



## New Nordic Healthbrands AB (publ) Three month report January - March 2017

	Q1 2017	Q1 2016	Full Year 2016
Net sales, kSEK	80 908	74 576	306 842
Change in local currencies, %	6.0	5.1	3.2
Gross profit, kSEK	54 543	47 562	199 573
Gross margin, %	67.4	63.8	65.3
EBITDA kSEK	4 163	3 194	14 096
EBITDA, %	5.1	4.3	4.6
Operating profit, kSEK	3 966	2 828	13 007
Operating margin, %	4.9	3.8	4.3
Profit for the period, kSEK	2 921	2 322	9 574
Resultat per aktie*, SEK	0.47	0.37	1.55
Earnings per share *, SEK	0.67	0.52	2.28

\* There are no dilutive effects

### Comments by CEO Karl Kristian Bergman Jensen

We had a flying start of the year.

Revenue increased 6 percent in local currencies. After converting to Swedish kronor, revenue increased by more than 8 percent and amounted to SEK 80.9 million. The organic growth in revenue is a result of effective marketing and successful product innovations.

We increased sales in the Nordic region and the rest of Europe, while we in North America had a decrease in sales. The decline in North America does not reflect a decrease in consumer sales but rather to changes in inventory levels of at major wholesalers. The comparison with last year's sales in North America is also significantly affected by last year's high sale to Costco Canada - a chain of membership warehouses.

We had a good growth in vitality, beauty and diet products, but we have challenges in our new Sport Nutrition series.

The gross margin rose satisfactorily to 67.4 percent. Sales and general expenses increased by 6 million, most of which were attributable to increased marketing costs. With low financing and depreciation costs, we achieved a profit after tax of SEK 2.9 million corresponding to SEK 0.47 per share.

The high sales and gross margin per employee is evidence of an effective organization and business structure. Our costs are well under control. Our financial position is good and we can finance our planned growth ourselves.

We will continue to focus on marketing and innovation to drive organic growth. Our innovation will be focused on strengthening our major product brands and satisfying both European and North American consumer needs. We plan to launch New Nordic via pharmacies in Switzerland and Hong Kong within the next 3 to 6 months and introduce our online store to Chinese consumers during the summer.

All employees are motivated and work focused on implementing our growth plans. I am convinced that 2017 will be a good year for New Nordic and its shareholders.

## **Sales**

Sales in local currencies increased by 6.0 percent during the first quarter of the year. Converted to SEK, sales increased by 8.5 percent.

## **Earnings for the first quarter**

Gross profit for the first quarter amounted to SEK 54.5 million (47.6). This corresponds to a gross margin of 67.4 percent (63.8).

EBITDA amounted to MSEK 4.2 (3.2). This corresponds to an EBITDA margin of 5.1% (4.3).

Operating profit amounted to MSEK 4.0 (2.8). This corresponds to an operating margin of 4.9 percent (3.8).

Profit after financial items amounted to MSEK 3.7 (3.1).

Profit after tax for the three-month period was SEK 2.9 million (2.3).

## **Comments to the first quarter**

The overall sales increase was satisfactory. Sales growth per region was satisfactory for the Nordic region and the rest of Europe whereas sales fell in North America. Sales in North America in the same quarter last year were positively influenced by extraordinary high sales to Costco - a large-scale membership warehouse chain in Canada. Sales from the company's retailers to consumers in North America have been satisfactory during the period.

The gross margin increased to 67.4 percent (63.8, which is due to the fact that the company has negotiated better manufacturing prices and a focus on sales of products with higher margins. Personnel and other external costs increased by 22.5 percent and amounted to SEK 50.4 million (44.4). The increase is mainly related to increase in marketing costs.

Depreciation decreased and amounted to SEK 0.2 million (0.4) and financial items increased to SEK 0.3 million (0.2).

Profit after financial items increased by 20 percent and amounted to 3.7 MSEK (3.1). Profit after tax increased by 26 percent and amounted to SEK 2.9 million (2.3).

## **Financial position and cash flow**

The Group's balance sheet total as of March 31, 2017 amounted to SEK 135.4 million (138.1), a decrease of 2 percent compared with the corresponding period in the previous year.

Current operations generated a negative cash flow of SEK -2.9 million (-3.3) during the first three months of the year. Cash and cash equivalents at the end of the period amounted to 3.7 MSEK (4.0).

The Group's equity ratio was 33.9 percent (27.3).

Equity divided by the outstanding 6 195 200 (6 195 200) shares amounted to SEK 7.41 (6.09) as at 31 March 2017.

## **Expansion**

By 2017, the company will continue to focus on building a leading brand in a number of specific market segments. Nutritional supplements will be launched in the markets where New Nordic is active and efforts will be made to broaden the geographical spread through new own sales companies and reputable national distributors who can market New Nordic brands at their own expense and risk in their country. The company will focus on distribution through both physical and online pharmacies, drug stores and health food stores. New Nordic will also offer consumers online sales on the company's own website.

## **Parent Company**

During the first three months of 2011, the Parent Company had sales of MSEK 26.0 (30.6).

## **Comment to this quarter**

No particular.

## **Transactions with related parties**

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

**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).

**Certified Adviser**

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

**Upcoming reports**

Annual General Meeting 2017 27 April 2017

Six Month Report 2017 31 July 2017

Nine Month Report 2017 31 October 2017

Year-end report 2017 March 2, 2018

Annual Report 2017 28 March 2018

Three-month report 2018 April 26, 2018

Annual General Meeting 2018 April 26, 2018

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This report has not been audited.

Malmö 27 April 2017

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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# Income Statement

(kSEK)	Q1 2017	Q1 2016	Full Year 2016
Sales	80 908	74 576	305 842
Cost of goods sold	-26 365	-27 014	-106 269
<b>Gross profit</b>	<b>54 543</b>	<b>47 562</b>	<b>199 573</b>
Personnel expenses	-8 323	-8 310	-34 982
Other external expenses	-42 057	-36 058	-150 495
<b>EBITDA</b>	<b>4 163</b>	<b>3 194</b>	<b>14 096</b>
Depreciations	-197	-366	-1 089
<b>Operating profit (EBIT)</b>	<b>3 966</b>	<b>2 828</b>	<b>13 007</b>
Interest and other financial items	-278	233	-484
<b>Profit after financial items</b>	<b>3 688</b>	<b>3 061</b>	<b>12 523</b>
Tax	-767	-739	-484
<b>Profit for the period</b>	<b>2 921</b>	<b>2 322</b>	<b>12 523</b>
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	0.47	0.37	1.55
EBITDA per share, SEK	0.67	0.52	2.28

\* There are no dilutive effects

# Balance Sheet

(kSEK)	Q1 2017	Q1 2016	Full Year 2016
<b>Assets</b>			
FIXED ASSETS			
Intangible fixed assets	181	478	230
Tangible fixed assets	1 519	1 813	1 665
Financial assets	4 581	5 378	5 175
<b>Total fixed assets</b>	<b>6 281</b>	<b>7 669</b>	<b>7 070</b>
CURRENT ASSETS			
Inventories	43 042	54 429	51 626
Current receivables	82 391	72 002	62 032
Liquid funds	3 698	4 013	6 864
<b>Total current assets</b>	<b>129 131</b>	<b>130 444</b>	<b>120 522</b>
<b>Total assets</b>	<b>135 412</b>	<b>138 113</b>	<b>127 592</b>
<b>Equity and liabilities</b>			
EQUITY	45 899	37 746	42 979
<b>Deffered tax</b>	<b>1 463</b>	<b>1 516</b>	<b>1 496</b>
<b>Long-term debt</b>	<b>1 208</b>	<b>1 197</b>	<b>1 318</b>
Short term liabilities – interest bearing	26 744	21 453	29 021
Short term liabilities – non interest bearing	60 098	76 201	52 778
<b>Current liabilities</b>	<b>86 842</b>	<b>97 654</b>	<b>81 799</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>135 412</b>	<b>138 113</b>	<b>127 592</b>

## Change in Equity

### Q1 2017

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
<b>Balance</b>	<b>6 195</b>	<b>36 784</b>	<b>42 979</b>
Transfer between restricted and unrestricted reserves	0	-1	-1
Profit for the period	0	2 921	2 921
<b>Balance</b>	<b>6 195</b>	<b>39 704</b>	<b>45 899</b>

### Q1 2016

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
<b>Balance</b>	<b>6 195</b>	<b>29 577</b>	<b>35 772</b>
Transfer between restricted and unrestricted reserves	0	-348	-348
Profit for the period	0	2 322	2 322
<b>Balance</b>	<b>6 195</b>	<b>31 551</b>	<b>37 746</b>

### HELÅR 2016

(kSEK)	Share capital	Other equity incl. profit for the year	Total equity
<b>Balance</b>	<b>6 195</b>	<b>29 577</b>	<b>35 772</b>
Dividend	0	-1 549	-1 549
Transfer between restricted and unrestricted reserves	0	-818	-818
Profit for the period	0	9 574	9 574
<b>Balance</b>	<b>6 195</b>	<b>36 784</b>	<b>42 979</b>

# Cash Flow Statements

(kSEK)	Q1 2017	Q1 2016	Full Year 2016
<b>CURRENT OPERATIONS</b>			
Profit after financial items	3 966	2 828	13 007
<b>Adjustments for</b>			
Depreciations	197	366	1 089
Other provisions	0	0	-35
	<b>4 163</b>	<b>3 194</b>	<b>14 061</b>
Interest recieved	0	1	4
Interest expense	-186	-170	-826
Taxation paid	-1 143	-1 668	-4 568
<b>Cash flow from current operations before changes in working capital</b>	<b>2 834</b>	<b>1 357</b>	<b>8 671</b>
<b>Cash flow from changes in working capital</b>			
Inventories	8 741	-7 854	-4 515
Current receivables	-19 486	-8 678	3 740
Current liabilities	5 040	11 875	-6 272
<b>Cash flow from current operations</b>	<b>-2 871</b>	<b>-3 300</b>	<b>1 624</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of tangible assets	-15	-356	-597
Sales of equipment	0	0	35
Change in long-term receivables	52	647	572
<b>Cash flow from investment activities</b>	<b>37</b>	<b>291</b>	<b>10</b>
<b>FINANCING ACTIVITIES</b>			
Dividend	0	0	-1 549
Changes in long term debt	-334	198	-250
<b>Cash flow from financing activities</b>	<b>-334</b>	<b>198</b>	<b>-1 799</b>
<b>Changes in liquid funds</b>	<b>-3 168</b>	<b>-2 811</b>	<b>-165</b>
<b>Liquid funds at the beginning of the period</b>	<b>6 864</b>	<b>6 836</b>	<b>6 836</b>
<b>Exchange rate effect</b>	<b>2</b>	<b>-12</b>	<b>193</b>
<b>Liquid funds at the end of the period</b>	<b>3 698</b>	<b>4 013</b>	<b>6 864</b>

## Key Figures

(kSEK)	Q1 2017	Q1 2016	Full Year 2016
Sales	80 908	74 576	305 842
Gross profit	54 543	47 562	199 573
EBITDA	4 163	3 194	14 096
Operating profit	3 966	2 828	13 007
Profit after financial items	3 688	3 061	12 523
Profit after tax	2 921	2 322	9 574
Total assets	135 412	138 113	127 592
Return on capital employed, %	5.37	4.68	17.7
Return on shareholders equity, %	6.4	6.2	22.3
Equity	45 899	37 746	42 979
Equity ratio, %	33.9	27.3	33.7
Debt ratio	1.95	2.66	1.97
Interest coverage ratio	21.32	16.64	15.8
Investments	15	356	597
Cash flow from current operations	-2 871	-3 300	1 624
Cash flow from financing activities	-334	198	-1 799
Gross margin, %	67.4	63.8	65.3
EBITDA margin, %	5.1	4.3	4.6
Operation margin, %	4.9	3.8	4.3
Profit margin, %	4.6	4.1	4.1
Number of employees, average	43	44	43
Number of employees by the end of the period	43	44	42
Sales per employee	1 904	1 695	7 113
Gross margin per employee	1 283	1 081	4 641
Profit per employee	87	70	291
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	0.67	0.52	2.28
Profit per share *, SEK	0.47	0.37	1.55
Equity per share, SEK	7.41	6.09	6.94

\* There are no dilutive effects



# New Nordic geographic

## Sales divided by geographic, SEK

	<b>Q1 2017</b>		<b>Q1 2016</b>		<b>Full Year 2016</b>	
	<b>MSEK</b>	<b>PERCENT</b>	<b>MSEK</b>	<b>PERCENT</b>	<b>MSEK</b>	<b>PERCENT</b>
Norden	36	44	30	39	123	40
Other Europe	26	32	24	32	97	32
North America	18	28	20	27	79	26
Other World	1	1	1	2	7	2

## Quarterly overview

	2017	2016				2015				2014			
	Q 1	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	80.9	74.6	76.0	84.7	70.6	72.9	76.5	73.9	75.2	61.1	74.9	65.2	70.7
Change from last year, %	8.5	2.2	-0.7	14.7	-6.2	19.4	2.1	13.2	6.4	19.7	27.2	11.8	18.4
EBITDA, MSEK	4.2	3.2	2.1	7.4	1.4	4.7	4.2	5.5	4.2	3.8	4.7	5.8	4.9
EBITDA-margin, %	5.1	4.3	2.7	8.7	2.0	6.5	5.4	7.4	5.6	6.1	6.2	8.8	7.0
Operating result, MSEK	4.0	2.8	1.8	7.2	1.2	4.1	3.5	4.9	3.3	3.1	4.0	5.1	4.0
Operating margin, %	4.9	3.8	2.4	8.5	1.7	5.6	4.6	6.6	4.4	5.1	5.3	7.9	5.7
Result before tax, MSEK	3.7	3.1	1.6	6.9	0.9	3.9	2.8	4.7	2.8	2.7	4.2	5.2	4.4
Result after tax, MSEK	2.9	2.3	1.5	5.5	0.3	3.1	2.2	3.7	2.3	2.1	2.9	4.3	3.2
Cash, MSEK	3.7	4.0	5.7	7.0	6.9	5.6	4.1	5.1	6.8	4.9	5.1	5.4	6.0
Stocks, MSEK	43.0	54.4	59.0	51.1	51.6	38.7	34.2	31.9	46.9	30.4	32.2	31.2	35.0
Equity, MSEK	45.9	37.7	37.4	42.6	43.0	27.7	30.1	33.3	35.8	15.7	18.2	22.2	25.1
Result per share, SEK	0.47	0.37	0.24	0.88	0.05	0.50	0.36	0.60	0.37	0.33	0.47	0.69	0.51
Equity per share, SEK	7.41	6.09	6.04	6.88	6.94	4.47	4.86	5.37	5.77	2.54	2.95	3.59	4.04
Cash flow from current operations per share, SEK	-0.46	-0.53	0.69	0.22	-0.09	-0.57	-0.29	0.15	0.21	0.34	0.16	0.28	-0.03
Solidity, %	33.9	27.3	26.3	29.6	33.7	25.6	26.2	28.4	28.6	16.8	17.6	22.9	24.9

**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.