

NEW NORDIC HEALTHBRANDS AB (PUBL)

SIX MONTH REPORT

JANUARY - JUNE 2020



	SIX MONTHS 2020	SIX MONTHS 2019	Q2 2020	Q2 2019
Net sales, kSEK	217 027	220 167	104 769	116 487
Change in SEK, %	-1.4	20.1	-10.1	22.7
Change in local currencies, %	-1.2	14.2	-9.9	18.5
Gross profit, kSEK	152 050	154 738	71 717	82 717
Gross margin, %	70.1	70.3	68.5	71.0
EBITDA kSEK	11 818	15 276	4 768	6 768
EBITDA margin, %	5.4	6.9	4.6	5.8
Operating profit, kSEK	11 416	14 957	4 535	6 603
Operating margin, %	5.3	6.8	4.3	5.7
Profit for the period, kSEK	8 656	11 994	3 261	5 250
Earnings per share EBITDA, SEK	1.91	2.47	0.77	1.09
Earnings per share * after tax, SEK	1.40	1.94	0.53	0.85

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

We have had a decrease of just over one percent in sales during the first half of the year with a decrease in profit after tax from SEK 12.0 million to SEK 8.7 million. An acceptable result given the circumstances. During the period, we reduced our marketing costs, but we did not lay off staff or reduce development expenses.

At the beginning of the Covid-19 crisis and the subsequent lockdowns in many countries, the entire New Nordic team responded very quickly and professionally to adapt the company's operations and expenses to a worst case scenario. During the second quarter, we reduced our costs by 12 percent compared with 2019. The savings have been implemented on the sales and marketing side, while fixed costs, development and salary costs have increased compared with last year. We are prepared for increased growth and internationalization.

During the second quarter, revenues decreased by 10 percent compared to 2019. In comparison with many of our competitors, we have not previously focused on immune products that have been in demand during the corona crisis. A large part of our products are aimed at the elderly, many of whom have been sensible and self-isolated. They have to a lesser extent shopped in physical stores at the same time as they are not so used to shopping online. We can see from our sales statistics that precisely these products have decreased in sales during the period while other products have performed well.

Very quickly, we launched immune system products that we had in the "pipe-line" in our product development. In the future, we will be stronger equipped with some really good immune system products. Simple but effective products such as C-immune™ and D-immune™ as well as Active Immune™, which contain ingredients that help prevent the reproduction of viruses. In addition, there is a variant of our Wild Biotic™ probiotics that is particularly suitable for the immune system, Wild Biotic™ Immune.

The corona crisis has affected sales in the individual countries very differently and at the time of writing, sales have not yet normalized. In general, we have experienced that our ordinary consumers' purchasing patterns have changed during the period, so that sales in the physical stores have decreased while third-party e-commerce has increased markedly. Early after the start of the crisis, we increased our stock of raw materials and finished goods to withstand any closures in production. The increased inventory readiness and the smaller sales during the period have meant that our inventory at the end of the quarter is relatively high. We expect this to normalize quickly.

In the US we still see an increased coronavirus infection while in Europe it is under control. In general, we believe that it is unlikely that decision-makers will reintroduce national lockdowns. With the major economic stimuli that governments around the world provide to the economy and the prospect of a vaccine that can provide a more sustainable solution to the crisis, we believe that the market and purchasing pattern existed before the crisis will return in the second half of 2020. We have therefore decided to resume our growth plans after the summer.

Covid-19 has taught people to take care of themselves and their health and we expect this trend to drive the dietary supplement market further in the future.

Overall, I am impressed with the entire New Nordic team's extra work and handling of the crisis. I think we have done well. Now I look forward to regaining our growth momentum. Everyone in New Nordic is focused and we in the management look positively to the near future, so I am very enthusiastic and convinced that we will show good sales and profitability during the second half of 2020.

Sales

Sales during the first six months amounted to SEK 217.0 million (220.2), a decrease of 1.4 percent. In local currencies, the decrease was 1.2 percent. Sales increased in, other Europe, North America, and Asia, but decreased in the Nordic area.

Results for the six months

Gross profit for the first half of the year decreased to SEK 152.1 million (154.7). This corresponds to a gross margin of 70.1 percent (70.3). EBITDA amounted to SEK 11.8 million (15.3). This corresponds to an EBITDA margin of 5.4 percent (6.9). Operating profit amounted to SEK 11.4 million (15.0). This corresponds to an operating margin of 5.3 percent (6.8). Profit after financial items amounted to SEK 11.0 million (14.9). Profit after tax for the six-month period amounted to SEK 8.7 million (12.0).

Comments to the second quarter

Sales in local currencies decreased by 9.9 percent. Converted to SEK, sales decreased by 10.1 percent to SEK 104.8 million (116.5). The decrease in sales is heavily influenced by the Covid-19 Pandemic lockdowns and our decrease in marketing spending's in relation to that. Sales decreased in all geographical areas during the quarter.

The gross margin decreased to 68.5 percent (71.0) as a result of changes in the product mix in the period. Personnel, sales, and administration expenses amounted to SEK 66.9 million (75.9), a decrease of 11.9 percent. The number of employees at the end of the period was 58 (51). The largest cost saving was related to decreased marketing costs whereas the cost for personnel and other costs increased. EBITDA decreased by SEK 2.0 million and profit after tax by SEK 2.0 million. A result of lower sales, lower gross margins, and higher fixed costs. Depreciation was the status quo of SEK -0.2 million (-0.2). Interest and other financial items increased to SEK -0.3 million (-0.1).

Profit after financial items decreased by 35.4 percent and amounted to SEK 4.2 million (6.5). Profit after tax decreased by 37.9 percent and amounted to SEK 3.3 million (5.3).

Financial position and cash flow

The Group's total assets as of June 30, 2020, amounted to SEK 205.0 million (194.6), an increase of 5.4 percent compared with the same time last year. As a planned action to increase the inventory to prevent supply problems during the Covid-19 Pandemic lockdowns and reduced sales compared to previously planned, inventories increased by 10.1 percent compared with the same period last year and amounted to SEK 86.7 million (78.7). During the first six months, operating activities generated a positive cash flow of SEK 8.4 million (-7.5) despite the increase in inventories. Cash and cash equivalents at the end of the period amounted to SEK 10.2 million (7.0).

The Group's equity/assets ratio was 47.4 percent (43.4). Equity divided by the outstanding 6,195,200 (6,195,200) shares was 15.68 SEK per share (13.64) on June 30, 2020.

Expansion

The New Nordic business adds value to its costumers 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

In the first half of 2019, the Parent Company had net sales of SEK 82.1 (84.5).

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 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. +46 8 503 01 550.

Upcoming reports

Nine month report 2020	October 30, 2020
Year-end report 2020	February 26, 2021
Annual Report 2020	March 26, 2021
Three-month report 2021	April 29, 2021
Annual General Meeting in Malmö	April 29, 2021

For further information contact:

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This report has not been audited.

Malmö 31 July 2020

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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INCOME STATEMENT

(kSEK)	SIX MONTHS 2020	SIX MONTHS 2019	Q2 2020	Q2 2019
Sales	217 027	220 167	104 769	116 487
Cost of goods sold	-64 977	-65 429	-33 052	-33 770
Gross profit	152 050	154 738	71 717	82 717
Personnel expenses	-23 506	-21 748	-11 663	-10 927
Other external expenses	-116 726	-117 714	-55 286	-65 022
EBITDA	11 818	15 276	4 768	6 768
Depreciations	-402	-319	-233	-165
Operating profit (EBIT)	11 416	14 957	4 535	6 603
Interest and other financial items	-455	-9	-344	-111
Profit after financial items	10 961	14 948	4 191	6 492
Tax	-2 305	-2 954	-930	-1 242
Profit for the period	8 656	11 994	3 261	5 250
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	1.40	1.94	0.53	0.85
EBITDA per share, SEK	1.91	2.47	0.77	1.09

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q2 2020	Q2 2019	FULL YEAR 2019
Assets			
FIXED ASSETS			
Intangible fixed assets	1 708	6	745
Tangible fixed assets	2 197	1 372	1 672
Financial assets	4 615	4 584	5 129
Total fixed assets	8 520	5 962	7 546
CURRENT ASSETS			
Inventories	86 680	78 706	80 388
Current receivables	99 573	102 874	98 434
Liquid funds	10 222	7 034	10 819
Total current assets	196 475	188 614	189 641
TOTAL ASSETS	204 995	194 576	197 187
Equity and liabilities			
EQUITY	97 127	84 524	101 917
Deferred tax	2 865	2 482	2 865
Long-term debt	2 353	989	1 878
Short term liabilities – interest bearing	12 520	12 260	9 972
Short term liabilities – non interest bearing	90 130	94 321	80 555
Current liabilities	102 650	106 581	90 527
TOTAL LIABILITIES AND EQUITY	204 995	194 576	197 187

CHANGE IN EQUITY

Q2 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	-2 604	-2 604
Profit for the period	0	8 656	8 656
Closing balance	6 195	90 932	97 127

Q2 2019 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	74 018	74 018
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	78 329

FULL YEAR 2019 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	74 018	80 213
Dividend	0	-9 293	-9 293
Currency exchange differences	0	2 923	2 923
Profit for the period	0	28 074	28 074
Balance	6 195	95 722	101 917

CASH FLOW STATEMENTS

(kSEK)	SIX MONTHS 2020	SIX MONTHS 2019	Q2 2020	Q2 2019
CURRENT OPERATIONS				
Profit after financial items	11 416	14 957	4 535	6 603
Adjustments for				
Depreciations	402	319	233	165
Other provisions	-96	0	0	0
	11 722	15 276	4 768	6 768
Interest received	1	3	0	1
Interest expense	-279	-143	-164	-91
Taxation paid	-3 058	-1 914	-1 446	-1 034
Cash flow from current operations before changes in working capital	8 386	13 222	3 158	5 644
Cash flow from changes in working capital				
Inventories	-6 292	-13 580	-3 373	-2 119
Current receivables	-521	-25 019	16 982	-17 960
Current liabilities	6 858	17 859	-7 958	-32
Cash flow from current operations	8 431	-7 518	8 809	-14 467
INVESTMENT ACTIVITIES				
Acquisition of tangible assets	-1 085	-364	-154	-162
Sales of equipment	-804	0	-340	0
Change in long-term receivables	96	374	0	-1
Cash flow from investment activities	587	10	-13	-163
	-1 206		-507	
FINANCING ACTIVITIES				
Dividend	-10 842	-9 293	-10 842	-9 293
Changes in long term debt	475	-160	233	-13
Change in bank overdrafts	2 548	9 603	834	11 501
Cash flow from financing activities	-7 819	150	-9 775	2 195
Cash flow for the period	-594	-7 358	-1 473	-12 435
Liquid funds at the beginning of the period	10 819	14 386	11 894	19 556
Changes in liquid funds	-3	6	-199	-87
Liquid funds at the end of the period	10 222	7 034	10 222	7 034

KEY FIGURES

(kSEK)	SIX MONTHS		SIX MONTHS	
	2020	2019	Q2 2020	Q2 2019
Sales	217 027	220 167	104 769	116 487
Gross profit	152 050	154 738	71 717	82 717
EBITDA	11 818	15 276	4 768	6 768
Operating profit	11 416	14 957	4 535	6 603
Profit after financial items	10 961	14 948	4 191	6 492
Profit after tax	8 656	11 994	3 261	5 250
Total assets	204 995	194 576	204 995	194 576
Return on capital employed, %	10.2	15.3	3.9	7.0
Return on shareholders equity, %	8.9	14.2	3.4	6.2
Equity	97 127	84 524	97 127	84 524
Equity ratio, %	47.4	43.4	47.4	43.4
Debt ratio	1.11	1.30	1.11	1.30
Interest coverage ratio	40.9	104.6	27.7	72.6
Investments	1 889	364	494	162
Cash flow from current operations	8 431	-7 518	8 809	-14 467
Gross margin, %	70.1	70.3	68.5	71.0
EBITDA margin, %	5.4	6.9	4.6	5.8
Operation margin, %	5.3	6.8	4.3	5.7
Profit margin, %	5.1	6.8	4.0	5.6
Number of employees, average	57	51	57	50
Number of employees by the end of the period	58	51	58	51
Sales per employee	3 841	4 317	1 838	2 330
Gross margin per employee	2 691	3 034	1 258	1 654
Profit per employee	194	293	74	130
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	1.91	2.47	0.77	1.09
Profit per share *, SEK	1.40	1.94	0.53	0.85
Equity per share, SEK	15.68	13.64	15.68	13.64

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by geographic, SEK	Q2 2020		Q2 2019		FULL YEAR 2019	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	32	30	36	31	166	36
Other Europe	44	42	47	41	175	39
North America	28	27	31	26	105	23
Other World	1	1	2	2	7	2

QUARTERLY OVERVIEW

	2020		2019				2018				2017			
	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	112.3	104.8	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	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	8.5	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	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	8.4	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	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	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	6.7	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	19.6	7.0	9.7	10.8	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1
Stocks, MSEK	83.3	86.7	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	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	1.09	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	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	1.12	-2.34	0.26	0.85	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26
Solidity, %	49.1	47.4	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.