



PRESS RELEASE

Malmö 29 July 2022

# New Nordic Healthbrands AB (publ) Six Months Report January - June 2022

## SIX MONTHS 2022

- Net sales amounted to MSEK 254.0 (268.9), a decrease of 10.7 percent in local currencies and 5.5 percent in SEK.
- Gross margin decreased to 66.0 percent (68,0).
- EBITDA decreased to MSEK -4.3 (24.6).
- Operating profit decreased to MSEK -4.9 (24.1).
- Profit after tax for the period decreased to MSEK -6.5 (10.1).
- Earnings per share after tax decreased to SEK -1.05 (3.08).

## Q2 2022

- Net sales amounted to MSEK 130.7 (141.1), a decrease of 12.6 percent in local currencies and 7.4 percent in SEK.
- Gross margin decreased to 64.8 percent (68.8).
- EBITDA decreased to MSEK -6.3 (11.2).
- Operating profit decreased to MSEK -6.6 (10.9).
- Profit after tax for the period decreased to MSEK -7.5 (8.7).
- Earnings per share after tax decreased to SEK -1.21 (1.41).

## COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

Entering 2022 we had planned for growth in sales and profit via increased marketing and innovation. We had a fine January even though we realised that corona testing and lockdowns in many European countries meant reduced sales in those countries. Immediately when the Russian invasion of Ukraine started last week of February, we understood that many of our customers changed buying behavior. Our products are of high quality and premium priced in the market. Our advertising and other marketing activities did not create the sales it used to for so many years. The spend for the planned growth increased by 7 percent during the first half year but even so the sales decreased by 6 percent. Comparing this half year to first half year of 2021 is additionally blurred by the fact that we were very successful in 2021 due to the sell in of Hair Volume™ special 10 years anniversary packs.

Due to the current international geopolitical and economic situation, which we believe will last well into 2023, we are taking steps to reduce our marketing and innovation investments temporarily as well as we are introducing a shorter marketing planning horizon to become more agile and react quicker to both negative and positive changes in the world around us.

We expect that the reduction in investments during the second half year will result in lower sales in the second half year than in the first half year. Our liquidity is marked by the loss during the first half year, but it will benefit from our decision to reduce investments as well as our current inventory reduction efforts.

As soon as we see it opportune, we will increase our investments again and return to our growth path, which has provided a CAGR of 11 percent over the past five years. We plan to finance the growth beyond 2022 ourselves.

As a result of the current situation, we have decided to postpone our application for listing of our shares on NASDAQ Stockholm Main Market. So far until the end of 2023.

During the first half of the year, we reached a turnover of SEK 254 million. New Nordic's products are now available in almost all European countries, North America, Hong Kong, China, Vietnam and Australia. During the first half of the year, we have had growth in Asia. Sales were status quo in North America, while we have had a decline in the Nordics and the rest of Europe. If we look at the second quarter in isolation, we have had growth in Asia and in the rest of Europe.

Due to changes in the product mix, the gross profit has been reduced to 66 percent compared to 68 percent last year. It is above all the sale of "food supplement gummies" with lower gross profit and the sale of "dual-pack" units, that has had a negative impact on our gross profit. We will continue to have a strong focus on our gross profit and work to increase it again.

During the second quarter we made a loss bigger than the small profit in the first quarter so after six months the result is negative and not satisfactory. It will be our strong focus to change that during the second half year.

Good news is that we also won a prize at the Danish Beauty Awards this year. The winning prize was given to our new liquid collagen and plant-based nutritional supplements that come in convenient "ready-to-drink sachets". Collagen Shot™, as the product is named, has also been launched in England, where it is already one of our best sellers.

Cosmetic products in our "Beauty In & Out" still make up only a small part of our turnover, but sales are growing rapidly. As one of our top retail partners puts it: "We want to use the momentum of upcoming news and growth in the category right now to make New Nordic the inevitable top brand in natural skincare."

I thank the New Nordic team in all countries. We have experienced market challenges that we have not faced before, and the team has made an enormous contribution during these challenging and changing times.



Karl Kristian Bergman Jensen, CEO

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

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*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 2021, revenues were SEK 515 million. Almost all New Nordic products sold worldwide are manufactured in Scandinavia. For more information, visit [www.newnordic.com](http://www.newnordic.com).*

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