

NEW NORDIC HEALTHBRANDS AB (PUBL) FULL-YEAR REPORT 2018



	2018	2017	Q4 2018	Q4 2017
Net sales, kSEK	393 708	344 739	97 631	86 642
Change in SEK, %	14.2	12.7	12.7	22.8
Change in local currencies, %	9.8	12.3	9.0	27.9
Gross profit, kSEK	277 510	232 269	69 975	59 108
Gross margin, %	70.5	67.4	71.7	68.2
EBITDA kSEK	34 891	28 455	9 983	9 854
EBITDA, %	8.9	8.3	10.2	11.4
Operating profit, kSEK	34 223	27 654	9 820	9 643
Operating margin, %	8.7	8.0	10.1	11.1
Profit after tax for the period, kSEK	26 523	20 297	7 246	6 638
EBITDA per share *, SEK	5.63	4.59	1.61	1.59
Earnings per share after tax *, SEK	4.28	3.28	1.17	1.07

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

2018 was another good year for New Nordic.

Sales increased by 14 percent. In local currencies, the increase was 10 percent. Earnings per share after tax increased by 31 percent to SEK 4.28.

The development of sales has been satisfactory in all geographical areas and we have taken market shares and increased our international position.

In 2018, we have further increased our distribution, assortment and presence in the US. Our efforts have reduced our positive profit contribution in the US in 2018 but we expect that we will see the effect of our efforts as early as 2019.

In Europe, the major markets such as the UK and Germany have also enjoyed particularly good growth. In Switzerland, we still have challenges in getting the distribution in the individual pharmacies, but sales increase month by month. Our launch at pharmacies in Hong Kong this fall has had a fine start and consumers in Hong Kong respond well to our marketing activities.

Our introduction of New Nordic on T-mall's so-called "cross-border platform" in April 2018 has developed slower than expected but in 2019 we will work to increase distribution to other "cross-border" platforms. In addition, we are working on introducing one or more products for sale in physical pharmacies in China.

During the autumn, we increased our staff to introduce New Nordic to selected markets in southeastern Europe. The preparations are ongoing and we expect to get products in the trade in some of these countries in the first half of 2019.

Our cost control is good. Economies of scale and a favorable product mix have made it possible for us to increase the gross profit. We have increased sales and personnel costs relatively more than the sales increase. This will ensure our expansion in new markets and create a stronger position in important export markets. We are favored by very low depreciation and financial expenses. Overall, I am pleased with the improvement in our results.

We had a positive cash flow from operating activities of SEK 17.9 million. Our financial position and equity ratio are good. The Group's total assets at December 31, 2018 amounted to SEK 162.6 million. Inventories increased by 27.9 per cent compared with to last year and amounted to SEK 65.1 million. The increased inventory is the result of increased operations in several countries, decisions to purchase raw material in bigger quantities to increase gross profit and the fact that more goods is transported internationally by sea to save freight costs. Our principle of having two manufacturers for our essential products also causes us to have inventory of the same raw material in several places.

Our product development has resultet in several good news during the year. We have strengthened our Blue Berry™ Eye Vitamin range with Blue Berry™ Eye Stress for people who focus many hours on a digital screen. The launch of Prosta Vital™ in Denmark has been a success and we expect a lot from this product in the future. We have also launched Fat Burner™ which has been very well received in several countries. Our good old Apple Cider tablet has been given a renaissance and has come in a new variant - the world's first apple-cider vinegar gummy, which is now on its way to several markets.

On the research side, we have continued to isolate and grow natural lactic acid bacteria from honey and pollen. In addition, at the end of the year, we completed a placebo-controlled study in Paris on Hair Volume™ with good results. The study showed much stronger hair and more new hair for the participants who took a Hair Volume™ tablet daily.

2018 has been an exciting year for New Nordic. All employees have made a phenomenal effort. We are all very committed and work on continuing to increase our internationalisation, sales and earnings per share. I look forward to an eventful and successful year in 2019. A year in which we can create additional value for our consumers, retailers and not least for New Nordic and our shareholders.

Sales

Sales for the year amounted to SEK 393.7 million [344.7], an increase of 14.2 percent. In local currencies, the increase was 9.8 percent. Sales in the Nordic countries increased by 11.0 percent to SEK 160.3 million [144.4]. Sales in other European countries increased by 26.1 per cent to SEK 138.5 million [109.8]. Sales in North America increased by 2.1 percent to SEK 90.6 million [88.7]. Exports to Asia increased to SEK 4.3 million [1.8].

Results for the year

Gross profit for the year amounted to SEK 277.5 million [232.3]. This corresponds to a gross margin of 70.5 per cent [67.4]. This is mainly a result of the company's efforts to focus market investments on products with a high gross margin and economies of scale in raw materials and production costs. Sales and administration expenses amounted to SEK 242.6 million [203.8], an increase of 19.0 percent. The largest cost increase was related to higher marketing costs. EBITDA increased by 22.6 percent to SEK 34.9 million [28.5]. This corresponds to an EBITDA margin of 8.9 percent [8.3]. Operating profit amounted to SEK 34.2 million [27.7]. This corresponds to an operating margin of 8.7 percent (8.0). Profit after financial items amounted to SEK 34.1 million [27.1]. In 2018, total net interest income and financial items amounted to SEK -0.1 million [-0.5]. Profit after tax for the financial year amounted to SEK 26.5 million [20.3].

Comments for fourth quarter

Sales in local currencies increased by 9.0 percent. Converted to SEK, sales increased by 12.7 percent to SEK 97.6 million (86.6). The gross margin increased to 71.7 percent [68.2]. EBITDA increased to SEK 10.0 million [9.9]. Sales and administration expenses amounted to SEK 60.0 million [49.3], an increase of 21.7 percent. Profit after financial items amounted to SEK 9.7 million [9.9] and the net profit increased to SEK 7.2 million [6.6].

Financial position and cash flow

The business generated a positive cash flow of 17.9 million (26.4) during the year. Cash and cash equivalents amounted to SEK 14.4 million [9.1].

The Group's total assets at December 31, 2018 amounted to SEK 162.6 million [138.8], an increase of 17.1 percent compared with the same time last year. Inventories increased by 27.9 per cent compared with the same period last year and amounted to SEK 65.1 million [50.9]. The Group's equity / assets ratio was 49.3 percent [43.8]. Equity divided by outstanding 6,195,200 [6,195,200] shares as of December 31, 2018 amounted to SEK 12.95 [9.82].

Expansion

In 2019, the company will continue to focus on building a leading brand in a number of specific market segments. Profitable products will be launched in markets where New Nordic is active and efforts will be made to broaden the geographical distribution through reputable national distributors who can market new Nordic brands for their own account and risk in the country. New Nordic expects to increase sales and earnings in all markets where the company operates.

Events after the balance sheet date

No special events.

Transactions with related parties

There have been no significant transactions with related parties during the period.

Parent company

The parent company's net sales in 2018 amounted to 148.6 million [122.1].

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 exploit future business opportunities. It is important that the company's expansion can continue as before with a continued high degree of economic strength and continued freedom of action. Based on this policy, the Board has decided that the dividend shall amount to 30-40 per cent of the profit after tax. In addition, the Board may propose a distribution of any excess liquidity.

The Board of Directors has decided to propose a dividend of SEK 1.50 per share (1.15) to the Annual General Meeting on April 25, 2019, corresponding to 35 percent (35) of the profit after tax.

The record date proposed for the dividend payment of SEK 1.50 per share is April 30, 2019. This would then be paid on May 3, 2019.

Annual general meeting 2019

The Annual General Meeting 2019 will be held on Thursday 25 April at 10.00 am at Clarion Hotel, Dag Hammarskjolds Torg 2, Malmö, Sweden

Annual Report 2018

The annual report is expected to be published on March 28, 2019 on newnordic.se and sent out by mail to shareholders who have requested this. The document will also be available at the company's head office.

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 2017 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 Financial Statements (K3).

Audit review

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

Certified Adviser

New Nordic Healthbrands AB's Certified Adviser är Mangold Fondkommission AB. +46 8 503 01 550.

Upcoming reports 2019

Year-end report 2018	March 1, 2019
Annual Report 2018	March 28, 2019
Three month report 2019	April 25, 2019
Annual General Meeting in Malmö	April 25, 2019
Six month report 2019	July 31, 2019
Nine month report 2019	October 31, 2019
Year-end report 2019	February 28, 2020
Annual Report 2019	March 27, 2020
Three-month report 2020	April 29, 2020
Annual General Meeting in Malmö	April 29, 2020

For further information contact:

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Malmö 31 October 2018

New Nordic Healthbrands AB (publ)
Board of Directors

New Nordic Healthbrands AB
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This full year report has not been reviewed by the company's auditor.

The Board of Directors and the CEO assure that the interim report provides a true and fair view of the Group's operations, position and results.

Jessica Tyreman, Board member
Lennart Sjölund, Board member
Marinus Blåbjerg Sørensen, Chairman of the board
Karl Kristian Bergman Jensen, CEO and board member

INCOME STATEMENT

(kSEK)	2018	2017	Q4 2018	Q4 2017
Sales	393 708	344 739	97 631	86 642
Cost of goods sold	-116 198	-112 470	-27 656	-27 534
Gross profit	277 510	232 269	69 975	59 108
Personnel expenses	-40 570	-35 382	-11 251	-10 185
Other external expenses	-202 049	-168 432	-48 741	-39 069
EBITDA	34 891	28 455	9 983	9 854
Depreciations	-668	-801	-163	-211
Operating profit (EBIT)	34 223	27 654	9 820	9 643
Interest and other financial items	-104	-539	-122	227
Profit after financial items	34 119	27 115	9 698	9 870
Tax	-7 596	-6 818	-2 452	-3 232
Profit for the period	26 523	20 297	7 246	6 638
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	5.63	4.59	1.61	1.59
Earnings per share after tax, SEK	4.28	3.28	1.17	1.07

* There are no dilutive effects

BALANCE SHEET

(kSEK)	2018	2017
Assets		
FIXED ASSETS		
Intangible fixed assets	9	37
Tangible fixed assets	1 282	1 239
Financial assets	4 348	4 324
Total fixed assets	5 639	5 600
CURRENT ASSETS		
Inventories	65 126	50 917
Current receivables	77 496	73 243
Liquid funds	14 386	9 058
Total current assets	157 008	133 218
TOTAL ASSETS	162 647	138 818
Equity and liabilities		
EQUITY	80 213	60 810
Deferred tax	2 558	2 040
Long-term debt	1 149	1 363
Short term liabilities – interest bearing	2 657	7 292
Short term liabilities – non interest bearing	76 070	67 313
Current liabilities	78 727	74 605
TOTAL LIABILITIES AND EQUITY	162 647	138 818

CHANGE IN EQUITY

FULL YEAR 2018 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	54 615	60 810
Dividend	0	-7 124	-7 124
Exchange difference	0	4	4
Profit for the period	0	26 523	26 523
Closing balance	6 195	74 018	80 213

FULL YEAR 2017 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Balance	6 195	36 784	42 979
Dividend	0	-2 478	-2 478
Exchange difference	0	12	12
Profit for the period	0	20 297	20 297
Closing balance	6 195	54 615	60 810

CASH FLOW STATEMENTS

(kSEK)	2018	2017	Q4 2018	Q4 2017
CURRENT OPERATIONS				
Profit after financial items	34 223	27 654	9 820	9 643
Adjustments for				
Depreciations	668	801	163	211
Other provisions	21	-57	0	-2
	34 912	28 398	9 983	9 852
Interest received	8	0	8	0
Interest expense	-340	-619	-64	-118
Taxation paid	-4 743	-4 637	-573	-195
Cash flow from current operations before changes in working capital	29 837	23 142	9 354	9 539
Cash flow from changes in working capital				
Inventories	-14 209	709	-3 606	-8 501
Current receivables	-4 765	-12 741	22 508	11 487
Current liabilities	6 989	15 310	-12 265	1 467
Cash flow from current operations	17 852	26 420	15 991	13 992
INVESTMENT ACTIVITIES				
Acquisition of tangible assets	-880	-202	-27	-73
Sales of equipment	231	99	0	0
Change in long-term receivables	113	91	-359	159
Cash flow from investment activities	-536	-12	-386	86
FINANCING ACTIVITIES				
Dividend	-7 124	-2 478	0	0
Changes in long term debt	-214	45	175	163
Change in bank overdrafts	-4 635	-21 729	-9 131	-11 870
Cash flow from financing activities	-11 973	-24 162	-8 956	-11 707
Cash flow for the period	5 343	2 246	6 649	2 371
Liquid funds at the beginning of the period	9 058	6 864	7 920	6 687
Changes in liquid funds	-15	-52	-183	0
Liquid funds at the end of the period	14 386	9 058	14 386	9 058

KEY FIGURES FOR THE GROUP

(kSEK)	2018	2017	Q4 2018	Q4 2017
Sales	393 708	344 739	97 631	86 642
Gross profit	277 510	232 269	69 975	59 108
EBITDA	34 891	28 455	9 983	9 854
Operating profit	34 223	27 654	9 820	9 643
Profit after financial items	34 119	27 115	9 698	9 870
Profit after tax	26 523	20 297	7 246	6 638
Total assets	162 647	138 818	162 647	138 818
Return on capital employed, %	40.7	39.8	11.5	13.4
Return on shareholders equity, %	33.1	33.4	9.0	10.9
Equity	80 213	60 810	80 213	60 810
Equity ratio, %	49.3	43.8	49.3	43.8
Debt ratio	1.03	1.28	1.03	1.28
Interest coverage ratio	100.7	44.7	153.44	81.0
Investments	880	202	27	73
Cash flow from current operations	17 852	26 420	15 991	13 992
Gross margin, %	70.5	67.4	71.7	68.2
EBITDA margin, %	8.9	8.3	10.2	11.4
Operation margin, %	8.7	8.0	10.1	11.1
Profit margin, %	8.7	7.9	9.9	11.4
Number of employees, average	47	42	50	41
Number of employees by the end of the period *	51	41	51	41
Sales per employee	8 467	8 307	1 972	2 139
Gross margin per employee	5 968	5 597	1 414	1 459
Profit per employee	734	653	196	244
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	5.63	4.59	1.61	1.59
Profit per share *, SEK	4.28	3.28	1.17	1.07
Equity per share, SEK	12.95	9.82	12.95	9.82

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by gergraphic, SEK	2018		2017	
	MSEK	Percent	MSEK	Percent
Norden	137	41	144	42
Other Europe	139	35	110	32
North America	91	23	89	25
Other World	4	1	2	1

QUARTERLY OVERVIEW

	2018				2017				2016			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Turnover MSEK	88.4	95.0	112.7	97.6	80.9	88.9	88.3	86.6	74.6	76.0	84.7	70.6
Change from last year, %	9.3	6.9	27.6	12.7	8.5	17.0	4.2	22.8	2.2	-0.7	14.7	-6.2
EBITDA, MSEK	7.3	3.8	13.8	10.0	4.2	5.3	9.2	9.9	3.2	2.1	7.4	1.4
EBITDA-margin, %	8.3	4.0	12.2	10.2	5.1	5.9	10.4	11.4	4.3	2.7	8.7	2.0
Operating result, MSEK	7.1	3.6	13.6	9.8	4.0	5.1	9.0	9.6	2.8	1.8	7.2	1.2
Operating margin, %	8.1	3.8	12.1	10.1	4.9	5.7	10.2	11.1	3.8	2.4	8.5	1.7
Result before tax, MSEK	7.4	3.6	13.4	9.7	3.7	4.9	8.7	9.9	3.1	1.6	6.9	0.9
Result after tax, MSEK	5.6	2.9	10.7	7.2	2.9	3.8	7.0	6.6	2.3	1.5	5.5	0.3
Cash, MSEK	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1	4.0	5.7	7.0	6.9
Inventory, MSEK	53.9	61.6	61.7	65.1	43.0	44.2	42.4	50.9	54.4	59.0	51.1	51.6
Equity, MSEK	67.4	63.3	73.7	80.2	45.9	47.0	54.0	60.8	37.7	37.4	42.6	43.0
Result per share, SEK	0.91	0.47	1.73	1.17	0.47	0.61	1.13	1.07	0.37	0.24	0.88	0.05
Equity per share, SEK	10.89	10.22	11.9	12.95	7.41	7.58	8.72	9.82	6.09	6.04	6.88	6.94
Cash flow from current operations per share, SEK	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26	-1.07	0.18	-0.53	-0.06
Solidity, %	45.2	37.6	41.8	49.3	33.9	33.5	38.2	43.8	27.3	26.3	29.6	33.7

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.