

NEW NORDIC HEALTHBRANDS AB (PUBL) SIX MONTH REPORT JANUARY - JUNE 2019



	SIX MONTHS 2019	SIX MONTHS 2018	Q2 2019	Q2 2018
Net sales, kSEK	220 167	183 380	116 487	94 974
Change in SEK, %	20.1	8.0	22.7	6.9
Change in local currencies, %	14.2	4.9	18.5	1.7
Gross profit, kSEK	154 738	129 228	82 717	68 633
Gross margin, %	70.3	70.5	71.0	72.3
EBITDA kSEK	15 276	11 122	6 768	3 816
EBITDA margin, %	6.9	6.1	5.8	4.0
Operating profit, kSEK	14 957	10 786	6 603	3 642
Operating margin, %	6.8	5.9	5.7	3.8
Profit for the period, kSEK	11 994	8 534	5 250	2 916
Earnings per share EBITDA, SEK	2.47	1.80	1.09	0.62
Earnings per share * after tax, SEK	1.94	1.38	0.85	0.47

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

We have had a good first half year. Revenue increased by 14,2 percent in local currencies. Converted to Swedish kroner, the increase was 20,1 percent. Profitability has also increased and earning per share amounted to 1.94 SEK (1,38). It's an increase of 40.6 percent.

Sales have progressed well in all geographical areas. I.e in the Nordic countries, the rest of Europe, North America and in Asia. We have also had good growth in each of the dietary supplements product segments that we work with. Growth is mainly driven by increased marketing and internationalisation of products that perform well in the testmarket in the Nordic region. We have had focus on the continued development of our best sellers. Our introduction of New Nordic in Slovakia has gone well and we have got a good start for further progress here. We are working on establishing ourselves in south-eastern Europe.

During the period we have only launched few brand new product innovations, but we always work intensively with the development of new products and we have a number of exciting news on the way. Our marketing has been effective and I welcome new initiatives and international campaigns. For example, our collaboration with Teri Hatcher, who is a big fan of Hair Volume™ and now work with us as ambassador for the product.

In recent years, we have won many awards for our products and as a supplier in general. In the spring we also won the Danish Beauty Award with Hair Volume. A price that not only has significance in Denmark but also wins resonance abroad. Our start of selling beauty supplements in the travel retail channel has gone fine and I hope that we can also develop this sales channel in the future as our products and our brand become more and more known internationally.

We have good control over our costs and our profitability has increased during the period. We are well equipped for the coming period and the planned growth. Our inventory has increased further as a result of the increased activity.

Our staff in all countries have done an amazing effort and are ready for continued growth. We are in an exciting development and I look forward to the second half of 2019 and the continued implementation of our strategy.

Sales

Sales during the first six months amounted to SEK 220.2 million (183.4), an increase of 20.1 percent. In local currencies, the increase was 14.2 percent. Sales increased in the Nordic countries, other Europe, North America, and Asia.

Results for the six months

Gross profit for the first half of the year increased to SEK 154.7 million (129.2). This corresponds to a gross margin of 70.3 per cent (70.5). EBITDA amounted to SEK 15.3 million (11.1). This corresponds to an EBITDA margin of 6.9 percent (6.1). Operating profit amounted to SEK 15.0 million (10.8). This corresponds to an operating margin of 6.8 per cent (5.9). Profit after financial items amounted to SEK 14.9 million (11.0). Profit after tax for the six-month period amounted to SEK 12.0 million (8.5).

Comments to the second quarter

Sales in local currencies increased by 18.5 percent. Converted to SEK, sales increased by 22.7 percent to SEK 116.5 million (95.0). The increase in sales has been driven by increased marketing and internationalization of best-selling products. Sales increased in North America, the rest of Europe and Asia, while it during the quarter was status quo was in the Nordic.

The gross margin decreased to 71.0 per cent (72.3) as a result of small changes in the product mix. Personnel, sales and administration expenses amounted to SEK 75.9 million (64.8), an increase of 17.2 per cent. The number of employees at the end of the period was 51 (46). The largest cost increase was related to increased marketing costs. EBITDA increased by SEK 3.0 million and profit after tax by SEK 2.3 million. A result of a higher percentage increase in sales and gross profit than in the general administration and sales costs. Depreciation was the status quo of SEK -0.2 million (-0.2). Interest and other financial items increased to SEK -0.1 million (0.0).

Profit after financial items increased by 80.6 per cent and amounted to SEK 6.5 million (3.6). Profit after tax increased by 80.0 percent and amounted to SEK 5.3 million (2.9).

Financial position and cash flow

The Group's total assets as of June 30, 2019 amounted to SEK 194.6 million (168.4), an increase of 15.5 per cent compared with the same time last year. As a result of increased activities and increased number of SKUs, inventories increased by 27.8 per cent compared with the same period last year and amounted to SEK 78.7 million (61.6). During the first six months, operating activities generated a negative cash flow of SEK -7.5 million (-3.7) which reflects the increase in inventories. Cash and cash equivalents at the end of the period amounted to SEK 7.0 million (7.3).

The Group's equity / assets ratio was 43.4 per cent (37.6). Equity divided by the outstanding 6,195,200 (6,195,200) shares was SEK 13.64 per share (10.22) on June 30, 2019.

Expansion

The New Nordic business add value to it's costumers and shareholders. In 2019 and onwards, the company will continue to develop herbal food supplements and beauty products to satisfy specific health and beauty needs. New Nordic will market these products to a growing number of consumers all over the world. All with care for people and nature. The products will be marketed under the characteristic New Nordic brand. A brand that reflects the Scandinavian heritage, the Scandinavian values and the company's passion for herbs and healthy living.

Parent company

In the first half of 2019, the Parent Company had net sales of SEK 84,5 (69.4).

Comment current quarter

Sales during the first few weeks of July have started to be satisfactory.

Transactions with related parties

There have not been any material transactions with related parties during the period.

Risks and uncertainties

A number of factors can affect New Nordic's results and operations. Many of these can be managed through internal routines, while some others are more affected by external influences. There are risks and uncertainties associated with consumer trends, weather conditions, negative macroeconomic changes, geopolitical risks, sustainability and external factors in production countries, regulatory issues, trade interventions, foreign currency and tax, but also in connection with expansion into new markets, the launch of new products, changes in consumer behavior and how the brand is managed. There are also certain risks related to the group's reputation, known as "reputational risks".

For a more detailed description of risks and uncertainties, please refer to the Annual Report and Consolidated Financial Statements for 2018 under "Risk Factors".

Accounting principles

This report has been prepared in accordance with the Annual Accounts Act (1995: 1554) and BNFAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

Certified Adviser

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

Upcoming reports

Nine Month Report 2019	31 October 2019
Full Year Report 2019	28 February 2020
Annual Report 2019	27 March 2020
Three Month Report 2020	29 April 2020
General Meeting in Malmö	29 April 2020

For further information contact:

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This report has not been audited.

Malmö 31 July 2019

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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INCOME STATEMENT

(kSEK)	SIX MONTHS 2019	SIX MONTHS 2018	Q2 2019	Q2 2018
Sales	220 167	183 380	116 487	94 974
Cost of goods sold	-65 429	-54 152	-33 770	-26 341
Gross profit	154 738	129 228	82 717	68 633
Personnel expenses	-21 748	-18 964	-10 927	-9 633
Other external expenses	-117 714	-99 142	-65 022	-55 184
EBITDA	15 276	11 122	6 768	3 816
Depreciations	-319	-336	-165	-174
Operating profit (EBIT)	14 957	10 786	6 603	3 642
Interest and other financial items	-9	190	-111	-47
Profit after financial items	14 948	10 976	6 492	3 595
Tax	-2 954	-2 442	-1 242	-679
Profit for the period	11 994	8 534	5 250	2 916
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	1.94	1.38	0.85	0.47
EBITDA per share, SEK	2.47	1.80	1.09	0.62

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q2 2019	Q2 2018	FULL YEAR 2018
Assets			
FIXED ASSETS			
Intangible fixed assets	6	23	9
Tangible fixed assets	1 372	1 573	1 282
Financial assets	4 584	4 236	4 348
Total fixed assets	5 962	5 832	5 639
CURRENT ASSETS			
Inventories	78 706	61 588	65 126
Current receivables	102 874	93 732	77 496
Liquid funds	7 034	7 259	14 386
Total current assets	188 614	162 579	157 008
TOTAL ASSETS	194 576	168 411	162 647
Equity and liabilities			
EQUITY	84 524	63 297	80 213
Deferred tax	2 482	1 962	2 558
Long-term debt	989	1 072	1 149
Short term liabilities – interest bearing	12 260	16 511	2 657
Short term liabilities – non interest bearing	94 321	85 569	76 070
Current liabilities	106 581	102 080	78 727
TOTAL LIABILITIES AND EQUITY	194 576	168 411	162 647

CHANGE IN EQUITY

Q2 2019 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	74 018	80 213
Dividend	0	-9 293	-9 293
Exchange difference	0	1 610	1 610
Profit for the period	0	11 994	11 994
Closing balance	6 195	78 329	84 524

Q2 2018 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	54 615	60 810
Dividend	0	-7 124	-7 124
Exchange difference	0	1 077	1 077
Profit for the period	0	8 534	8 534
Closing balance	6 195	57 102	63 297

FULL YEAR 2018 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	54 615	60 810
Dividend	0	-7 124	-7 124
Currency exchange differences	0	4	4
Profit for the period	0	26 523	26 523
Balance	6 195	74 018	80 213

CASH FLOW STATEMENTS

(kSEK)	SIX MONTHS 2019	SIX MONTHS 2018	Q2 2019	Q2 2018
CURRENT OPERATIONS				
Profit after financial items	14 957	10 786	6 603	3 642
Adjustments for				
Depreciations	319	336	165	174
Other provisions	0	21	0	21
	15 276	11 143	6 768	3 837
Interest received	3	0	1	0
Interest expense	-143	-146	-91	-94
Taxation paid	-1 914	-780	-1 034	-630
Cash flow from current operations before changes in working capital	13 222	10 217	5 644	3 113
Cash flow from changes in working capital				
Inventories	-13 580	-10 671	-2 119	-7 700
Current receivables	-25 019	-19 796	-17 960	-11 968
Current liabilities	17 859	16 502	-32	9 757
Cash flow from current operations	-7 518	-3 748	-14 467	-6 798
INVESTMENT ACTIVITIES				
Acquisition of tangible assets	-364	-850	-162	-152
Sales of equipment	0	231	0	231
Change in long-term receivables	374	471	-1	-1
Cash flow from investment activities	10	-148	-163	78
FINANCING ACTIVITIES				
Dividend	-9 293	-7 124	-9 293	-7 124
Changes in long term debt	-160	-291	-13	-179
Change in bank overdrafts	9 603	9 219	11 501	13 333
Cash flow from financing activities	150	1 804	2 195	6 030
Cash flow for the period	-7 358	-2 092	-12 435	-690
Liquid funds at the beginning of the period	14 386	9 058	19 556	7 849
Changes in liquid funds	6	293	-87	100
Liquid funds at the end of the period	7 034	7 259	7 034	7 259

KEY FIGURES

(kSEK)	SIX MONTHS		SIX MONTHS	
	2019	2018	Q2 2019	Q2 2018
Sales	220 167	183 380	116 487	94 974
Gross profit	154 738	129 228	82 717	68 633
EBITDA	15 276	11 122	6 768	3 816
Operating profit	14 957	10 786	6 603	3 642
Profit after financial items	14 948	10 976	6 492	3 595
Profit after tax	11 994	8 534	5 250	2 916
Total assets	194 576	168 411	194 576	168 411
Return on capital employed, %	15.3	13.3	7.0	4.8
Return on shareholders equity, %	14.2	13.5	6.2	4.6
Equity	84 524	63 297	84 524	63 297
Equity ratio, %	43.4	37.6	43.4	37.6
Dept ratio	1.30	1.66	1.30	1.66
Interest coverage ratio	104.6	73.4	72.6	38.7
Investments	364	850	162	152
Cash flow from current operations	-7 518	-3 748	-14 467	-6 798
Gross margin, %	70.3	70.5	71.0	72.3
EBITDA margin, %	6.9	6.1	5.8	4.0
Operation margin, %	6.8	5.9	5.7	3.8
Profit margin, %	6.8	6.0	5.6	3.8
Number of employees, average	51	44	50	44
Number of employees by the end of the period	51	46	51	46
Sales per employee	4 317	4 168	2 330	2 159
Gross margin per employee	3 034	2 937	1 654	1 560
Profit per employee	293	249	130	82
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
Treasury shares at end of period *	0	0	0	0
EBITDA per share, SEK	2.47	1.80	1.09	0.62
Profit per share *, SEK	1.94	1.38	0.85	0.47
Equity per share, SEK	13.64	10.22	13.64	10.22

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

	Q2 2019		Q2 2018		FULL YEAR 2018	
Sales divided by geographic, SEK	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	36	31	36	38	160	41
Other Europe	47	41	34	36	139	35
North America	31	26	24	25	91	23
Other World	2	2	1	1	4	1

QUARTERLY OVERVIEW

	2019		2018				2017				2016			
	Q 1	Q 2	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	103.7	116.5	88.4	95.0	112.7	97.6	80.9	88.9	88.3	86.6	74.6	76.0	84.7	70.6
Change from last year, %	17.3	22.7	9.3	6.9	27.6	12.7	8.5	17.0	4.2	22.8	2.2	-0.7	14.7	-6.2
EBITDA, MSEK	8.5	6.8	7.3	3.8	13.8	10.0	4.2	5.3	9.2	9.9	3.2	2.1	7.4	1.4
EBITDA-margin, %	8.2	5.8	8.3	4.0	12.2	10.2	5.1	5.9	10.4	11.4	4.3	2.7	8.7	2.0
Operating result, MSEK	8.4	6.6	7.1	3.6	13.6	9.8	4.0	5.1	9.0	9.6	2.8	1.8	7.2	1.2
Operating margin, %	8.1	5.7	8.1	3.8	12.1	10.1	4.9	5.7	10.2	11.1	3.8	2.4	8.5	1.7
Result before tax, MSEK	8.5	6.5	7.4	3.6	13.4	9.7	3.7	4.9	8.7	9.9	3.1	1.6	6.9	0.9
Result after tax, MSEK	6.7	5.3	5.6	2.9	10.7	7.2	2.9	3.8	7.0	6.6	2.3	1.5	5.5	0.3
Cash, MSEK	19.6	7.0	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1	4.0	5.7	7.0	6.9
Stocks, MSEK	76.6	78.7	53.9	61.6	61.7	65.1	43.0	44.2	42.4	50.9	54.4	59.0	51.1	51.6
Equity, MSEK	89.1	84.5	67.4	63.3	73.7	80.2	45.9	47.0	54.0	60.8	37.7	37.4	42.6	43.0
Result per share, SEK	1.09	0.85	0.91	0.47	1.73	1.17	0.47	0.61	1.13	1.07	0.37	0.24	0.88	0.05
Equity per share, SEK	14.38	13.64	10.89	10.22	11.9	12.95	7.41	7.58	8.72	9.82	6.09	6.04	6.88	6.94
Cash flow from current operations per share, SEK	1.12	-2.34	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26	-1.07	0.18	-0.53	-0.06
Solidity, %	47.5	43.4	45.2	37.6	41.8	49.3	33.9	33.5	38.2	43.8	27.3	26.3	29.6	33.7

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.