



PRESS RELEASE

Malmö 28 February 2023

New Nordic Healthbrands AB (publ) Full Year Report January - December 2022

FULL YEAR 2022

- Net sales amounted to MSEK 487.5 (514.8), a decrease of 11.3 percent in local currencies and 5.3 percent in SEK.
- Gross margin decreased to 65.3 percent (68,0).
- EBITDA decreased to MSEK -3.1 (29.5).
- Operating profit decreased to MSEK -4.7 (28.5).
- Profit after tax for the period decreased to MSEK -2.8 (21.3).
- Earnings per share after tax increased to SEK -0.46 (3.44).

Q4 2022

- Net sales amounted to MSEK 111.7 (121.0), a decrease of 14.6 percent in local currencies and 7.7 percent in SEK.
- Gross margin decreased to 62.5 percent (64.9).
- EBITDA decreased to MSEK -6.0 (-4.0).
- Operating profit decreased to MSEK -6.6 (-4.3).
- Profit after tax for the period decreased to MSEK -3.5 (-4.5).
- Earnings per share after tax decreased to SEK -0.57 (-0.73).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

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.

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 2022, revenues were SEK 488 million. Almost all New Nordic products sold worldwide are manufactured in Scandinavia. For more information, visit www.newnordic.com.

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