



PRESS RELEASE

Malmö March 7, 2016

## New Nordic Healthbrands AB (publ) Full-year report 2015

### FULL YEAR 2015

- Net sales amounted to MSEK 298.5 (271.9), an increase of 10 percent. In local currencies, the increase was 5 percent.
- Gross margin increased to 65.9 percent (63.9).
- EBITDA decreased to MSEK 18.6 (19.1).
- Operating profit decreased to MSEK 15.7 (16.2).
- Profit after tax for the period decreased to MSEK 11.3 (12.4).
- Earnings per share decreased to SEK 1.83 (2.00).

### Q4 2015

- Net sales amounted to MSEK 75.2 (70.7), an increase of 6 percent. In local currencies, the sales increased 5 percent.
- Gross margin increased to 65.9 percent (63.6).
- EBITDA decreased to MSEK 4.2 (4.9).
- Operating profit decreased to MSEK 2.8 (4.4).
- Profit after tax for the period decreased to MSEK 2.3 (3.2).
- Earnings per share decreased to SEK 0.68 (0.80).

### COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

2015 was a good year for New Nordic. Revenues increased 5 percent in local currencies. After the translation to Swedish kronor, the increase was 10 percent and revenues amounted to just over SEK 298 million. Sales have increased in almost all countries where we operate. We are taking market share. The increase in revenue is a result of our focus on continuous product innovation, effective advertising and good activities with our retailers. Sales are well distributed on many products. Out of a total of 30 products, we have 10 products that each accounts for more than 5 percent of sales. Our growth in revenue is not quite up to our ambitions.

Our growth is largely driven by increased marketing investments. Particularly in countries like the US and Germany. There, we work to build a larger presence in the market place and a size of our local revenue that allow us to run a more profitable business. In 2015, we chose to invest a little extra in the United States to lift some additional products sales level while expanding our distribution. In Norway, Sweden and Canada, we have also been challenged this year by various market-specific reasons. We have worked hard to increase the sales level in these three countries, and it has required additional marketing efforts. We have good plans for Norway, Sweden and Canada for 2016 and we are confident that we will manage to normalize the profitability again in these three markets. In England, Denmark, Italy and France, we had good growth in both sales and profitability.

During the year, we have launched some new products: Coffee Diet™, Nordic Organic Fish Oil™, Raspberry Kick™, Skin Care Deep Cleanse™ and Skin Care Dry Skin™. The launches have all gone well and the products have been well received by consumers. In the fourth quarter we also finalized a clinical study in Paris on Skin Care Collagen Filler™ with amazing results in wrinkles and skin moisture, rigor and agility. We expect that these results will benefit the sales of skin care series.

Our costs are under control. By focusing our marketing efforts on products with high gross margin and the fact that our own brand sales now account for over 90 percent of total sales, we have managed to increase gross margin to almost 66 percent. With a high dollar, our herbal raw material prices have increased. Additionally, one of our manufacturers enforced a hefty price increase during the last quarter. Therefore, our gross margin is under pressure right now. We have already taken steps to defend our gross margin by finding alternative solutions to manufacturing and raw material suppliers.

Marketing and sales costs have generally increased proportionally with income. However, in North America, we have invested more as we felt this was to our long term benefit. It was therefore particularly in North America, we had lower earnings but we expect to increase profits again in North America in 2016. From the start of 2016 distribution is expanding in the US pharmacies and we have re-allocated marketing spendings between our individual products. In Canada, we will also expand our distribution significantly on individual products in March, 2016.

Staff and administrative expenses increased pro rata with revenues. We have expanded our staff from 38 to 44 people. Centrally, we have strengthened our regulatory department and our export department. In addition, we have expanded the staff in our sales companies and hired an extra person in Canada, one in Italy, one in Kazakhstan and one in Georgia.

The EBITDA margin was 6.2 percent compared with 7 percent last year. It is not satisfactory, and our ambition is higher. Compared to last year, it must also be pointed out that we in 2014 had significant positive currency effects. In 2015, total costs related to interest and financial items amounted to SEK 1.5 million. In 2014 we had had a net contribution on interest and financial item amounting to SEK 0.3 million. A difference of 1.8 million SEK. Our profit after tax declined by 8 percent resulting in earnings per share of SEK 1.83.

There were some significant changes to our balance sheet during 2015. In the summer, we restructured our financing of the current operations from factoring to bank overdrafts. It resulted in an increase in our short-term receivables even though we had not granted additional credit to our customers. Furthermore, as part of our plan to enhanced our quality control and delivery performance, we have established our own warehousing of herbal extracts. This has led to an increase in the inventory of more than 10 million SEK.

Return on equity was almost 32 percent and the groups shareholders equity increased to 35.8 million SEK. Our financial structure is sound and our cash situation is good. New Nordic's employees have done a great job in 2015. We can rely on the desirability of our brands and we have a number of exciting new launches and activities planned for 2016. We are committed to execution of our strategy. Simultaneously we are prepared to show flexibility and improvisation to adapt to changes in our changing environment. Our team is highly qualified, committed and determined and we are ready to increase our international business and generate growth in both sales and earnings.

I look forward to a good and exiting year in 2016.

Karl Kristian Bergman Jensen, CEO



New Nordic Healthbrands AB  
Södra Förstadsgatan 3 C  
SE-211 43 Malmö, SWEDEN

*The information in this press release is that which New Nordic Healthbrands AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 9.00 (CET) on March 7th, 2015.*

Contact:

Karl Kristian Bergman Jensen, CEO +46 40-239520 (switchboard),

**Marinus Blåbjerg Sørensen, CFO +45 46323344 (switchboard)**

*New Nordic Healthbrands AB (publ), SE-211 43 Malmö, Sweden Phone +46-40-239520, fax: +46-40-239522, email: info@newnordic.se Registered office: Malmö, Reg. No. 556698-0453.*

New Nordic Healthbrands AB (publ) was founded in 1990 and is quoted on NASDAQ OMX Stockholm since 2007. The company's business concept is to offer the most effective and safe food supplements and natural medicines for specific health conditions. New Nordic's branded products are now available in 33 countries in pharmacies and health stores. The New Nordic Group has its own small sales and marketing companies in most European Countries, Canada and the US, to organize local marketing campaigns, serve the pharmacy and health retailers and serve the end consumers. In 2015, sales were 298 MSEK. All New Nordic products sold worldwide are manufactured in Scandinavia. For further information, visit [www.newnordic.com](http://www.newnordic.com).