



PRESS RELEASE

Malmö 31 July 2024

New Nordic Healthbrands AB (publ) Interim Report Q2 January - June 2024

Historic sales increase during Q2 and continued strong trend after the first half of the year.

Second quarter (1 April 2023 - 30 June 2023)

- The group's net sales in SEK increased by 8.4 percent during the quarter to SEK 140.9 million (129.9). In local currencies., the increase was 8.3 percent.
- Gross margin decreased to 65.4 percent (66.5) percent and the gross profit amounted to SEK 92.1 million (86.4) million.
- Operating profit improved to -1.9 MSEK (-2.6) MSEK.
- The period's result after tax decreased to SEK -4.5 (-3.1) million equal to SEK -0.72 (-0.50) per share*.
- Cash flow from current operations amounted to MSEK 0 (11.6).

* There are no dilution effects

First half of the year (January 1. 2023 - June 30. 2023)

- The group's net sales in SEK increased by 5.8 percent during the first six months of the year to SEK 271.1 million (256.2). In local currencies, the increase was 5.0 percent.
- Gross margin decreased to 64.4 percent (64.8) percent and the gross profit amounted to SEK 174.7 million (SEK 165.9 million).
- Operating profit decreased to -5.7 MSEK (-0.4) MSEK.
- The period's result after tax decreased to SEK -7.9 (-2.5) million equal to SEK -1.27 (-0.40) per share*.
- Cash flow from current operations amounted to -15.8 MSEK (18.4) MSEK.

CEO COMMENTS BY KARL KRISTIAN BERGMAN JENSEN

We have had good revenue growth and we have a sales record in the first half of the year. During the quarter and for the entire half year, we made progress in Europé, North America, and Rest of the World. This includes major markets such as the US, UK, and Germany.

We see strong revenue growth with record sales in the first half of the year in three out of four geographic areas. Europe (+9.6%), North America (+9.5%), and Rest of the World (+90%). In the Nordic region sales have decreased (-10.8%), and special measures will now be implemented to reverse the trend.

The Nordic countries

Sales are still not up to expectations in Denmark and Sweden. We are experiencing greater competition in both countries with price pressure as a result. In 2023. the major retailers increased their inventory, which has taken long to turn over. Consumer behavior is characterized by external factors such as general concern with inflation, higher interest rates, and geopolitical instability. The reduced sales mainly relates to the 'Inner Beauty' food supplement segment.

Reduced sales and earnings in Denmark and Sweden during the first half of the year is also the main reason for our unsatisfactory results. We expect retailers' inventory adjustments to now subside and we also expect a more positive buying pattern from our consumers in the second half of the year. Already in June, we have seen improvements in Denmark. In close cooperation with the largest retailers, we have drawn up an action program for the autumn regarding product range and marketing efforts.

Unlike Sweden and Denmark, sales are increasing in Norway. From an international perspective, pharmacies is our biggest retailer channel, followed by drugstores, and health stores. In addition, we have now started selling directly to consumers in Norway through our website www.vitagold.no. For now, only the product Vita Gold™, which is specially developed for this purpose.

Europe

We have continued our investments in Switzerland and Spain. Markets that still cost us money to establish ourselves in, but which at the same time represent great future potential. In these two markets, we are focusing on building distribution through pharmacies and expect a positive result only in 2026.

North America

In the United States, we have now completed a package of measures that lasted for more than two years. We have reviewed governance, competence, product range and sales channels and after the first half of the year, we see a new positive trend with both increased turnover and profitability.

Canada shows positive growth and results in the first half of the year and we see great potential for continued stable growth.

Rest of the World (Asia, Central Asia, and Australia)

In Asia, especially in China and in Vietnam, there has been good progress in the cooperation with our distributors. We expect this development to continue. The potential in Asia is great with a larger market for dietary supplements than in Europe. During the first half of the year, we see a record-breaking increase in sales and with improved profitability.

The future potential in Australia is great and investment continues with a focus on building distribution through pharmacies and health stores. Sales are increasing, but we do not expect to achieve a positive result for two to three years.

During the first half of the year, we have down regulated our investments in some less significant markets, which also contributes to the result in the short term. In Portugal, we make a limited investment to test the market through a distributor who markets and sells some products through its channels and customer relationships.

Just this quarter, we started the collaboration with a large pharmaceutical and OTC company regarding the takeover of the distribution of New Nordic in Kazakhstan and a number of countries in Central Asia. We look forward to working with this strong distributor and expect increased sales in the area.

Innovation and development

We have just initiated a new plan for growth in our dietary supplements under the name "Driving Power Categories". It is a plan that we are presenting internationally to the trade now and during the autumn, to jointly increase growth in new plant-based categories that are also supported by trends on social media. "Power Categories" are product categories that are growing faster than the rest of the dietary supplement market. Current examples are magnesium, collagen, and mushrooms, but there are also other exciting "Power Categories" that we are currently exploring.

We will also launch products that can help maintain and strengthen our competitive advantage against new competitors including our resellers' own products.

After the first half of the year, we see growth in sales and revenue from the range of food supplements and cosmetics with hair and skin care. Within dietary supplements, the "Gummies" segment has particularly good growth in sales, especially in USA, Canada, and England.

Summary

The reason for our overall growth is increased and more effective marketing efforts as well as successful innovation.

Our gross profit is lower than our ambition. During the first half of the year, we have succeeded in renegotiating agreements with some of our contract manufacturers and have thus achieved lower cost prices, which we expect to be reflected in the gross profit in the second half of the year. We also carry out price increases with respect for the consumer's financial capacity.

During the first half of the year, we have had costs of a one-off nature in connection with establishing our own warehouse in Landskrona, upgrading our financial system and launching the new New Nordic webstore in 24 countries. All these major initiatives have now been implemented. Our warehouse in Landskrona will serve Sweden and Denmark as well as some smaller export countries. Our webshops are improved and also contain the possibility for subscription purchase.

I thank the entire New Nordic team for a continued great effort to create growth and thereby work towards better profitability in the company.

I am convinced that we in Denmark and Sweden will return to high profitability in the second half of the year, that the USA is in positive development again, that our other European markets and Asia will continue the excellent growth curve, and finally that our three new investment markets Switzerland, Spain, and Australia are on the right path forward.

I look forward to the second half of the year in New Nordic, where we focus on creating profits and positive earnings per share.



Karl Kristian Bergman Jensen, CEO

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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 2023, revenues were SEK 534 million. Almost all New Nordic products sold worldwide are manufactured in Scandinavia. For more information, visit www.newnordic.com.

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