

NEW NORDIC HEALTHBRANDS AB (PUBL)

THREE MONTH REPORT

JANUARY - MARCH 2023



	Q1 2023	Q1 2022	FULL YEAR 2022
Net sales, kSEK	126 262	123 336	487 501
Change in SEK, percent	2.4	-3.5	-5.3
Change in local currencies, %	-4.5	-8.6	-11.3
Gross profit, kSEK	79 538	82 907	318 500
Gross margin, %	63.0	67.2	65.3
EBITDA kSEK	2 605	2 038	-3 104
EBITDA, %	2.1	1.7	-0.6
Operating profit, kSEK	2 235	1 759	-4 748
Operating margin, %	1.8	1.4	-1.0
Profit for the period, kSEK	585	980	-2 823
Earnings per share EBITDA, SEK	0.42	0.33	-0.5
Earnings per share * after tax, SEK	0.09	0.16	-0.46

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

The times are still marked by the tough market climate and the cautious buying behavior of our customers. Therefore, the year began with caution in marketing and our total costs. With our efforts, we achieved a revenue increase of 2 percent in Swedish kronor, but revenue in local currencies decreased by almost 5 percent.

The gross profit margin is affected by sharp price increases from our manufacturers and suppliers. In addition to the price increases we have already made ourselves for our customers, we have announced further price increases in the coming quarters to increase our gross profit margin. Furthermore, we will look at the possibility of changing the relationships between suppliers and manufacturers to benefit the gross profit margin. During the quarter, our cost prices are further influenced negatively by high indirect costs.

Thanks to a targeted efforts, our inventory has now decreased by almost 25 million compared to the end of the first quarter of 2022 and it is now at a reasonable level.

In the coming period, we will focus on increasing our gross margin and our result while, in the challenging market climate, we will work to create growth again through increased effective marketing efforts. We will also focus on strengthening our investments in the US. In addition, we will introduce new exciting nutritional supplements and skin care products, which are planned in collaboration with our main retailers.

As usual, the staff has continued to make a formidable contribution and our organization is focused on continued development of the company. I am confident that our initiatives will bear fruit and look forward to growth in revenue and earnings in 2023.

Net sales

Net sales amounted to SEK 126,262,000 (SEK 123,336,000), which is an increase of 2.4%. During the quarter, currency had a negative impact on the change in net sales by 4.5% and is primarily attributable to the kroner's continued weak development against the majority of currencies in the geographical areas where New Nordic operates. No structural effects in the form of a change in group composition have affected the period.

The underlying demand for our products is generally good, although we see a continued decline, mainly driven by continued high inflation as well as general uncertainty in the economy and the global situation. We also see that our consumers generally tend to buy smaller packaging sizes than before, which we believe is an effect of the deteriorating economic situation that many consumers have suffered in the last 12–15 months.

The product mix is an important part of both net sales and gross profit, where we have seen an increase in demand for products with both a lower selling price and a lower gross margin, which affects both key figures negatively. In addition, a certain increase in promotional discounts has contributed to a lower net turnover.

Net sales – geographical distribution

Net sales in the Nordics amounted to SEK 42,133,000 (SEK 37,358,000), which is an increase of 13%. Net sales in Europe amounted to SEK 47,725,000 (SEK 43,476,000), which is an increase of 10%. Net sales in North America amounted to SEK 33,186,000 (SEK 36,602,000), which is a decrease of 9%. Net sales in the rest of the world amounted to SEK 3,218 thousand (SEK 5,900 thousand), which is a decrease of 45%. The rest of the world is the group's smallest and youngest business area, which is reflected in sales.

The distribution continues to be that we have three relatively even geographical areas where Europe continues to be the largest market and the rest of the world continues to be the smallest market even during the first quarter of 2023. Historically, the Nordic region has been the largest geographical market, but as we have in recent years established new operations primarily in Europe, outside the Nordics, that market has established itself as the largest in terms of sales.

Gross profit

Gross profit decreased by 4.1% to NOK 79,538,000 (NOK 82,907,000) in the quarter. The gross margin decreased to 63.0% (67.2%) in the quarter. Costs for merchandise are up by SEK 6,295,000 or 15.6% in the quarter, which in combination with only a sales increase of SEK 2,926,000 or 2.3% means that the gross profit and gross margin are down by 4.2% when compared to the corresponding previous quarter year.

On a positive note, inventory levels have continued to fall and the aim has been to find a balance between growth and profitability. The group's gross margin is an effect of the product mix and the market mix, which differ between the quarter and the year. This, in turn, is an effect of primarily new establishment of both products and markets where new markets and new products generally eat away at the gross margin.

Bad manufacturing overheads that started during the fourth quarter of 2022 have continued during Q1 2023 and will likely affect the gross margin negatively for a period before price increases and other initiatives have taken effect. In practice, this has meant a cost absorption that has not been reflected in the sales prices to the same extent.

Operating costs

Operating costs, excluding depreciation and cost of goods sold, decreased by 4.9% or SEK 3,936,000 to SEK 76,933,000 (-SEK 80,869,000) in the quarter. A continued maintenance and optimization of marketing

activities and marketing costs is the single biggest contributor to the reduction. Personnel costs continued to increase slightly during the quarter and amounted to SEK -16,679k (-15,600k), which is an effect of the prevailing wage situation.

Operating profit (EBIT)

The operating result amounted to SEK 2,235,000 (SEK 1,759,000) and corresponds to an operating margin of 1.8% (1.4%) in the first quarter. This is an increase of SEK 476,000 or 27.0%.

Financial records

Financial items amount to SEK 834,000 (-196,000) and are a combination of exchange rate effects and interest costs. Net interest has contributed negatively by SEK -562k (-170k), which is an effect of an increased net debt mainly related to the increased degree of overdraft utilization.

Tax

Tax for the period amounted to SEK -816 thousand (SEK -583 thousand). The group's effective tax for the period was -58% (-37.3%), which is a combination of local tax rates, changes in deferred tax on loss carry-forwards and other temporary differences.

The period's result

The result for the period amounted to SEK 585,000 (SEK 980,000). Earnings per share amounted to kroner 0.09 (kroner 0.16) and there are no dilution effects.

Working capital

The group realized a net working capital of SEK 131,556 thousand (SEK 131,622 thousand), corresponding to 26.8% (25.8%) of net sales for the last twelve months. The inventory position has continued to decrease and comes in at SEK 95,424 thousand, which is positive from a capital commitment perspective. The stock position has improved to a satisfactory level.

Net debt/net cash

The group's net debt (+) increased to SEK 33,466 thousand (SEK 18,274 thousand). The increase is due to a higher utilization rate of the group's overdraft facility as a result of the increased need to tie up capital that has existed in recent quarters.

Liquid funds

Cash and cash equivalents increased to SEK 11,545,000 (SEK 10,188,000), mainly driven by cash flow from current operations and, in particular, working capital

Interest-bearing liabilities

Interest-bearing liabilities (short- and long-term) have increased to SEK 45,012 thousand (SEK 28,462 thousand), mainly driven by an increased overdraft as a result of an increased need to tie up capital.

Equity

Equity attributable to the parent company's shareholders decreased to SEK 113,470,000 (SEK 121,983,000). The equity ratio amounted to 47.3% (48.4%) and equity per share amounted to SEK 18.32 (SEK 19.69).

Cash flow

The cash flow for the period amounted to SEK 1,071,000 (-1,619,000 SEK), driven mainly by the cash flow from current operations.

Cash flow from current operations

The cash flow from current operations amounted to SEK 6,795,000 (-3,358,000 SEK) compared to the previous year, it is mainly the change in working capital and especially the inventory that contributed positively.

Cash flow from investment activities

The cash flow from investment activities amounted to SEK -965 thousand (SEK -1,060 thousand) and the rate of investment in mainly tangible and intangible fixed assets remains low.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK -4,985 thousand (SEK 2,799 thousand). The change is mainly due to reduced overdrafts in the period when compared with the corresponding period of the previous year when the utilization rate of overdrafts increased.

Other information

New Nordic's operations create value for the company's customers and shareholders. In 2023 and beyond, the company will continue to develop herbal supplements and beauty products to address specific health and beauty needs. New Nordic will market these products to a growing number of consumers worldwide. Everything 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.

Significant risks and uncertainties

There have been no significant changes in relation to what New Nordic stated in the submitted annual report for the year 2022 under Risks and risk management.

Staff

The number of employees, converted to full-time employees, at the end of the quarter amounted to 73 people (75).

Significant events during the reporting period

No material events that are not described in other parts of this report have occurred.

Significant events after the reporting period

No material events have occurred up to the time this report was released for publication.

General information

If nothing else is stated, all amounts are reported in thousands of kroner, SEK thousand. Information in parentheses () refers to the comparison period. Unless otherwise stated in this interim report, this refers to the group. The group's certified adviser is Mangold Fondkommission AB. Telephone +46 8 503 01 550

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

The parent company

New Nordic Healthbrands AB (publ), org. no. 556698-0453, is a registered limited liability company based in Malmö, Sweden. The share is listed on Nasdaq First North Growth Market, Stockholm.

During the first quarter of 2023, the parent company had a net turnover of SEK 38,812 thousand (SEK 44,364 thousand) and the profit for the period amounted to SEK -376 thousand (SEK -1,965 thousand).

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 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 2020 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 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:

Karl Kristian Bergman Jensen, CEO, kk@newnordic.com

This report has not been reviewed by the company's auditors.

Malmö 27 April, 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 27 April 2023.

INCOME STATEMENT

(kSEK)	Q1 2023	Q1 2022	FULL YEAR 2022
Sales	126 262	123 336	487 501
Cost of goods sold	-46 724	-40 429	-169 001
Gross profit	79 538	82 907	318 500
Personnel expenses	-16 679	-15 600	-60 274
Other external expenses	-60 254	-65 269	-261 330
EBITDA	2 605	2 038	-3 104
Depreciations	-370	-279	-1 644
Operating profit (EBIT)	2 235	1 759	-4 748
Interest and other financial items	-834	-196	-418
Profit after financial items	1 401	1 563	-5 166
Tax	-816	-583	2 343
Profit for the period	585	980	-2 823
Average number of shares	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
Earnings per share, SEK	0.09	0.16	-0.50
EBITDA per share, SEK	0.42	0.33	-0.46

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q1 2023	Q1 2022	FULL YEAR 2022
Assets			
FIXED ASSETS			
Intangible fixed assets	3 605	2 950	3 628
Tangible fixed assets	3 796	3 260	3 155
Financial assets	7 354	4 516	7 547
Total fixed assets	14 755	10 726	14 330
CURRENT ASSETS			
Inventories	95 424	120 013	110 158
Current receivables	117 995	111 202	116 482
Liquid funds	11 545	10 188	10 703
Total current assets	224 964	241 403	237 343
TOTAL ASSETS	239 719	252 129	251 673
Equity and liabilities			
EQUITY	113 470	121 983	112 572
Deferred tax	0	2 090	0
Long-term debt	1 672	1 292	1 649
Short term liabilities – interest bearing	43 339	27 170	48 347
Short term liabilities – non interest bearing	81 238	99 594	89 105
Current liabilities	124 577	126 764	137 452
TOTAL LIABILITIES AND EQUITY	239 719	252 129	251 673

CHANGE IN EQUITY

Q1 2023 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	106 377	112 572
Currency exchange differences	0	313	313
Profit for the period	0	585	585
Balance	6 195	107 275	113 470

Q1 2022 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	114 121	120 316
Currency exchange differences	0	687	687
Profit for the period	0	980	980
Balance	6 195	115 788	121 983

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

CASH FLOW STATEMENTS

(kSEK)	Q1 2023	Q1 2022	FULL YEAR 2022
CURRENT OPERATIONS			
Profit after financial items	2 235	1 759	-4 748
Adjustments for			
Depreciations	370	279	1 644
Other provisions	89	-103	-287
		1 935	-3 391
Interest recieved	2	1	5
Interest expense	-627	-197	-1 525
Taxation paid	-1 153	-3 317	-7 178
Cash flow from current operations before changes in working capital	916	-1 578	-12 089
Cash flow from changes in working capital	14 734	-3 556	6 299
Inventories	-243	-10 186	-10 446
Current receivables	-8 612	11 962	786
Current liabilities	6 795	-3 358	-15 450
Cash flow from current operations			
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets	-107	-26	-1 361
Acquisition of tangible assets	-863	-1 160	-1 593
Sales of equipment	0	103	287
Change in long-term receivables	5	23	48
Cash flow from investment activities	-965	-1 060	-2 619
FINANCING ACTIVITIES			
Dividend	0	0	-7 744
Changes in long term debt	24	55	412
Change in bank overdrafts	-5 009	2 744	23 921
Cash flow from financing activities	-4 985	2 799	16 589
Cash flow for the period	845	-1 619	-1 480
Liquid funds at the beginning of the period	10 703	11 884	11 884
Changes in liquid funds	-3	-77	299
Liquid funds at the end of the period	11 545	10 188	10 703

KEY FIGURES

(kSEK)	Q1 2023	Q1 2022	FULL YEAR 2022
Sales	126 262	123 336	487 501
Gross profit	79 538	82 907	318 500
EBITDA	2 605	2 038	-3 104
Operating profit	2 235	1 759	-4 748
Profit after financial items	1 401	1 563	-5 166
Profit after tax	585	980	-2 823
Total assets	239 719	252 129	251 673
Return on capital employed, %	0.36	1.2	-4.1
Return on shareholders equity, %	0.5	0.8	-2.5
Equity	113 470	121 983	112 572
Equity ratio, %	47.3	48.4	44.7
Dept ratio	1.11	1.07	1.24
Interest coverage ratio	-0.67	8.93	-4.4
Investments	-970	1 186	2 954
Cash flow from current operations	6 795	-3 358	-15 450
Cash flow from financing activities	-4 985	2 799	16 589
Gross margin, %	63.0	67.2	65.3
EBITDA margin, %	2.1	1.7	-0.6
Operation margin, %	1.8	1.4	-1.0
Profit margin, %	1.1	1.3	-1.1
Number of employees, average	71	74	69
Number of employees by the end of the period	73	75	71
Sales per employee	1 778	1 678	7 065
Gross margin per employee	1 120	1 128	4 616
Profit per employee	20	21	-75
Average number of shares in the period	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
Treasury shares at end of period *	0	0	0
EBITDA per share, SEK	0.42	0.33	-0.50
Profit per share *, SEK	0.09	0.16	-0.46
Equity per share, SEK	18.32	19.69	18.17

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by geographical area, SEK	Q1 2023		Q1 2022		FULL YEAR 2022	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	42	33	37	30	155	32
Other Europe	48	38	44	35	187	38
North America	33	26	37	30	128	26
Other World	3	3	5	5	17	4

QUARTERLY OVERVIEW

	2023	2022				2021				2020			
	Q 1	Q 1	Q2	Q3	Q4	Q 1	Q2	Q3	Q4	Q 1	Q2	Q3	Q4
Turnover MSEK	126.3	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, %	2.4	-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	2.6	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, %	2.1	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	2.2	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, %	1.8	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	1.4	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	0.6	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	11.5	10.2	6.0	11.4	10.7	11.5	11.0	13.8	11.9	11.9	10.2	11.2	10.4
Stocks, MSEK	95.4	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	113.5	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	0.09	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	18.32	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	1.10	-0.54	-1.86	-0.48	0.37	0.18	-0.14	0.33	-1.63	-0.06	1.42	-0.18	1.99
Solidity, %	47.3	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: 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.