

# NEW NORDIC HEALTHBRANDS AB (PUBL)

## THREE MONTH REPORT

### JANUARY - MARCH 2018



	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FULL YEAR 2017</b>
Net sales, kSEK	88 406	80 908	344 739
Change in local currencies, %	8.3	6.0	12.3
Gross profit, kSEK	60 595	54 543	232 269
Gross margin, %	68.5	67.4	67.4
EBITDA kSEK	7 306	4 163	28 455
EBITDA, %	8.3	5.1	8.3
Operating profit, kSEK	7 144	3 966	27 654
Operating margin, %	8.1	4.9	8.0
Profit for the period, kSEK	5 618	2 921	20 297
Resultat per aktie*, SEK	0.91	0.47	3.28
Earnings per share *, SEK	1.18	0.67	4.59

\* There are no dilutive effects

## COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

We have had a good start to the year. Sales increased more than 8 percent in local currencies and 9 percent when converted to Swedish kroner. Earnings per share increased by 94 percent to 0.91 SEK.

A large part of our purchases are made in Swedish kronor and in US dollars. During the period we have been helped by the low rate of Swedish kronor and the low dollar rate, which contributes to our temporary high gross profit margin of 68.5 percent.

We have good control over our costs and with our low debt, our financial situation is strong.

All geographical areas showed a nice development in sales and earnings, and all countries report a positive mood in the trade and optimistic expectations for consumers purchase of food supplements in 2018.

We will focus on accelerating our growth through increased distribution in individual countries, increased innovation pace and increased marketing.

After the end of the period we have attended a fair in Shanghai where there is a lot of interest in New Nordic and our products. We expect to start cross-border sales to China in the second quarter of 2018. This will be a huge step towards further internationalization of New Nordic. However, we expect it will take some time before sales to China becomes significant.

In the second quarter, we will strengthen our quality assurance and further strengthen our export focus through recruitment.

All staff make a great effort and our entire international team is very keen on creating results.

I think New Nordic is in an very exciting development and I expect more growth in 2018.

## **Sales**

Sales in local currencies increased by 8.3 percent during the first quarter of the year. Converted to SEK, sales increased by 9.3 percent.

## **Earnings for the first quarter**

Gross profit for the first quarter amounted to SEK 60.6 million (54.5). This corresponds to a gross margin of 68.5 percent (67.4).

EBITDA amounted to MSEK 7.3 (4.2). This corresponds to an EBITDA margin of 8.3 percent ( 5.1).

Operating profit amounted to MSEK 7.1 (4.0). This corresponds to an operating margin of 8.1 percent (4.9).

Profit after financial items amounted to MSEK 7.4 (3.7).

Profit after tax for the three-month period was SEK 5.6 million (2.9).

## **Comments to the first quarter**

The overall sales increase was satisfactory. Sales growth per region was satisfactory for the Nordic region, Europe and North America.

The gross margin increased to 68.5 percent (67.4), 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 5.8 percent and amounted to SEK 53.3 million (50.4). The increase is mainly related to increase in marketing costs.

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

Profit after financial items increased by 100.1 percent and amounted to 7.4 MSEK (3.7). Profit after tax increased by 92.3 percent and amounted to SEK 5.6 million (2.9).

## **Financial position and cash flow**

The Group's balance sheet total as of March 31, 2018 amounted to SEK 149.1 million (135.4), a increase of 10.1 percent compared with the corresponding period in the previous year.

Current operations generated a positive cash flow of SEK 3.0 million (-0.6) during the first three months of the year. Cash and cash equivalents at the end of the period amounted to 7.9 MSEK (3.7).

The Group's equity ratio was 45.2 percent (33.9).

Equity divided by the outstanding 6 195 200 (6 195 200) shares amounted to SEK 10.9 (7.4) as at 31 March 2018.

## **Expansion**

By 2018, 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 36,3 MSEK (26,0).

## **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 är Mangold Fondkommission AB. +46 8 503 01 550.

**Upcoming reports**

Six-Month Report 2018	31 July 2018
Nine-Month Report 2018	31 October 2018
Full Year Report 2018	1 March 2019
Annual Report 2018	28 March 2019
Three-Month Report 2018	25 April 2019
General Meeting in Malmö	25 April 2019

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This report has not been audited.

Malmö 26 April 2018

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

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# INCOME STATEMENT

(kSEK)	Q1 2018	Q1 2017	FULL YEAR 2017
Sales	88 406	80 908	344 739
Cost of goods sold	-27 811	-26 365	-112 470
<b>Gross profit</b>	<b>60 595</b>	<b>54 543</b>	<b>232 269</b>
Personnel expenses	-9 331	-8 323	-35 382
Other external expenses	-43 958	-42 057	-168 432
<b>EBITDA</b>	<b>7 306</b>	<b>4 163</b>	<b>28 455</b>
Depreciations	-162	-197	-801
<b>Operating profit (EBIT)</b>	<b>7 144</b>	<b>3 966</b>	<b>27 654</b>
Interest and other financial items	237	-278	-539
<b>Profit after financial items</b>	<b>7 381</b>	<b>3 688</b>	<b>27 115</b>
Tax	-1 763	-767	-6 818
<b>Profit for the period</b>	<b>5 618</b>	<b>2 921</b>	<b>20 297</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	0.91	0.47	3.28
EBITDA per share, SEK	1.18	0.67	4.59

\* There are no dilutive effects

# BALANCE SHEET

(kSEK)	Q1 2018	Q1 2017	FULL YEAR 2017
<b>Assets</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	30	181	37
Tangible fixed assets	1 575	1 519	1 239
Financial assets	3 969	4 581	4 324
<b>Total fixed assets</b>	<b>5 574</b>	<b>6 281</b>	<b>5 600</b>
<b>CURRENT ASSETS</b>	<b>53 888</b>	<b>43 042</b>	<b>50 917</b>
Inventories	81 780	82 391	73 243
Current receivables	7 849	3 698	9 058
Liquid funds	<b>143 517</b>	<b>129 131</b>	<b>133 218</b>
<b>Total current assets</b>	<b>149 091</b>	<b>135 412</b>	<b>138 818</b>
<b>TOTAL ASSETS</b>			
<b>Equity and liabilities</b>			
<b>EQUITY</b>	<b>67 445</b>	<b>45 899</b>	<b>60 810</b>
<b>Deferred tax</b>	<b>1 997</b>	<b>1 463</b>	<b>2 040</b>
<b>Long-term debt</b>	<b>1 251</b>	<b>1 208</b>	<b>1 363</b>
Short term liabilities – interest bearing	3 178	26 744	7 292
Short term liabilities – non interest bearing	75 220	60 098	67 313
<b>Current liabilities</b>	<b>78 398</b>	<b>86 842</b>	<b>74 605</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>149 091</b>	<b>135 412</b>	<b>138 818</b>

# CHANGE IN EQUITY

<b>Q1 2018 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Balance</b>	<b>6 195</b>	<b>54 615</b>	<b>60 810</b>
Transfer between restricted and unrestricted reserves	0	1 017	1 017
Profit for the period	0	5 618	5 618
<b>Balance</b>	<b>6 195</b>	<b>61 250</b>	<b>67 445</b>

<b>Q1 2017 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<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>

<b>FULL YEAR 2017 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Balance</b>	<b>6 195</b>	<b>36 784</b>	<b>42 979</b>
Dividend	0	-2 478	-2 478
Transfer between restricted and unrestricted reserves	0	12	12
Profit for the period	0	20 297	20 297
<b>Balance</b>	<b>6 195</b>	<b>54 615</b>	<b>60 810</b>

# CASH FLOW STATEMENTS

(kSEK)	Q1 2018	Q1 2017	FULL YEAR 2017
<b>CURRENT OPERATIONS</b>			
Profit after financial items	7 144	3 966	27 654
<b>Adjustments for</b>			
Depreciations			
Other provisions	162	197	801
	0	0	-57
Interest received	<b>7 306</b>	<b>4 163</b>	<b>28 398</b>
Interest expense	0	0	0
Taxation paid	-52	-186	-619
<b>Cash flow from current operations before changes in working capital</b>	<b>-150</b>	<b>-1 143</b>	<b>-4 637</b>
	<b>7 104</b>	<b>2 834</b>	<b>23 142</b>
<b>Cash flow from changes in working capital</b>			
Inventories	-2 792	8 741	709
Current receivables	-7 828	-19 486	-12 741
Current liabilities	6 528	7 318	15 310
<b>Cash flow from current operations</b>	<b>3 012</b>	<b>-593</b>	<b>26 420</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of tangible assets	-698	-15	-202
Sales of equipment	0	0	99
Change in long-term receivables	472	52	91
<b>Cash flow from investment activities</b>	<b>-226</b>	<b>37</b>	<b>-12</b>
<b>FINANCING ACTIVITIES</b>			
Dividend	0	0	-2 478
Changes in long term debt	-112	-334	45
	-4 114	-2 278	-21 729
<b>Cash flow from financing activities</b>	<b>-4 226</b>	<b>-2 612</b>	<b>-24 162</b>
<b>Cash flow for the period</b>	<b>-1 440</b>	<b>-3 168</b>	<b>2 246</b>
<b>Liquid funds at the beginning of the period</b>	<b>9 058</b>	<b>6 864</b>	<b>6 864</b>
<b>Changes in liquid funds</b>	<b>231</b>	<b>2</b>	<b>-52</b>
<b>Liquid funds at the end of the period</b>	<b>7 849</b>	<b>3 698</b>	<b>9 058</b>

# KEY FIGURES

(kSEK)	Q1 2018	Q1 2017	HELÅR 2017
Sales	88 406	80 908	344 739
Gross profit	60 595	54 543	232 269
EBITDA	7 306	4 163	28 455
Operating profit	7 144	3 966	27 654
Profit after financial items	7 381	3 688	27 115
Profit after tax	5 618	2 921	20 297
Total assets	149 091	135 412	138 818
Return on capital employed, %	9.9	5.4	39.8
Return on shareholders equity, %	8.3	6.4	33.4
Equity	67 445	45 899	60 810
Equity ratio, %	45.2	33.9	43.8
Dept ratio	1.21	1.95	1.28
Interest coverage ratio	134.8	21.3	44.7
Investments	698	15	202
Cash flow from current operations	3 012	-593	26 420
Cash flow from financing activities	-4 226	-2 612	-24 162
Gross margin, %	68.5	67.4	67.4
EBITDA margin, %	8.3	5.1	8.3
Operation margin, %	8.1	4.9	8.0
Profit margin, %	8.4	4.6	5.9
Number of employees, average	42	43	42
Number of employees by the end of the period	42	43	41
Sales per employee	2 130	1 904	8 307
Gross margin per employee	1 460	1 283	5 597
Profit per employee	178	87	653
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	1.18	0.67	4.59
Profit per share *, SEK	0.91	0.47	3.28
Equity per share, SEK	10.89	7.41	9.82

\* There are no dilutive effects



# NEW NORDIC GEOGRAPHIC

	Q1 2018		Q1 2017		FULL YEAR 2017	
Sales divided by geographic, SEK	MSEK	Percent	MSEK	Percent	MSEK	Percent
Norden	37	42	36	44	144	42
Other Europe	32	36	26	32	110	32
North America	18	21	18	23	89	25
Other World	1	1	1	1	2	1

# QUARTERLY OVERVIEW

	2018	2017				2016				2015			
	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	88.4	80.9	88.9	88.3	86.6	74.6	76.0	84.7	70.6	72.9	76.5	73.9	75.2
Change from last year, %	9.3	8.5	17.0	4.2	22.8	2.2	-0.7	14.7	-6.2	19.4	2.1	13.2	6.4
EBITDA, MSEK	7.3	4.2	5.3	9.2	9.9	3.2	2.1	7.4	1.4	4.7	4.2	5.5	4.2
EBITDA-margin, %	8.3	5.1	5.9	10.4	11.4	4.3	2.7	8.7	2.0	6.5	5.4	7.4	5.6
Operating result, MSEK	7.1	4.0	5.1	9.0	9.6	2.8	1.8	7.2	1.2	4.1	3.5	4.9	3.3
Operating margin, %	8.1	4.9	5.7	10.2	11.1	3.8	2.4	8.5	1.7	5.6	4.6	6.6	4.4
Result before tax, MSEK	7.4	3.7	4.9	8.7	9.9	3.1	1.6	6.9	0.9	3.9	2.8	4.7	2.8
Result after tax, MSEK	5.6	2.9	3.8	7.0	6.6	2.3	1.5	5.5	0.3	3.1	2.2	3.7	2.3
Cash, MSEK	7.8	3.7	4.4	6.7	9.1	4.0	5.7	7.0	6.9	5.6	4.1	5.1	6.8
Stocks, MSEK	53.9	43.0	44.2	42.4	50.9	54.4	59.0	51.1	51.6	38.7	34.2	31.9	46.9
Equity, MSEK	67.4	45.9	47.0	54.0	60.8	37.7	37.4	42.6	43.0	27.7	30.1	33.3	35.8
Result per share, SEK	0.91	0.47	0.61	1.13	1.07	0.37	0.24	0.88	0.05	0.50	0.36	0.60	0.37
Equity per share, SEK	10.89	7.41	7.58	8.72	9.82	6.09	6.04	6.88	6.94	4.47	4.86	5.37	5.77
Cash flow from current operations per share, SEK	0.49	-0.10	1.45	0.68	2.26	-1.07	0.18	-0.53	-0.06	-0.57	-0.29	0.15	0.21
Solidity, %	45.2	33.9	33.5	38.2	43.8	27.3	26.3	29.6	33.7	25.6	26.2	28.4	28.6

**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.