

NEW NORDIC HEALTHBRANDS AB (PUBL) FULL-YEAR REPORT 2022



	2022	2021	Q4 2022	Q4 2021
Net sales, kSEK	487 501	514 845	111 657	121 009
Change in SEK, %	-5.3	14.4	-7.7	2.8
Change in local currencies, %	-11.3	17.3	-14.6	2.0
Gross profit, kSEK	318 500	350 048	69 797	78 576
Gross margin, %	65.3	68.0	62.5	64.9
EBITDA kSEK	-3 104	29 482	-5 958	-4 022
EBITDA, %	-0.6	5.7	-5.3	-3.3
Operating profit, kSEK	-4 748	28 547	-6 647	-4 278
Operating margin, %	-1.0	5.5	-6.0	-3.5
Profit after tax for the period, kSEK	-2 823	21 303	-3 530	-4 499
EBITDA per share *, SEK	-0.5	4.76	-0.96	-0.65
Earnings per share after tax *, SEK	-0.46	3.44	-0.57	-0.73

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

2022 has been an unsatisfactory year with many challenges and high costs of an extraordinary nature. Turnover has decreased by 5 percent and we came out with a loss for the year. The Swedish krone has lost strength during the year and in local currencies the turnover has decreased by 11.3 percent. For 2023, we are planning revenue growth as well as profit.

Against the background of the fine growth in 2021 of 14 percent, we started the year with high optimism and an aggressive plan for our marketing. But as the situation changed with Russia's invasion of Ukraine and the high inflation, we had to hit the brakes in the second half of the year and reduce our marketing. The general slowdown in the economy and our customers' reduced available funds generally means that turnover has been affected in most countries. We find that customers are more reserved and they buy more of our small package sizes and less of the large ones.

We also faced major challenges with some of the large pharmacy chains we collaborate with in the US. It is this in particular that has strongly affected our earnings. Drastic assortment changes on the shelves in the pharmacies in the US in the wake of the pandemic have meant that several of our products that have been launched in recent years have been taken out of the assortment and invoiced back to us. In total, it has affected earnings by SEK 15 million in a negative direction when we compare with previous years. Fortunately, our online sales in the US are not affected. Going forward, we will focus more on a narrower range in the large pharmacy chains and then a wider range online and our marketing will naturally be adapted to this situation. We expect growth in sales and positive earnings in the US again in 2023 and we see great potential in the US in the long term. As far as Canada is concerned, it is, on the other hand, gratifying that we have made great progress this year, which is particularly due to increased trade with "membership-only big-box retail stores".

The new markets such as Australia, Spain and Portugal, where we started activity just before and during the pandemic, are progressing but they are straining our financial results. We have reduced investments in these markets in 2023 and continue the establishment at a lower level.

Unfortunately, in 2022 we also had to write off large accounts receivable. A total of SEK 4.7 million in China in the fourth quarter and earlier in the year SEK 0.6 million in England after two of our wholesalers there went bankrupt.

The introduction of the facial care range Kunkeei®, which is of 100 percent natural origin and based on new probiotic technology, has also been an investment that has weighed on our bottom line. The series has achieved a fantastic reception of fine news coverage. We expect a good development for the series already in 2023.

During the year, we have had relatively few new launches. One of these is Collagen Shot, which has done fantastically well in England and has contributed to progress there despite the tough market conditions. Collagen Shot™ also won the Danish Beauty Award in 2022. At the end of the year, we introduced the tablets Intim Comfort™ for dry mucous membranes, Active Nerves™ for nerve functions and mood and Scalp Comfort™ for dry scalp. These are now being test-marketed in Denmark. As usual, we have won many fine international prizes for both our food supplements and cosmetic products during the year. Product development has continued as usual during 2022 and we have several very exciting nutritional supplements and cosmetic products planned for launch in 2023.

The Gross Margin decreased from 68 percent to 65.3 percent. This is mainly due to a reduced degree of margin in the USA due to delistings and to a lesser extent reduced Gross Margin in the Nordics due to larger campaign discounts. We expect the Gross Margin to increase again in 2023.

The costs are at the same level as last year. Marketing costs have been reduced, while costs for personnel and other external costs have increased. We have good control over our costs.

Our inventory of SEK 111 million is still higher than our target but reduced during the year. Our ambition is to reduce it further during 2023 and we implemented new tools to achieve this.

With our financial situation, we are ready to finance the growth that we are planning for 2023. In the coming years, the planned growth must mainly be created through increased business in the countries where we have started activity rather than establishing ourselves in new markets. We cover pretty much all of Europe, North America, Hong Kong and Australia.

As we made a loss in 2022 the Board has agreed to propose to the Annual General Meeting that we will not pay out any dividend for 2022.

I am pleased that at the end of the year we have had Tage Juhl Finninge join the organization as CCO and COO and co-shareholder. I am sure that his extensive experience will contribute positively to our development.

As always, the staff has provided an impeccable and passionate effort with many changes and adaptations to the market. Our entire team is working to get us back on our growth track, which in the five years prior to 2022 averaged 11 percent annually. At the same time, we are fully focused on restoring our earnings and since many of the large expenses we have had during the year are of an extraordinary nature, I am convinced that we will succeed in this.

Sales

Sales for the year amounted to SEK 487.5 million [514.8], a decrease of 5.3 percent. In local currencies, the decrease was 11.3 percent. Sales in the Nordic region decreased by 9.1 percent to SEK 155.0 million [170.6]. Sales in other European countries decreased by 6.7 percent to SEK 187 million [200.5]. Sales in North America increased by 2.2 percent to SEK 127.9 million [125.2]. Exports to the Rest of the World decreased by 5.4 percent to SEK 17.5 million [18.5].

Results for the year

Gross profit for the year amounted to SEK 318.5 million [350.0]. This corresponds to a gross margin of 65.3 percent [68.0]. The decline in the gross margin is mainly due to delistings in USA and to a smaller extend campaign rebates in the Nordic area. Selling and administrative expenses amounted to SEK 321.6 million [320.6], an increase of 0.3 percent. Personnel costs increased by 8.0 percent and other external costs, of which marketing costs make up the largest share, decreased by 1.5 percent.

EBITDA was negative with SEK -3.1 million [29.5]. This corresponds to a negative EBITDA margin -0.6 [5.7]. Operating profit amounted to SEK -4.7 million [28.5]. This corresponds to a negative operating margin -1.0 [5.5]. Profit after financial items amounted to SEK -5.2 million [28.0]. For the year, the total net interest income and financial items amounted to SEK -0.4 million [-0.6]. Loss after tax for the financial year amounted to SEK -2.8 million [21.3].

Comments for fourth quarter

Sales in local currencies decreased by 14.6 percent. Converted to SEK, sales decreased by 7.7 percent to SEK 111.7 million [121.0]. The gross margin decreased to 62.5 percent [64.9]. EBITDA amounted to SEK -6.0 million [-4.0]. Other external costs and personnel costs amounted to SEK 75.8 million [82.6], a decrease of 8.2 percent. Profit after financial items amounted to SEK -5.8 million [-4.4] and profit after tax amounted to SEK -3.5 million [-4.5].

Financial position and cash flow

The business generated a negative cashflow from operations of SEK million -15.5 (-7.9) during the year, which was mainly caused by a negative result, increased tax payments, and increased current receivables. Cash and cash equivalents amounted to SEK 10.7 million [11.9]. The Group's total assets as of December 31, 2022 amounted to SEK 251.7 million [238.4], an increase of 5.6 percent compared with the same time last year. Inventories decreased by 5.4 percent and amounted to SEK 110.1 million [116.5]. The Group's equity / assets ratio was 44.7 percent [50.5]. Equity divided into outstanding 6,195,200 [6,195,200] shares amounted to SEK 18.17 [19.42] as of December 31, 2022.

Expansion

New Nordic's operations create value for the company's customers and shareholders. The company's more than 30 years of knowledge and passion for herbs constitute the platform for the development of herbal supplements, skin care products and hair products. During 2023 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.

Events after the balance sheet date

No events of a material nature have occurred after the balance sheet date.

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, SEK 2.6 million [2.9] which is jointly owned by Marinus Blåbjerg Sørensen and Karl Kristian Bergman Jensen.

Parent company

The parent company's net sales in 2022 amounted to SEK 155.0 million [212.1].

Dividend policy and dividend proposal

New Nordic's financial goal is to enable the company to continue to enjoy good growth and be prepared to take

advantage of future business opportunities. It is important that the company's expansion can continue as before with a continued high degree of financial strength and continued freedom of action. Based on this policy, the Board has decided that the dividend shall amount to 30–40 percent of the period's profit after tax. The Board may also propose the distribution of any excess liquidity. At present, the Board has decided to propose the Annual General Meeting on April 27, 2023 not to pay dividend for the year 2022.

Annual general meeting 2023

The 2023 Annual General Meeting will be held on Thursday, April 27, at 10:00 am at Quality Hotel View, Hyllie Stationstorg, 215 32 Malmö, Sweden.

Annual Report 2022

The annual report is expected to be published on March 27, 2023 on newnordic.se, newnordicinvestor.com, and sent by post to shareholders who have requested this. The document will also be available at the company's headquarters.

Risks and uncertainties

A number of factors can affect New Nordic's earnings and operations. Many of these can be handled through internal routines, while some others are more affected by external influences. There are risks and uncertainties in connection with consumer trends, weather conditions, negative macroeconomic changes, geopolitical risks, sustainability and external factors in production countries, regulatory issues, trade interventions, foreign exchange and tax, but also in connection with expansion into new markets, launch of new products, changes in consumer behavior and how the brand is handled. There are also some risks related to the group's reputation, so-called "reputational risks". For a more detailed description of risks and uncertainties, please refer to the annual report and consolidated financial statements for 2021 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 Accounts (K3). Information about the accounting principles in general is stated in the 2021 annual report.

Audit review

This report has not been audited by the company's auditor.

Certified Adviser

New Nordic Healthbrands AB's certified advisor is Mangold Fondkommission AB. Phone +46 8 503 01 550.

Upcoming reports

Annual Report 2022	March 27, 2023
Three Month Report 2023	April 27, 2023
Annual General Meeting in Malmö	April 27, 2023
Six Month Report 2023	July 31, 2023
Nine Month Report 2023	October 31, 2023
Full Year Report 2023	February 28, 2024
Annual Report 2023	March 27, 2024
Three Month Report 2024	April 30, 2024
Annual General Meeting in Malmö 2024	April 30, 2024

For further information contact:

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Malmö 28 February, 2023, New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB · Hyllie Boulevard 34 · SE-215 32 Malmö · Sweden Phone: +46 40 23 64 14

The year-end report has not been reviewed by the company's auditor.

The Board of Directors and the CEO ensure that the interim report provides a true and fair view of the Group's operations, position, and earnings. Jessica Tyreman, Board Member, Kirsten Ægidius, Board Member, Lennart Sjölund, Board Member, Marinus Blåbjerg Sørensen, Chairman of the Board, Karl Kristian Bergman Jensen, CEO and board member.

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 28 February 2023.

INCOME STATEMENT

(kSEK)	2022	2021	Q4 2022	Q4 2021
Sales	487 501	514 845	111 657	121 009
Cost of goods sold	-169 001	-164 797	-41 860	-42 433
Gross profit	318 500	350 048	69 797	78 576
Personnel expenses	-60 274	-55 784	-15 077	-14 537
Other external expenses	-261 330	-264 782	-60 678	-68 061
EBITDA	-3 104	29 482	-5 958	-4 022
Depreciations	-1 644	-935	-689	-256
Operating profit (EBIT)	-4 748	28 547	-6 647	-4 278
Interest and other financial items	-418	-591	860	-167
Profit after financial items	-5 166	27 956	-5 787	-4 445
Tax	2 343	-6 653	2 257	-54
Profit for the period	-2 823	21 303	-3 530	-4 499
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
EBITDA per share, SEK	-0.50	4.76	-0.96	-0.65
Earnings per share after tax, SEK	-0.46	3.44	-0.57	-0.73

* There are no dilutive effects

BALANCE SHEET

(kSEK)	2022	2021
Assets		
FIXED ASSETS		
Intangible fixed assets	3 628	3 033
Tangible fixed assets	3 155	2 238
Financial assets	7 547	4 869
Total fixed assets	14 330	10 140
CURRENT ASSETS		
Inventories	110 158	116 457
Current receivables	116 482	99 870
Liquid funds	10 703	11 884
Total current assets	237 343	228 211
TOTAL ASSETS	251 673	238 351
Equity and liabilities		
EQUITY	112 572	120 316
Deferred tax	0	2 145
Long-term debt	1 649	1 237
Short term liabilities – interest bearing	48 347	24 426
Short term liabilities – non interest bearing	89 105	90 227
Current liabilities	137 452	114 653
TOTAL LIABILITIES AND EQUITY	251 673	238 351

CHANGE IN EQUITY

FULL YEAR 2022 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	114 121	120 316
Dividend	0	-7 744	-7 744
Exchange difference	0	2 823	2 823
Profit for the period	0	-2 823	-2 823
Closing balance	6 195	106 377	112 572

FULL YEAR 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	3 498	3 498
Profit for the period	0	21 303	21 303
Closing balance	6 195	114 121	120 316

CASH FLOW STATEMENTS

(kSEK)	2022	2021	Q4 2022	Q4 2021
CURRENT OPERATIONS				
Profit after financial items	-4 748	28 547	-6 647	-4 278
Adjustments for				
Depreciations	1 644	935	689	256
Other provisions	-287	0	0	0
	-3 391	29 482	-5 958	-4 022
Interest received	5	3	2	1
Interest expense	-1 525	-594	-244	-168
Taxation paid	-7 178	-5 627	-133	238
Cash flow from current operations before changes in working capital	-12 089	23 264	-6 333	-3 951
Cash flow from changes in working capital				
Inventories	6 299	-35 789	-1 937	-12 332
Current receivables	-10 446	-4 619	20 497	18 309
Current liabilities	786	9 274	-9 958	-12 152
Cash flow from current operations	-15 450	-7 870	2 269	-10 126
INVESTMENT ACTIVITIES				
Acquisition of intangible fixed assets	-1 361	-1 655	-955	-1 426
Acquisition of tangible assets	-1 593	-1 005	-356	-386
Sales of equipment	287	0	0	0
Change in long-term receivables	48	-311	6	-5
Cash flow from investment activities	-2 619	-2 971	-1 305	-1 817
FINANCING ACTIVITIES				
Dividend	-7 744	-9 293	0	0
Changes in long term debt	412	-1 499	51	34
Change in bank overdrafts	23 921	22 863	-1 759	9 935
Cash flow from financing activities	16 589	12 071	-1 708	9 969
Cash flow for the period	-1 480	1 230	-744	-1 974
Liquid funds at the beginning of the period	11 884	10 404	11 398	13 754
Changes in liquid funds	299	250	49	104
Liquid funds at the end of the period	10 703	11 884	10 703	11 884

KEY FIGURES FOR THE GROUP

(kSEK)	2022	2021	Q4 2022	Q4 2021
Sales	487 501	514 845	111 657	121 009
Gross profit	318 500	350 048	69 797	78 576
EBITDA	-3 104	29 482	-5 958	-4 022
Operating profit	-4 748	28 547	-6 647	-4 278
Profit after financial items	-5 166	27 956	-5 787	-4 445
Profit after tax	-2 823	21 303	-3 530	-4 499
Total assets	251 673	238 351	251 673	238 351
Return on capital employed, %	-4.1	19.6	-3.7	-3.0
Return on shareholders equity, %	-2.5	17.7	-3.1	-3.7
Equity	112 572	120 316	112 572	120 316
Equity ratio, %	44.7	50.5	44.7	50.5
Debt ratio	1.24	0.98	1.24	0.98
Interest coverage ratio	-4.4	48.1	-24.5	-25.5
Investments	2 954	2 660	1 311	1 812
Cash flow from current operations	-15 450	-7 870	2 269	-10 126
Gross margin, %	65.3	68.0	62.5	64.9
EBITDA margin, %	-0.6	5.7	-5.3	-3.3
Operation margin, %	-1.0	5.5	-5.9	-3.5
Profit margin, %	-1.1	5.4	-5.2	-3.7
Number of employees, average	69	66	70	69
Number of employees by the end of the period	71	72	71	72
Sales per employee	7 065	7 801	1 595	1 767
Gross margin per employee	4 616	5 304	997	1 147
Profit per employee	-75	424	-83	-65
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	-0.50	4.76	-0.96	-0.65
Profit per share *, SEK	-0.46	3.44	-0.57	-0.73
Equity per share, SEK	18.17	19.42	18.17	19.42

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by gergraphic, SEK	2022		2021	
	MSEK	Percent	MSEK	Percent
Norden	155	32	171	33
Other Europe	187	38	200	39
North America	128	26	125	24
Other World	17	4	19	4

QUARTERLY OVERVIEW

	2022				2021				2020			
	Q 1	Q2	Q3	Q4	Q 1	Q2	Q3	Q4	Q 1	Q2	Q3	Q4
Turnover MSEK	123.3	130.7	121.8	111.7	127.8	141.1	124.9	121	112.3	104.8	115.3	117.8
Change from last year, %	-3.5	-7.4	-2.5	-7.8	13.9	34.7	8.3	2.8	8.3	-10.1	-2.4	2.9
EBITDA, MSEK	2.0	-6,3	7.2	-6.0	13.4	11.2	8.9	-4.0	7.1	4.8	8.2	4.6
EBITDA-margin, %	1.7	-4.8	5.9	-5.3	10.5	7.9	7.2	-3.3	6.3	4.6	7.1	3.9
Operating result, MSEK	1.8	-6.6	6.8	-6.6	13.2	10.9	8.7	-4.3	6.9	4.5	8.0	4.4
Operating margin, %	1.4	-5.1	5.6	-5.9	10.3	7.7	7.0	-3.5	6.1	4.3	6.9	3.7
Result before tax, MSEK	1.6	-6.7	5.8	-5.8	13.1	10.8	8.5	-4.4	6.8	4.2	7.8	4.5
Result after tax, MSEK	1.0	-7.5	7.2	-3.5	10.4	8.7	6.7	-4.5	5.4	3.3	6.4	2.7
Cash, MSEK	10.2	6.0	11.4	10.7	11.5	11.0	13.8	11.9	11.9	10.2	11.2	10.4
Inventory, MSEK	120.0	112.1	108.2	110.5	87.9	92.5	104.1	116.5	83.3	86.7	77.9	80.7
Equity, MSEK	122.0	108.4	116.1	112.6	118.7	117.3	123.8	120.3	107.8	97.1	103.8	104.8
Result per share, SEK	0.16	-1.21	1.16	-0.57	1.68	1.41	1.08	-0.73	0.87	0.53	1.04	0.43
Equity per share, SEK	19.69	17.49	18.74	18.17	19.16	18.94	19.98	19.42	17.41	15.68	16.75	16.92
Cash flow from current operations per share, SEK	-0.54	-1.86	-0.48	0.37	0.18	-0.14	0.33	-1.63	-0.06	1.42	-0.18	1.99
Equity ratio, %	48.4	43.4	43.7	44.7	52.4	49.6	50.7	50.5	49.1	47.4	51.0	54.7

Gross profit: New Nordic's gross profit is the company's net sales less costs to New Nordic suppliers.

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.