



PRESS RELEASE

Malmö 26 February 2021

New Nordic Healthbrands AB (publ) Full Year Report January - December 2020

FULL YEAR 2020

- Net sales amounted to MSEK 450,1 (452,6), a decrease of 0.6 percent. In local currencies, it was an increase of 2.1 percent.
- Gross margin decreased to 68.7 percent (69.7).
- EBITDA decreased to MSEK 25.7 (36.9).
- Operating profit decreased to MSEK 24.9 (36.3).
- Profit after tax for the period decreased to MSEK 17.8 (28.1).
- Earnings per share after tax decreased to SEK 2.87 (4.53).

Q4 2020

- Net sales amounted to MSEK 117.8 (114.4), an increase of 3.0 percent. In local currencies, the increase was 8.4 percent.
- Gross margin decreased to 67.1 percent (67.7).
- EBITDA decreased to MSEK 5.7 (7.1).
- Operating profit decreased to MSEK 5.5 (7.0).
- Profit after tax for the period decreased to MSEK 2.7 (4.6).
- Earnings per share decreased to SEK 0.43 (0.75).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

2020 was marked by the corona pandemic and shutdowns. Pharmacies, health stores and supermarkets where our products are sold all over the world have fortunately not been hit by closures, but some of these stores are in shopping centers that at times have been almost empty of customers. In most countries where we operate, there have been fewer customers in the trade and the stores' sales have been negatively affected. Especially the elderly have stayed indoors. Our range mainly consists of three categories. A Vitality category that is largely aimed at the elderly. A Beauty category and a Diet and Lifestyle category, both of which cater to a larger part of the population. During the pandemic, the dietary supplement industry has experienced that people have increased their consumption of simple immune products such as vitamin C, vitamin D, multivitamins and lactic acid bacteria. At the beginning of the pandemic, our range of immune-stimulating products was limited, which meant that the "boom" did not benefit us. Older people's caution when it comes to going out and shopping has meant that our Vitality products have sold less in 2020. Our category for dieting and lifestyle has also been difficult because weight loss has not been a high priority. Our beauty category is the category that has had the most normal consumption pattern during the period.

The challenges have been many in 2020 but our team has acted quickly and they have made a fantastic effort so we have come through the year with good results after all. The introduction of new products has been delayed due to the caution in trade and marketing efforts have been reduced and kept on a par with the previous year. We have not laid off staff but on the contrary hired to be ready to get the best out of a normalisation in society after the pandemic is under control. Hopefully in 2021.

I am pleased that we have managed to reach a turnover of SEK 450 million for the full year 2020. This is a reduction of half a percent. In local currency, revenues increased by just over 2 percent. During the last quarter of the year, revenues increased by 3 percent in SEK and by 8 percent measured in local currency.

The European area outside the Nordic region is our largest geographical area with a share of 39 percent of our total net sales. Sales in the area were on a par with the previous year. This is despite the fact that we in the UK have had a significant decline in sales and earnings due to corona shutdowns. Other important markets for us in Europe are the Benelux, France and Germany. Here we have seen increased sales in these markets.

The Nordic countries account for 34 percent of total net sales, and here net sales decreased. Denmark and Norway increased, but this was not enough to compensate for reduced sales in Sweden and Finland when compared with the previous year. The decline in Sweden and Finland is a clear effect of the corona pandemic and the fact that, in the same way as in Denmark, for example, we have not been able to counteract the decline by creating greater sales via online stores. Especially in Sweden, we have now taken measures to reverse the trend.

In North America, which accounts for 24 percent of net sales, we have created growth despite difficult conditions. In the USA we have succeeded in expanding distribution from pharmacies, health stores and online stores to selected supermarkets. In the first phase, two chains will have a small selection of New Nordic products on the shelves in 2021. In the US, one of our long-term customers went bankrupt, which meant a certain financial loss during the year. In Canada, where we already have established distribution and trade with many different types of stores, such as health stores, pharmacies, online stores and supermarkets, we will in 2021 further expand our distribution through leading department stores.

We are also making progress in the rest of the world region, which accounts for 3 percent of net sales for the full year. In Hong Kong, we have expanded distribution in 2020 and New Nordic's products can now be purchased from the two leading pharmacy chains in the country. We hope that the corona restrictions and political unrest will soon ease so that Hong Kong can once again be visited by tourists from China. In China, we continue our pursuit of growth in our cross-border trade through various marketing initiatives. We are currently gaining experience and expect to increase sales in China when we have evaluated the effects of the various initiatives. In Vietnam, our distributor has made a breakthrough in important pharmacy chains, which has meant good growth and which we expect will continue in the coming periods. In Australia, we started sales and marketing activities, but it is still challenging to reach the big chains with new product launches due to shutdowns and travel bans. However, we do not doubt that we are facing a successful new start when the restrictions ease.

The gross margin has decreased from 69.7 percent to 68.7 percent. This is mainly due to changes in the product mix where an increasing share of sales in North America and UK come from "gummies". Both the sales price and the profit margin on "gummies" are generally lower than on our tablets. Transport costs have increased significantly during 2020 and indirectly production prices have also increased due to the strengthened Swedish krona. In addition, we increased pricing activities to maintain activity during the pandemic. We have continued to have a strong focus on gross profit and to maintain a high gross profit margin and we are convinced that we will reverse the trend in the coming periods with the right initiatives.

The costs are under control. We were somewhat more restrained than planned in terms of marketing activities during the year when the corona pandemic contributed to the lack of intended growth. Instead, we chose to strengthen the organisation and the international presence and we are convinced that we are well equipped to take full advantage of the recovery we expect when the corona pandemic is under control. For the year, the initiatives entailed increased other external costs and personnel costs.

A decrease in the gross profit margin of 1 percent, together with increased operating expenses by 2.1%, explains the decrease of 30% in EBITDA. In 2020, we also have more than SEK 1 million in exchange rate effects and a total increase in financial costs of SEK 1.4 million, which further worsens earnings. In addition, there are customer losses in the US of almost SEK 1 million. Earnings per share after tax amounted to SEK 2.87 against SEK 4.53 the year before.

Cash flow from operating activities was positive and totals just under SEK 20 million and liquidity remains good. We can implement our organic growth plans without the need for more capital and will propose a dividend to shareholders at the Annual General Meeting.

In 2020, we launched our new Beauty In & Out initiative in Scandinavia and online in the UK. The new cosmetic products in the series have received a fantastic reception and have already won several international awards in a short time. At the end of 2020, our Intense Marine ask Mask won the prestigious ASOS award as the best new skin care product. We plan to launch Beauty In & Out internationally as a natural extension of our Hair Volume and Collagen Filler series.

Blue Berry™ Eye Vitamin celebrated 20 years during the year and we celebrated it by publishing a “limited edition” with extra tablets in. It was a success that the online stores in particular took advantage of.

In response to the increased demand for immune-stimulating products, we launched D-immune™, C-immune™, Active Immune™ and Elderberry Immune Gummy™. We expect that it will take a few years to gain significant market shares in the immune category. With the new products, we have something good to offer consumers and we are convinced that we will see a steady ever-increasing sales for these products.

In 2021, we will continue to focus on driving our bestsellers forward internationally and we will continue the launch of Beauty In & Out internationally. As part of this, we will work to increase distribution in the countries we are active in by including beauty stores. We also hope that “Travel Retail” will return soon so that we can resume our business here. On the marketing side, we will continue to increase our new international digital campaigns, increase our print advertising and not least our TV advertising.

In 2020, my long-term business partner Marinus Blåbjerg Sørensen stepped down as CFO. He has chosen to quit the day-to-day operations in connection with his 70th birthday in 2021. Marinus has been a driving force and a great asset for New Nordic for 28 years. We will all miss him and his good business acumen in the company when he leaves his daily work in 2021. However, we are happy that he is running for re-election as Chairman of the Board. It is also gratifying that our Financial Manager for many years, Ivan Ruscic, accepted the role of CFO. In addition, we have strengthened our finance function with the employment of Claes Libell, who started at the end of 2020 as Group Financial Controller. In addition to acting as CFO, Marinus has also had operational tasks. We are currently looking for a person who can shoulder the new role of Chief Operating Officer, who together with Ivan Ruscic and me will lead daily operations.

We are well prepared for 2021 and we plan for growth in all markets. In recent years, we have expanded into new markets, in which we will continue to establish ourselves. During at least the first half of 2021, we will still be affected by the corona pandemic. With our plans to allocate more resources for digital sales through online stores and digital marketing, I am convinced that we can counteract the decline in physical stores. As always, the entire New Nordic team is ready for challenges and changes. I am positive about our future in the next few years and I am convinced that in 2021 we will increase earnings and earnings per share.


Karl Kristian Bergman Jensen, CEO

New Nordic Healthbrands AB
Södra Förstadsgatan 3 C
SE-211 43 Malmö
Sweden

The information in this press release is that which New Nordic Healthbrands AB (publ) is required to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 (CET) on 26 February 2021.

Link to report on New Nordic's investor relation web page: <https://newnordicinvestor.com/reports-and-presentations>

Contact:

Karl Kristian Bergman Jensen, CEO, telephone +46 40-236414, email kk@newnordic.com.

Ivan Ruscic, CFO, telephone +46 40-236414, email ivan@newnordic.se

New Nordic Healthbrands AB (publ), SE-211 43 Malmö, Sweden. Org. nr. 556698-0453.

Certified advisor: Mangold Fondkommission AB. +46 8 503 01 550, ca@mangold.se.

New Nordic Healthbrands AB (publ) was founded in 1990 and is listed on Nasdaq First North Growth Market Sweden since 2007. The company's business concept is to offer the most effective and safe dietary supplements, natural medicines and cosmetic products for specific health and beauty needs. All with care for people and nature. New Nordic products are now available in 41 countries in pharmacies, health stores, beauty shops, and travel retail. New Nordic has its own small sales and marketing companies in most European countries, Canada and the United States, to organise local marketing campaigns, serve retailers and serve end customers. In 2020, revenues were SEK 450 million. Almost all New Nordic products sold worldwide are manufactured in Scandinavia. For more information, visit www.newnordic.com.

– END –