	4.2	5.2	4.4
Net profit, MSEK	2.9	3.8	7.0	2.3	1.5	5.5	0.3	3.1	2.2	3.7	2.3	2.1	2.9	4.3	3.2
Liquid funds , MSEK	3.7	4.4	6.7	4.0	5.7	7.0	6.9	5.6	4.1	5.1	6.8	4.9	5.1	5.4	6.0
Inventories, MSEK	43.0	44.2	42.4	54.4	59.0	51.1	51.6	38.7	34.2	31.9	46.9	30.4	32.2	31.2	35.0
Equity, MSEK	45.9	47.0	54.0	37.7	37.4	42.6	43.0	27.7	30.1	33.3	35.8	15.7	18.2	22.2	25.1
Earnings per share, SEK	0.47	0.61	1.13	0.37	0.24	0.88	0.05	0.50	0.36	0.60	0.37	0.33	0.47	0.69	0.51
Equity per share, SEK	7.41	7.58	8.72	6.09	6.04	6.88	6.94	4.47	4.86	5.37	5.77	2.54	2.95	3.59	4.04
Cash flow from current operations per share, SEK	-0.46	0.56	0.34	-0.53	0.69	0.22	-0.09	-0.57	-0.29	0.15	0.21	0.34	0.16	0.28	-0.03
Equity ratio, %	33.9	33.5	38.2	27.3	26.3	29.6	33.7	25.6	26.2	28.4	28.6	16.8	17.6	22.9	24.9

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 after financial items: Profit before tax.

Net profit: Profit before tax.

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.

Net profit margin: Profit after tax 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.