

NEW NORDIC HEALTHBRANDS AB (PUBL)

NINE MONTH REPORT

JANUARY - SEPTEMBER 2021



	NINE MONTHS 2021	NINE MONTHS 2020	Q3 2021	Q3 2020
Net sales, kSEK	393 836	332 300	124 894	115 273
Change in SEK, %	18.5%	-1.8%	8.3%	-2.4%
Change in local currencies, %	22.9%	-0.1%	8.0%	2.0%
Gross profit, kSEK	271 472	230 119	88 678	78 069
Gross margin, %	68.9%	69.3%	71%	67.7%
EBITDA kSEK	33 504	20 007	8 939	8 189
EBITDA, %	8.5%	6.0%	7.2%	7.1%
Operating profit, kSEK	32 825	19 426	8 698	8 010
Operating margin, %	8.3%	5.8%	7.0%	6.9%
Profit for the period, kSEK	32 401	18 804	8 453	7 843
Profit after tax for the period, kSEK	25 802	15 101	6 700	6 445
EBITDA per share *, SEK	5.41	3.23	1.44	1.32
Earnings per share after tax *, SEK	4.16	2.44	1.08	1.04

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

Sales revenue increased by 23 percent in local currencies in the first nine months of the year 2021, compared with the corresponding period in 2020. Converted to Swedish kronor, net revenues increased by 19 percent. During the period, we had earnings per share of SEK 4.16 after tax. Compared with 2019, we have had a revenue increase of 16 percent. Revenues have increased in all geographical areas.

Both existing and new customers show every day that they appreciate our products and demand is increasing. We have succeeded well in focusing on our best-selling products which has shown a nice growth driven by increased marketing and effective campaigns in collaboration with our resellers. In addition, growth has been fueled by increased distribution through new collaborations with retail chains in North America. The entire New Nordic team at our head offices in Malmö and Roskilde and in the individual country offices in Europe, North America, China and Australia, has contributed with great commitment to achieve the fine results.

Our Beauty In & Out with the launch of cosmetic products has gone well in the Scandinavian market and we will now launch the natural skin and hair care products internationally. The products will primarily be distributed through the retailers we already work with, but we will also work to find new retail partners in the beauty industry.

Our sales via our own online stores around the world are increasing nicely, even though it is still only a small part of our total sales. We work to improve this, as we see an advantage in having direct contact with our loyal customers. We estimate that 35-40 percent of our international sales are made through online purchases at our online and omni-channel retailers. Online sales through our retail partners has been up to about 50 percent of sales during the pandemic, but we see that a large proportion of customers return to the physical stores after they reopen. At online retailers, it is mainly discounts and price reductions as well as club benefits that are the competitive parameter and we are currently experiencing increasing price competition between retailers.

Our implementation of international digital marketing campaigns has got off to a good start and now goes hand in hand with local marketing on social media. It sharpens our international profile and increases awareness and value for the New Nordic brand everywhere. The local initiatives and the international campaigns complement each other well and show that we are present and active locally in our markets.

We have just started selling and marketing New Nordic in the Czech Republic and Portugal. We now have a number of countries where we are newly established and undergo a period with the investments and losses that are usually required to establish our brand in new markets. In the next few years, we will ensure that we establish ourselves well in the new markets as soon as possible and that we create good sales and profitability. Markets under establishment and where New Nordic has subsidiaries are Switzerland, Spain, Portugal, China, Hong Kong, Australia, Slovakia, Romania and Kazakhstan. Our operations in the United States, Germany and the United Kingdom continue to represent the greatest immediate growth potential and we will continue to focus on increasing our operations there.

Changes in product mix and increased costs for shipping in particular mean that our gross margin has decreased from 69.3 to 68.9 during the first nine months of the year. However, the gross margin was better during the third quarter, where it amounted to 71.0 percent against 67.7 percent last year. We will do our best to maintain a high gross profit and we will use all profit-enhancing parameters in this regard. Sales of "gummies" are increasing and in the US they now make up 25 percent of our revenue there. The gross margin on gummies is smaller than on tablets, but it is gummies that the market is increasingly demanding.

We have good control over our costs, which have increased by 13 percent against a revenue increase of 19 percent.

With the increasing sales during the first nine months of the year, our receivables as of September 30, 2021 have increased by SEK 11 million compared with the same date last year. At the same time, our debt to suppliers has increased by SEK 23 million. Inventories increased by SEK 26 million and now amount to SEK 104 million. The increase in inventories means that cash flow from our current operations has only increased by just over SEK 2 million.

Liquidity is still good. We can implement our organic growth plans without having to raise capital.

During the first nine months this year, demand seems to have been characterized by consumer euphoria and a strong recovery from the pandemic. During the third quarter, we experience that demand has been more subdued and closer to a more normal level. I am still very humble in the face of the situation we are in now. Corona infection is currently increasing in several of the countries in which we operate, which may slow down demand. The situation also affects our suppliers in many countries and it affects the transport of raw materials and finished goods.

We are currently continuing our growth plans at full speed, but we are aware that we may be facing rapid changes in the world around us. The entire team at New Nordic is very committed to continuing our growth and achieving the goals we have set, but they are also prepared for the challenges we may have to face.

It has been a pleasure to welcome Ditte Søndergaard Bihorac, who took over as Chief Operating Officer on 1 September. Ditte comes from a Nordic position at Chanel and has deep knowledge of the beauty industry. She has had a good start in New Nordic.

We see an increasing demand globally for dietary supplements, natural skin care and natural hair care and we are well positioned to take advantage of the development. We develop the existing dietary supplement business internationally and with skin and hair care we create new supplementary revenue streams. We are increasing the value of the New Nordic brand worldwide every day and for our owners we focus on increasing earnings per share.

It is a very exciting time for New Nordic and I look forward to contributing to creating results. I am convinced that 2021 will be a good year.

Sales

Sales during the first nine months amounted to SEK 393.8 M (332.3), an increase of 18.5 percent. In local currencies, the increase was 22.9 percent. Sales increased in all geographical areas: the Nordic countries,

the rest of Europe, North America and the rest of the world.

Results for the nine months

Gross profit for the nine months increased to SEK 271.5 million (230.1). This corresponds to a gross margin of 68.9 percent (69.3). EBITDA amounted to SEK 33.5 million (20.0). This corresponds to an EBITDA margin of 8.5 percent (6.0). Operating profit amounted to SEK 32.8 million (19.4). This corresponds to an operating margin of 8.3 percent (5.8). Profit after financial items amounted to SEK 32.4 million (18.8). Profit after tax for the nine-month period was SEK 25.8 million (15.1).

Comments to the third quarter

Sales in local currencies increased by 8.0 percent. Converted to SEK, sales increased by 8.3 percent to SEK 124.9 million (115.3). The growth in sales is satisfactory. Sales increased in all regions: the Nordic countries, the rest of Europe, North America and the rest of the world.

The gross margin increased to 71.0 percent (67.7) due to changes in product mix. Personnel, sales and administration costs amounted to SEK 79.7 M (69.9), an increase of 14.1 percent. Marketing costs accounted for the largest absolute increase. The number of employees at the end of the period was 65 (61).

EBITDA increased by SEK 0.7 million to SEK 8.9 million and profit after tax by SEK 0.3 million to SEK 6.7 million. Depreciation was a status quo of SEK -0.2 million (-0.2). Interest and other financial items were also in the status quo SEK -0.2 million (-0.2).

Profit after financial items increased by 7.8 percent and amounted to SEK 8.5 million (7.8). Profit after tax increased by 4.0 percent and amounted to SEK 6.7 million (6.4).

Financial position and cash flow

The Group's total assets as of September 30, 2021 amounted to SEK 244.3 M (203.6), an increase of 20.0 percent compared with the same period last year.

Inventories increased by 33.6 percent compared with the same period last year and amounted to SEK 104.1 million (77.9). Inventories have increased significantly over the past year due to increased activity and increased purchases of raw materials as well as production of finished goods to cope with any worsening supply problems in the wake of the corona crisis.

During the first nine months, operating activities generated a positive cash flow of SEK 2.3 million (7.3). Receivables increased by SEK 24 million. At the same time, debt to suppliers has increased by SEK 23 million. The relatively low positive cash flow was characterized by the increase in inventories of SEK 23 million.

Cash and cash equivalents at the end of the period amounted to SEK 13.8 M (11.2).

The Group's equity / assets ratio was 50.7 percent (51.0).

Equity distributed on the outstanding 6,195,200 (6,195,200) shares was SEK 19.98 per share (16.75) on September 30, 2021.

Expansion

New Nordic's operations create value for the company's customers and shareholders. During 2021 and onwards, the company will continue to develop herbal supplements and beauty products to meet specific health and beauty needs. New Nordic will market these products to a growing number of consumers worldwide. All with care for people and nature. The products will be marketed under the characteristic New Nordic brand. A brand that reflects the Scandinavian cultural heritage, the Scandinavian values and the company's passion for herbs and a healthy life.

Parent company

During the first nine months of 2021, the parent company had net sales of SEK 170.8 million. (120.1).

Comment current quarter

Sales in the first weeks of October have started well.

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

Year-end report 2021	February 28, 2022
Annual Report 2021	March 25, 2022
Three-month report 2022	April 28, 2022
Annual General Meeting in Malmö	April 28, 2022
Six-month Report 2022	July 29, 2022
Nine-month Report 2022	October 28, 2022
Full Year Report 2022	February 28, 2023
Annual Report 2022	March 27, 2023
Three-month Report 2023	April 27, 2023
Annual General Meeting 2023	April 27, 2023

For further information contact:

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This report has not been audited.

Malmö 29 October 2021

New Nordic Healthbrands AB (publ)
Board of Directors

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The information in this document is that which New Nordic Healthbrands AB (publ) is required to disclose, and made public 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 29 October 2021.

INCOME STATEMENT

(kSEK)	NINE MONTHS 2021	NINE MONTHS 2020	Q3 2021	Q3 2020
Sales	393 836	332 300	124 894	115 273
Cost of goods sold	-122 364	-102 181	-36 216	-37 204
Gross profit	271 472	230 119	88 678	78 069
Personnel expenses	-41 247	-34 276	-13 101	-10 770
Other external expenses	-196 721	-175 836	-66 638	-59 110
EBITDA	33 504	20 007	8 939	8 189
Depreciations	-679	-581	-241	-179
Operating profit (EBIT)	32 825	19 426	8 698	8 010
Interest and other financial items	-424	-622	-245	-167
Profit after financial items	32 401	18 804	8 453	7 843
Tax	-6 599	-3 703	-1 753	-1 398
Profit after tax	25 802	15 101	6 700	6 445
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	4.16	2.44	1.08	1.04
EBITDA per share, SEK	5.41	3.23	1.44	1.32

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q3 2021	Q3 2020	FULL YEAR 2020
Assets			
FIXED ASSETS			
Intangible fixed assets	1 694	1 700	1 714
Tangible fixed assets	2 001	1 970	1 782
Financial assets	4 945	4 063	3 659
Total fixed assets	8 640	7 733	7 155
CURRENT ASSETS			
Inventories	104 125	77 942	80 668
Current receivables	117 807	106 716	93 264
Liquid funds	13 754	11 191	10 404
Total current assets	235 686	195 849	184 336
TOTAL ASSETS	244 326	203 582	191 491
Equity and liabilities			
EQUITY	123 807	103 762	104 808
Deferred tax	2 218	2 865	2 304
Long-term debt	1 203	2 846	2 736
Short term liabilities – interest bearing	14 491	14 027	1 563
Short term liabilities – non interest bearing	102 607	80 082	80 080
Current liabilities	117 098	94 109	81 643
TOTAL LIABILITIES AND EQUITY	244 326	203 582	191 491

CHANGE IN EQUITY

Q3 2021 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	98 613	104 808
Dividend	0	-9 293	-9 293
Exchange difference	0	2 490	2 490
Profit for the period	0	25 802	25 802
Closing balance	6 195	117 612	123 807

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

FULL YEAR 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	-4 032	-4 032
Profit for the period	0	17 765	17 765
Closing balance	6 195	98 613	104 808

CASH FLOW STATEMENTS

(kSEK)	NINE MONTHS 2021	NINE MONTHS 2020	Q3 2021	Q3 2020
CURRENT OPERATIONS				
Profit after financial items	32 825	19 426	8 698	8 010
Adjustments for				
Depreciations	679	581	241	179
Other provisions	0	-96	0	0
	33 504	19 911	8 939	8 189
Interest received	2	1	1	0
Interest expense	-426	-427	-244	-148
Taxation paid	-5 865	-6 945	-723	-3 887
Cash flow from current operations before changes in working capital	27 215	12 540	7 973	4 154
Cash flow from changes in working capital				
Inventories	-23 457	2 446	-11 600	8 738
Current receivables	-22 928	-7 344	5 102	-6 823
Current liabilities	21 426	-297	541	-7 155
Cash flow from current operations	2 256	7 345	2 016	-1 086
INVESTMENT ACTIVITIES				
Acquisition of intangible assets	-229	-1 112	72	-27
Acquisition of tangible assets	-619	-831	-55	-27
Sales of equipment	0	96	0	0
Change in long-term receivables	-306	602	294	15
Cash flow from investment activities	-1 154	-1 245	311	-39
FINANCING ACTIVITIES				
Dividend	-9 293	-10 842	0	0
Changes in long term debt	-1 533	968	-1 637	493
Change in bank overdrafts	12 928	4 055	1 935	1 507
Cash flow from financing activities	2 102	-5 819	298	2 000
Cash flow for the period	3 204	281	2 625	875
Liquid funds at the beginning of the period	10 404	10 819	11 033	10 222
Changes in liquid funds	146	91	96	94
Liquid funds at the end of the period	13 754	11 191	13 754	11 191

KEY FIGURES

(kSEK)	NINE MONTHS		NINE MONTHS	
	2021	2020	Q3 2021	Q3 2020
Sales	393 836	332 300	124 894	115 273
Gross profit	271 472	230 119	88 678	78 069
EBITDA	33 504	20 007	8 939	8 189
Operating profit	32 825	19 426	8 698	8 010
Profit after financial items	32 401	18 804	8 453	7 843
Profit after tax	25 802	15 101	6 700	6 445
Total assets	244 326	203 582	244 326	203 582
Return on capital employed, %	23.5	16.1	6.4	6.9
Return on shareholders equity, %	20.8	14.6	5.4	6.2
Equity	123 807	103 762	123 807	103 762
Equity ratio, %	50.7	51.0	50.7	51.0
Debt ratio	0.97	0.96	0.97	0.96
Interest coverage ratio	77.1	45.5	35.6	54.1
Investments	848	1 832	-17	54
Cash flow from current operations	2 256	7 345	2 016	-1 086
Gross margin, %	68.9	69.3	71.0	67.7
EBITDA margin, %	8.5	6.0	7.2	7.1
Operation margin, %	8.3	5.8	7.0	6.9
Profit margin, %	8.2	5.7	6.8	6.8
Number of employees, average	63	58	66	60
Number of employees by the end of the period	65	61	65	61
Sales per employee	6 301	5 729	1 892	1 937
Gross margin per employee	4 344	3 968	1 344	1 312
Profit per employee	518	324	128	132
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	5.41	3.23	1.44	1.32
Profit per share *, SEK	4.16	2.44	1.08	1.04
Equity per share, SEK	19.98	16.75	19.98	16.75

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by geographic, SEK	Q1-Q3 2021		Q1-Q3 2020		FULL YEAR 2020	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	134	34	116	35	156	34
Other Europe	150	38	132	40	175	39
North America	98	25	78	23	107	24
Other World	12	3	6	2	12	3

QUARTERLY OVERVIEW

	2021			2020				2019				2018			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Turnover MSEK	127.8	141.1	124.9	112.3	104.8	115.3	117.8	103.7	116.5	118.1	114.4	88.4	95.0	112.7	97.6
Change from last year, %	13.9	34.7	8.3	8.3	-10.1	-2.4	2.9	17.3	22.7	4.8	17.2	9.3	6.9	27.6	12.7
EBITDA, MSEK	13.4	11.2	8.9	7.1	4.8	8.2	5.7	8.5	6.8	14.5	7.1	7.3	3.8	13.8	10.0
EBITDA-margin, %	10.5	7.9	7.1	6.3	4.6	7.1	4.8	8.2	5.8	12.3	6.2	8.3	4.0	12.2	10.2
Operating result, MSEK	13.2	10.9	8.7	6.9	4.5	8.0	5.5	8.4	6.6	14.3	7.0	7.1	3.6	13.6	9.8
Operating margin, %	10.3	7.7	7.0	6.1	4.3	6.9	4.7	8.1	5.7	12.1	6.1	8.1	3.8	12.1	10.1
Result before tax, MSEK	13.1	10.8	8.5	6.8	4.2	7.8	4.5	8.5	6.5	14.3	6.8	7.4	3.6	13.4	9.7
Result after tax, MSEK	10.4	8.7	6.7	5.4	3.3	6.4	2.7	6.7	5.3	11.4	4.6	5.6	2.9	10.7	7.2
Cash, MSEK	11.5	11.0	13.8	11.9	10.2	11.2	10.4	19.6	7.0	9.7	10.8	7.8	7.3	7.9	14.4
Inventory, MSEK	87.9	92.5	104.1	83.3	86.7	77.9	80.7	76.6	78.7	77.3	80.4	53.9	61.6	61.7	65.1
Equity, MSEK	118.7	117.3	123.8	107.8	97.1	103.8	104.8	89.1	84.5	97.0	101.9	67.4	63.3	73.7	80.2
Result per share, SEK	1.68	1.41	1.08	0.87	0.53	1.04	0.43	1.09	0.85	1.85	0.75	0.91	0.47	1.73	1.17
Equity per share, SEK	19.16	18.94	19.98	17.41	15.68	16.75	16.92	14.38	13.64	15.66	16.45	10.89	10.22	11.9	12.95
Cash flow from current operations per share, SEK	0.18	-0.14	0.33	-0.06	1.42	-0.18	1.99	1.12	-2.34	0.26	0.85	0.49	-1.10	0.91	2.58
Equity ratio, %	52.4	49.6	50.7	49.1	47.4	51.0	54.7	47.5	43.4	47.1	51.7	45.2	37.6	41.8	49.3

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.