

NEW NORDIC HEALTHBRANDS AB (PUBL) NINE MONTH REPORT JANUARY - SEPTEMBER 2020



	NINE MONTHS 2020	NINE MONTHS 2019	Q3 2020	Q3 2019
Net sales, kSEK	332 300	338 223	115 273	118 056
Change in SEK, %	-1.8%	14.2%	-2.4%	4.8%
Change in local currencies, %	-0.1%	9.5%	2.0%	1.6%
Gross profit, kSEK	230 119	238 198	78 069	83 460
Gross margin, %	69.3%	70.4%	67.7%	70.7%
EBITDA kSEK	20 007	29 805	8 189	14 529
EBITDA, %	6.0%	8.8%	7.1%	12.3%
Operating profit, kSEK	19 426	29 284	8 010	14 327
Operating margin, %	5.8%	8.7%	6.9%	12.1%
Profit for the period, kSEK	18 804	29 290	7 843	14 342
Earnings per share after tax *, SEK	2.44	3.78	1.04	1.85
EBITDA per share *, SEK	3.23	4.81	1.32	2.35

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

The third quarter was the best quarter so far this year, both in terms of revenue and earnings. The recent increase in infection levels in Covid-19 will undoubtedly continue to affect our business in the near future. We now feel more confident in how we will act under these volatile conditions and we plan a more proactive effort in the future.

During the first nine months of the year, sales amounted to SEK 332 million, which is a decrease of 2 percent. In local currencies, turnover is the same as last year. Profit for the period decreased by 36 percent from SEK 29.3 million to SEK 18.8 million during the first nine months of the year. This is mainly due to a reduction in the gross margin from 70.4 percent to 69.3 percent and an increase in fixed costs and personnel. The decline in gross profit is particularly related to changes in the range mix in North America and the United Kingdom. The sale of "Gummies", such as Apple Cider Gummies, has been successful and here the gross profit is unfortunately a little less than on our tablets.

The higher fixed costs, including staff compensation this year, are related to the growth preparations we have made. An example is our establishment in Australia around the turn of the year. On the other hand, we significantly reduced our planned marketing costs during the period. Our entire international team has made a huge effort to adapt and optimize our activities in relation to the local shutdown effects based on the pandemic.

When we look at the countries individually, it is very different how Covid-19 has had its impact. Especially in England, we have been hit hard by both the pandemic and a fall in the value of the pound. The overall picture of the Covid-19 is very motley and difficult to navigate. Although we have succeeded in increasing sales in several countries during the first nine months of the year, we have not succeeded in creating the growth planned for the beginning of the year. The current international increase in infection levels and new lock-downs nationally will present us with continued challenges, but we are trying our best to create growth in each country. We do

this through initiatives that promote our distribution via e-commerce and by being more campaign-driven than before. We try to focus even more on creating growth in our best-selling products such as Blue Berry Active, Active Liver™ and Hair Volume™.

Our launch of the Beauty In & Out range did not go as planned. Our “buzz-creating” launch activities were discontinued due to Covid-19 and instead Beauty In & Out has started slowly. The most important thing, however, is that both hair care and skin care have been very well received by both retailers and consumers. The first sales figures indicate that the products will develop well over time. We are already nominated for the prestigious ASOS and Pure Beauty Awards in London. So all in all, it looks promising.

On those of our products that are aimed at older users, who to a greater extent isolate themselves at home and who are not used to shopping online, we try through our marketing to get them to shop online on our retailers’ websites. The products that satisfy a younger target group do well. During the quarter, we began to supply our new elderberry-based products Active Immune™ and Elderberry Immune™ Gummies to the trade. We have also achieved better distribution on C-immune™ as well as launched D-immune™.

Our balance sheet is well tuned. We have a strong financial position that is more than sufficient to carry out our planned activities. The entire organization is ready to work our way through the Covid-19 situation with the changes and improvisations needed for us to achieve our growth goals.

I have a humble positive view of the development of our business in the near future.

Sales

Sales during the first nine months amounted to 332.3 MSEK (338.2), a decrease of 1.8 percent. In local currencies, the decrease was 0.1 percent. Sales increased in North America, Other Europe, and Australasia. Sales decreased in the Nordic area.

Results for the nine months

Gross profit for the nine months decreased to 230.1 MSEK (238.2). This corresponds to a gross margin of 69.3 percent (70.4). EBITDA amounted to 20.0 MSEK (29.8). This corresponds to an EBITDA margin of 6.0 percent (8.8). Operating profit amounted to 19.4 MSEK (29.3). This corresponds to an operating margin of 5.8 percent (8.7). Profit after financial items amounted to 18.8 MSEK (29.3). Profit after tax for the nine-month period was 15.1 MSEK (23.4).

Comments to the third quarter

Sales in local currencies increased by 2.0 percent. Converted into SEK, sales decreased by 2.4 percent to 115.3 MSEK (118.1). The sales were affected by Covid-19 circumstances. It is not in line with the management’s growth ambitions but satisfactory under the circumstances. Sales increased in the “Other Europe” region but decreased slightly in the Nordic, North America, and Australasia regions.

Gross margin decreased to 67.7 percent (70.7) as a result of changes in product mix in particular USA and England. Personnel, sales, and administration expenses amounted to 69.9 MSEK (68.9), an increase of 1.4 percent. The number of employees at end of the period was 61 (53).

EBITDA decreased by 6.3 MSEK to 8.2 MSEK and profit after tax by 5.0 MSEK to 6.4 MSEK. The profit in Q3 2019 was extraordinarily high, particularly due to a very good result in Denmark. Depreciation was status quo at -0.2 MSEK (-0.2). Interest and other financial items were increased to 0.2 MSEK (0.0).

Profit after financial items decreased by 45.3 percent and amounted to 7.8 MSEK (14.3). Profit after tax decreased by 43.7 percent and amounted to 6.4 MSEK (11.4).

Financial position and cash flow

The Group's balance sheet total as of September 30th, 2020, amounted to 203.6 SEK million (206.0), a decrease of 1.2 percent compared to the same time last year.

Inventories increased by 0.9 percent compared to the same period last year and amounted to 77.9 MSEK (77.3). This inventory level is reasonable for our international activities and to maintain high gross margin levels.

During the first nine months, the current operations generated a positive cash flow of 7.3 MSEK (-5.9). Cash and cash equivalents at end of the period amounted to 11.2 MSEK (9.7).

The Group's equity ratio was 51.0 percent (47.1).

Shareholders' equity apportioned on the outstanding 6,195,200 (6,195,200) shares was on September 30, 2020, 16.75 SEK per share (15.66).

Expansion

The New Nordic business add value to it's customers and shareholders. In 2020 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

During the first nine months of 2020, the parent company had net sales of 120.1 MSEK (130.0)

Comment current quarter

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

Transactions with related parties

During the period, there were no significant transactions with related parties apart from the usual sales of New Nordic products at normal trading prices and terms to Dansk Detail APS (health stores), Denmark, which is jointly owned by Marinus Blåbjerg Sørensen and Karl Kristian Bergman Jensen.

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 2019 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. Telephone: +46 8 503 01 550.

Upcoming reports

Full Year Report 2020	26 February 2021
Annual Report 2020	26 March 2021
Three Month Report 2021	29 April 2021
General Meeting in Malmö	29 April 2021

For further information contact:

Karl Kristian Bergman Jensen, CEO, kk@newnordic.com

This report has not been audited.

Malmö 30 October 2020

New Nordic Healthbrands AB (publ)
Board of Directors

New Nordic Healthbrands AB
Södra Förstadsgatan 3 • SE-211 43 Malmö • Sverige
Phone: +46 40 23 64 14

INCOME STATEMENT

(kSEK)	NINE MONTHS 2020	NINE MONTHS 2019	Q3 2020	Q3 2019
Sales	332 300	338 223	115 273	118 056
Cost of goods sold	-102 181	-100 025	-37 204	-34 596
Gross profit	230 119	238 198	78 069	83 460
Personnel expenses	-34 276	-32 793	-10 770	-11 045
Other external expenses	-175 836	-175 600	-59 110	-57 886
EBITDA	20 007	29 805	8 189	14 529
Depreciations	-581	-521	-179	-202
Operating profit (EBIT)	19 426	29 284	8 010	14 327
Interest and other financial items	-622	6	-167	15
Profit after financial items	18 804	29 290	7 843	14 342
Tax	-3 703	-5 855	-1 398	-2 901
Profit for the period	15 101	23 435	6 445	11 441
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 after tax, SEK	2.44	3.78	1.04	1.85
EBITDA per share, SEK	3.23	4.81	1.32	2.35

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q3 2020	Q3 2019	FULL YEAR 2019
Assets			
FIXED ASSETS			
Intangible fixed assets	1 700	4	745
Tangible fixed assets	1 970	1 718	1 672
Financial assets	4 063	4 894	5 129
Total fixed assets	7 733	6 616	7 546
CURRENT ASSETS			
Inventories	77 942	77 253	80 388
Current receivables	106 716	112 348	98 434
Liquid funds	11 191	9 740	10 819
Total current assets	195 849	199 341	189 641
TOTAL ASSETS	203 582	205 957	197 187
Equity and liabilities			
EQUITY	103 762	97 007	101 917
Deferred tax	2 865	2 482	2 865
Long-term debt	2 846	1 029	1 878
Short term liabilities – interest bearing	14 027	13 471	9 972
Short term liabilities – non interest bearing	80 082	91 968	80 555
Current liabilities	94 109	105 439	90 527
TOTAL LIABILITIES AND EQUITY	203 582	205 957	197 187

CHANGE IN EQUITY

Q3 2020 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	95 722	101 917
Dividend	0	-10 842	-10 842
Exchange difference	0	-2 414	-2 414
Profit for the period	0	15 101	15 101
Closing balance	6 195	97 567	103 762

Q3 2018 (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	2 652	2 652
Profit for the period	0	23 435	23 435
Closing balance	6 195	90 812	97 007

FULL YEAR 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	2 923	2 923
Profit for the period	0	28 074	28 074
Closing balance	6 195	95 722	101 917

CASH FLOW STATEMENTS

(kSEK)	NINE MONTHS 2020	NINE MONTHS 2019	Q3 2020	Q3 2019
CURRENT OPERATIONS				
Profit after financial items	19 426	29 284	8 010	14 327
Adjustments for				
Depreciations	581	521	179	202
Other provisions	-96	-182	0	-182
	19 911	29 623	8 189	14 347
Interest received	1	3	0	0
Interest expense	-427	-265	-148	-122
Taxation paid	-6 945	-5 145	-3 887	-3 231
Cash flow from current operations before changes in working capital	12 540	24 216	4 154	10 994
Cash flow from changes in working capital				
Inventories	2 446	-12 127	8 738	1 453
Current receivables	-7 344	-34 375	-6 823	-9 356
Current liabilities	-297	16 383	-7 155	-1 476
Cash flow from current operations	7 345	-5 903	-1 086	1 615
INVESTMENT ACTIVITIES				
Acquisition of intangible assets	-1 112	0	-27	0
Acquisition of tangible assets	-831	-892	-27	-528
Sales of equipment	96	182	0	182
Change in long-term receivables	602	314	15	-60
Cash flow from investment activities	-1 245	-396	-39	-406
FINANCING ACTIVITIES				
Dividend	-10 842	-9 293	0	0
Changes in long term debt	968	-120	493	40
Change in bank overdrafts	4 055	10 814	1 507	1 211
Cash flow from financing activities	-5 819	1 401	2 000	1 251
Cash flow for the period	281	-4 898	875	2 460
Liquid funds at the beginning of the period	10 819	14 386	10 222	7 034
Changes in liquid funds	91	252	94	246
Liquid funds at the end of the period	11 191	9 740	11 191	9 740

KEY FIGURES

(kSEK)	NINE MONTHS		NINE MONTHS	
	2020	2019	Q3 2020	Q3 2019
Sales	332 300	338 223	115 273	118 056
Gross profit	230 119	238 198	78 069	83 460
EBITDA	20 007	29 805	8 189	14 529
Operating profit	19 426	29 284	8 010	14 327
Profit after financial items	18 804	29 290	7 843	14 342
Profit after tax	15 101	23 435	6 445	11 441
Total assets	203 582	205 957	203 582	205 957
Return on capital employed, %	16.1	26.3	6.9	13.7
Return on shareholders equity, %	14.6	24.2	6.2	12.6
Equity	103 762	97 007	103 762	97 007
Equity ratio, %	51.0	47.1	51.0	47.1
Debt ratio	0.96	1.12	0.96	1.12
Interest coverage ratio	45.5	110.51	54.1	117.43
Investments	1 832	892	54	528
Cash flow from current operations	7 345	-5 903	-1 086	1 615
Gross margin, %	69.3	70.4	67.7	70.7
EBITDA margin, %	6.0	8.8	7.1	12.3
Operation margin, %	5.8	8.7	6.9	12.1
Profit margin, %	5.7	8.7	6.8	12.1
Number of employees, average	58	52	60	52
Number of employees by the end of the period	61	53	61	53
Sales per employee	5 729	6 504	1 937	2 270
Gross margin per employee	3 968	4 581	1 312	1 605
Profit per employee	324	563	132	276
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	3.23	4.81	1.32	2.35
Profit per share *, SEK	2.44	3.78	1.04	1.85
Equity per share, SEK	16.75	15.66	16.75	15.66

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by geographic, SEK	Q3 2020		Q3 2019		FULL YEAR 2019	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	116	35	125	37	166	36
Other Europe	132	40	130	38	175	39
North America	78	23	77	23	105	23
Other World	6	2	6	2	7	2

QUARTERLY OVERVIEW

	2020			2019				2018				2017			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover MSEK	112.3	104.8	115.3	103.7	116.5	118.1	114.4	88.4	95.0	112.7	97.6	80.9	88.9	88.3	86.6
Change from last year, %	8.3	-10.1	-2.4	17.3	22.7	4.8	17.2	9.3	6.9	27.6	12.7	8.5	17.0	4.2	22.8
EBITDA, MSEK	7.1	4.8	8.2	8.5	6.8	14.5	7.1	7.3	3.8	13.8	10.0	4.2	5.3	9.2	9.9
EBITDA-margin, %	6.3	4.6	7.1	8.2	5.8	12.3	6.2	8.3	4.0	12.2	10.2	5.1	5.9	10.4	11.4
Operating result, MSEK	6.9	4.5	8.0	8.4	6.6	14.3	7.0	7.1	3.6	13.6	9.8	4.0	5.1	9.0	9.6
Operating margin, %	6.1	4.3	6.9	8.1	5.7	12.1	6.1	8.1	3.8	12.1	10.1	4.9	5.7	10.2	11.1
Result before tax, MSEK	6.8	4.2	7.8	8.5	6.5	14.3	6.8	7.4	3.6	13.4	9.7	3.7	4.9	8.7	9.9
Result after tax, MSEK	5.4	3.3	6.4	6.7	5.3	11.4	4.6	5.6	2.9	10.7	7.2	2.9	3.8	7.0	6.6
Cash, MSEK	11.9	10.2	11.2	19.6	7.0	9.7	10.8	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1
Inventory, MSEK	83.3	86.7	77.9	76.6	78.7	77.3	80.4	53.9	61.6	61.7	65.1	43.0	44.2	42.4	50.9
Equity, MSEK	107.8	97.1	103.8	89.1	84.5	97.0	101.9	67.4	63.3	73.7	80.2	45.9	47.0	54.0	60.8
Result per share, SEK	0.87	0.53	1.04	1.09	0.85	1.85	0.75	0.91	0.47	1.73	1.17	0.47	0.61	1.13	1.07
Equity per share, SEK	17.41	15.68	16.75	14.38	13.64	15.66	16.45	10.89	10.22	11.9	12.95	7.41	7.58	8.72	9.82
Cash flow from current operations per share, SEK	-0.06	1.42	-0.18	1.12	-2.34	0.26	0.85	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26
Equity ratio, %	49.1	47.4	51.0	47.5	43.4	47.1	51.7	45.2	37.6	41.8	49.3	33.9	33.5	38.2	43.8

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.