

NEW NORDIC HEALTHBRANDS AB (PUBL) FULL-YEAR REPORT 2019



	2019	2018	Q4 2019	Q4 2018
Net sales, kSEK	452 613	393 708	114 390	97 631
Change in SEK, %	15.0	14.2	17.2	12.7
Change in local currencies, %	10.2	9.8	10.9	9.0
Gross profit, kSEK	315 585	277 510	77 387	69 975
Gross margin, %	69.7	70.5	67.7	71.7
EBITDA kSEK	36 865	34 891	7 060	9 983
EBITDA, %	8.1	8.9	6.2	10.2
Operating profit, kSEK	36 305	34 223	7 021	9 820
Operating margin, %	8.0	8.7	6.1	10.1
Profit after tax for the period, kSEK	28 074	26 523	4 639	7 246
EBITDA per share *, SEK	5.95	5.63	1.14	1.61
Earnings per share after tax *, SEK	4.53	4.28	0.75	1.17

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

2019 was another record year for New Nordic.

Revenue increased organically by 15 percent to 453 million SEK. In local currencies, the increase was 10 percent. The growth in sales was driven by product innovation, geographical expansion, and an increase in marketing.

Our cost control is fine but a slight change in product mix has resulted in a reduction in gross margin from 70.5 to 69.7 percent and a reduction of net profit margin to 6 percent. However, earnings per share after tax still increased by nearly 6 percent to SEK 4.53.

The business as a whole has grown in all geographical areas. We are developing well and outperforming the local food supplement market in nearly all countries. The fastest growth comes from markets outside the Nordic region. Our revenue outside the Nordic countries now amounts to 63 percent and it is growing in share.

In some countries, we have been troubled by extraordinary external situations. Our business in Asia which mainly consists of sales in Hong Kong and cross border trade in China has been challenged by ongoing protests in Hong Kong and will continue to be so by the outbreak of the Covid-19 virus. We try to navigate the best possible while awaiting improved business conditions.

In Norway, we were affected by the fact that one of our key retail partners went into receivership in the last quarter of the year. However, we are now in cooperation with the new owner. In the UK we have not been affected by the Brexit turmoil. In fact, we have enjoyed tremendous growth in both revenue and profit in the UK during 2019. Our launch in Slovakia and re-launch in Romania has gone well and the development in the two countries looks promising. Our preparations for launch in Spain were made in 2019 and we are currently in the launch process here. I am also very

pleased that we during the 4th quarter of 2019 re-activated our New Nordic company based in Sydney and that we managed to employ a Country Manager to launch New Nordic in Australia during first half of 2020.

The important markets like France, the UK, Germany, and the US have obtained very nice double-digit growth. Our business has become more internationally established during the year and the New Nordic brand is increasing in value day by day. In 2019 we focused on the execution of our strategy and we will continue to do so in 2020. We want to grow sales in all markets and focus on making our big products even bigger. "Bigger Markets" and "Bigger Products" is a winning plan and the best route to value creation for New Nordic.

In 2020 New Nordic will celebrate 30 years anniversary.

During the first 28 years of the company's existence, the strategy has remained unchanged. In 2018 we adjusted the strategy to include beauty products in our assortment: "New Nordic develop herbal food supplements and beauty products to satisfy specific health and beauty needs and market these under characteristic brands to a growing number of consumers all over the world. All with care for people and nature."

In 2019 we have spent great efforts in the development and testing of skincare products and hair care products for launch under our trademarked brand Beauty In & Out™ by New Nordic. Our retailers already have a huge number of satisfied loyal New Nordic inner beauty tablet customers. With the launch of Beauty In & Out™ these regular users will now be offered a whole beauty routine to go with their skin tablet or a haircare range to go with their hair tablet. The tablets will help treat the cause of skin aging from within while the creme will help treat the symptoms with a cosmetic effect on the outside. A game-changing approach to the skin- and hair care. Beauty In & Out™ will be launched in Denmark in March 2020. The products will be manufactured in Sweden. New Nordic is now entering a new era, spreading our activities. We will operate in 3 categories: Food Supplements, Skin Care and Hair Care - all connected through Beauty In & Out™ and our strong New Nordic brand recognised by the characteristic Silvertree Mark.

In 2019 we have allocated considerable resources to develop and prepare for the Beauty In & Out™ launch in 2020, we have been busy with launch preparations in 2020 in Australia and Spain and we have made plans for further growth in every market where we operate. I am glad that we are now so well prepared for the 2020 business both in relation to product innovation, geographical expansion and further penetration and strengthening of our business in existing markets. Our staff has again done an excellent job in 2019 and we are all well prepared for continued execution of our strategy to obtain continued growth in sales and earnings per share. The whole team is very focused on increasing the brand value of New Nordic.

I am very enthusiastic about the year 2020 and the future for New Nordic.

Sales

Sales for the year amounted to SEK 452.6 million [393.7], an increase of 15.0 percent. In local currencies, the increase was 10.2 percent. Sales in the Nordic countries increased by 3.3 percent to SEK 165.6 million [160.3]. Sales in other European countries increased by 26.2 percent to SEK 174.7 million [138.5]. Sales in North America increased by 15.9 percent to SEK 105.0 million [90.6]. Exports to Asia increased to SEK 7.2 million [4.3].

Results for the year

Gross profit for the year amounted to SEK 315.6 million [277.5]. This corresponds to a gross margin of 69.7 percent [70.5]. The decline in the gross margin is caused by a slight change in the product mix. Sales and administrative expenses amounted to SEK 278.7 M [242.6], an increase of 14.9 percent. The largest increase in costs was related to higher marketing costs. EBITDA increased by 5.7 percent to SEK 36.9 million [34.9]. This corresponds to an EBITDA margin of 8.1 percent [8.9]. Operating profit amounted to SEK 36.3 million [34.2]. This corresponds to an operating margin of 8.0 percent (8.7). Profit after financial items amounted to SEK 36.1 million [34.1]. In 2019, total net interest income and financial items amounted to SEK -0.2 million [-0.1]. Profit after tax for the financial year amounted to SEK 28.1 million [26.5].

Comments for fourth quarter

Sales in local currencies increased by 10.9 percent. Translated to SEK, sales increased by 17.2 percent to SEK 114.4 million (97.6). The gross margin decreased to 67.7 percent [71.7]. EBITDA decreased to SEK 7.1 million [10.0]. Sales and administrative expenses amounted to SEK 70.3 million [60.0], an increase of 17.2 percent. Profit after financial items amounted to SEK 6.8 million [9.7] and profit after tax decreased to SEK 4.6 million [7.2].

Financial position and cash flow

The business generated a negative cash flow of SEK -1.3 million (17.9) during the year. Cash and cash equivalents amounted to SEK 10.8 million [14.4].

As of December 31, 2019, the Group's total assets amounted to SEK 197.2 million [162.6], an increase of 21.2 percent compared with the same time last year. Inventories increased by 23.4 percent compared to the same period last year and amounted to SEK 80.4 million [65.1]. The Group's equity/assets ratio was 51.7 percent [49.3]. Equity distributed on outstanding 6,195,200 [6,195,200] shares as of December 31, 2019 was SEK 16.45 [12.95].

Expansion

New Nordic's business creates value for the company's customers and shareholders. In 2020 and beyond, the company will continue to develop herbal supplements and beauty products to meet specific health and beauty needs. New Nordic will market these products to a growing number of consumers worldwide. All with care for people and nature. The products will be marketed under the characteristic New Nordic brand. A brand that reflects the Scandinavian cultural heritage, the Scandinavian values and the company's passion for herbs and healthy life.

Events after the balance sheet date

New Nordic has launched Beauty In & Out™.

Transactions with related parties

During the period, there have been transactions with Helsehuset in Denmark, owned by Marinus Blåbjerg Sørensen and Karl Kristian Bergman Jensen. The transactions have taken place on market terms.

Parent company

The Parent Company's net sales in 2019 amounted to 170.2 million [148.6].

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

The Board of Directors has decided to propose a dividend of SEK 1.75 per share (1.50) to the Annual General Meeting on April 29, 2020, corresponding to 35 percent (35) of the profit after tax.

The record date proposed for the dividend payment of SEK 1.75 per share is May 4, 2020. This would then be paid on May 7, 2020

Annual general meeting 2020

The Annual General Meeting 2020 will be held on Thursday, April 29 at 10 am at the Clarion Hotel, Dag Hammarskjölds Torg 2, Malmö, Sweden.

Annual Report 2020

The annual report is expected to be published on March 27, 2020 on newnordic.se and will be sent by mail to shareholders who have requested this. The document will also be available at the company's headquarters.

Risks and uncertainties

A number of factors can affect New Nordic's earnings and operations. Many of these can be handled through internal routines, while some others are more affected by external influences. There are risks and uncertainties associated with consumer trends, weather conditions, adverse 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 handled. There are also some risks related to the group's reputation, so-called "reputational risks". For a more detailed description of risks and uncertainties, please refer to the annual report and the consolidated financial statements for 2018 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 Accounts (K3). Information on the accounting principles, in general, is presented in the Annual Report 2018.

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

Annual Report 2019	March 27, 2020
Three month report 2020	April 29, 2020
Annual General Meeting in Malmö	April 29, 2020
Six month report 2020	July 31, 2020
Nine month report 2020	October 30, 2020
Year-end report 2020	February 26, 2021
Annual Report 2020	March 26, 2021
Three-month report 2021	April 29, 2021
Annual General Meeting in Malmö	April 29, 2021

For further information contact:

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This report has not been reviewed by the company's auditors.

Malmö 28 February, 2020, New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB • Södra Förstadsgatan 3 • SE-211 43 Malmö • Sweden Phone: +46 40 23 64 14

The year-end report has not been reviewed by the company's auditor.

The Board of Directors and the CEO ensure that the interim report provides a true and fair view of the Group's operations, position, and earnings. Jessica Tyreman, Board Member, Lennart Sjölund, Board Member, Marinus Blåbjerg Sørensen, Chairman of the Board, Karl Kristian Bergman Jensen, CEO and board member.

The information in this press release is that which New Nordic Healthbrands AB (publ) is required to disclose under Sweden's Securities Market Act. and made public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 (CET) on 28 February 2020.

INCOME STATEMENT

(kSEK)	2019	2018	Q4 2019	Q4 2018
Sales	452 613	393 708	114 390	97 631
Cost of goods sold	-137 028	-116 198	-37 003	-27 656
Gross profit	315 585	277 510	77 387	69 975
Personnel expenses	-45 747	-40 570	-12 954	-11 251
Other external expenses	-232 973	-202 049	-57 373	-48 741
EBITDA	36 865	34 891	7 060	9 983
Depreciations	-560	-668	-39	-163
Operating profit (EBIT)	36 305	34 223	7 021	9 820
Interest and other financial items	-237	-104	-243	-122
Profit after financial items	36 068	34 119	6 778	9 698
Tax	-7 994	-7 596	-2 139	-2 452
Profit for the period	28 074	26 523	4 639	7 246
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	5.95	5.63	1.14	1.61
Earnings per share after tax, SEK	4.53	4.28	0.75	1.17

* There are no dilutive effects

BALANCE SHEET

(kSEK)	2019	2018
Assets		
FIXED ASSETS		
Intangible fixed assets	745	9
Tangible fixed assets	1 672	1 282
Financial assets	4 475	4 348
Total fixed assets	6 892	5 639
CURRENT ASSETS		
Inventories	80 388	65 126
Current receivables	99 088	77 496
Liquid funds	10 819	14 386
Total current assets	190 295	157 008
TOTAL ASSETS	197 187	162 647
Equity and liabilities		
EQUITY	101 917	80 213
Deferred tax	2 865	2 558
Long-term debt	1 878	1 149
Short term liabilities – interest bearing	9 972	2 657
Short term liabilities – non interest bearing	80 555	76 070
Current liabilities	90 527	78 727
TOTAL LIABILITIES AND EQUITY	197 187	162 647

CHANGE IN EQUITY

FULL YEAR 2019 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	74 018	80 213
Dividend	0	-9 293	-9 293
Exchange difference	0	2 923	2 923
Profit for the period	0	28 074	28 074
Closing balance	6 195	95 722	101 917

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

CASH FLOW STATEMENTS

(kSEK)	2019	2018	Q4 2019	Q4 2018
CURRENT OPERATIONS				
Profit after financial items	36 305	34 223	7 021	9 820
Adjustments for				
Depreciations	560	668	39	163
Other provisions	-292	21	-110	0
	36 573	34 912	6 950	9 983
Interest received	3	8	0	8
Interest expense	-388	-340	-123	-64
Taxation paid	-5 727	-4 743	-582	-573
Cash flow from current operations before changes in working capital	30 461	29 837	6 245	9 354
Cash flow from changes in working capital				
Inventories	-15 262	-14 209	- 3 135	-3 606
Current receivables	-21 844	-4 765	12 531	22 508
Current liabilities	5 324	6 989	-11 059	-12 265
Cash flow from current operations	-1 321	17 852	4 582	15 991
INVESTMENT ACTIVITIES				
Acquisition of intangible fixed assets	-743	0	-743	0
Acquisition of tangible assets	-941	-880	-49	-27
Sales of equipment	292	231	110	0
Change in long-term receivables	303	113	-11	-359
Cash flow from investment activities	-1 089	-536	-693	-386
FINANCING ACTIVITIES				
Dividend	-9 293	-7 124	0	0
Changes in long term debt	729	-214	849	175
Change in bank overdrafts	7 315	-4 635	-3 499	-9 131
Cash flow from financing activities	-1 249	-11 973	-2 650	-8 956
Cash flow for the period	-3 659	5 343	1 239	6 649
Liquid funds at the beginning of the period	14 386	9 058	9 740	7 920
Changes in liquid funds	92	-15	-160	-183
Liquid funds at the end of the period	10 819	14 386	10 819	14 386

KEY FIGURES FOR THE GROUP

(kSEK)	2019	2018	Q4 2019	Q4 2018
Sales	452 613	393 708	114 390	97 631
Gross profit	315 585	277 510	77 387	69 975
EBITDA	36 865	34 891	7 060	9 983
Operating profit	36 305	34 223	7 021	9 820
Profit after financial items	36 068	34 119	6 778	9 698
Profit after tax	28 074	26 523	4 639	7 246
Total assets	197 187	162 647	197 187	162 647
Return on capital employed, %	31.9	40.7	6.2	11.5
Return on shareholders equity, %	27.5	33.1	4.6	9.0
Equity	101 917	80 213	101 917	80 213
Equity ratio, %	51.7	49.3	51.7	49.3
Debt ratio	0.93	1.03	0.93	1.03
Interest coverage ratio	93.6	100.7	57.1	153.44
Investments	1 684	880	792	27
Cash flow from current operations	-1 321	17 852	4 582	15 991
Gross margin, %	69.7	70.5	67.7	71.7
EBITDA margin, %	8.1	8.9	6.2	10.2
Operation margin, %	8.0	8.7	6.1	10.1
Profit margin, %	8.0	8.7	5.9	9.9
Number of employees, average	53	47	54	50
Number of employees by the end of the period *	55	51	55	51
Sales per employee	8 540	8 467	2 118	1 972
Gross margin per employee	5 954	5 968	1 433	1 414
Profit per employee	681	734	126	196
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	5.95	5.63	1.14	1.61
Profit per share *, SEK	4.53	4.28	0.75	1.17
Equity per share, SEK	16.45	12.95	16.45	12.95

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

Sales divided by gergraphic, SEK	2019		2018	
	MSEK	Percent	MSEK	Percent
Norden	166	36	160	41
Other Europe	175	39	139	35
North America	105	23	91	23
Other World	7	2	4	1

QUARTERLY OVERVIEW

	2019				2018				2017			
	Q 1	Q2	Q3	Q4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Turnover MSEK	103.7	116.5	118.1	114.4	88.4	95.0	112.7	97.6	80.9	88.9	88.3	86.6
Change from last year, %	17.3	22.7	4.8	17.2	9.3	6.9	27.6	12.7	8.5	17.0	4.2	22.8
EBITDA, MSEK	8.5	6.8	14.5	7.1	7.3	3.8	13.8	10.0	4.2	5.3	9.2	9.9
EBITDA-margin, %	8.2	5.8	12.3	6.2	8.3	4.0	12.2	10.2	5.1	5.9	10.4	11.4
Operating result, MSEK	8.4	6.6	14.3	7.0	7.1	3.6	13.6	9.8	4.0	5.1	9.0	9.6
Operating margin, %	8.1	5.7	12.1	6.1	8.1	3.8	12.1	10.1	4.9	5.7	10.2	11.1
Result before tax, MSEK	8.5	6.5	14.3	6.8	7.4	3.6	13.4	9.7	3.7	4.9	8.7	9.9
Result after tax, MSEK	6.7	5.3	11.4	4.6	5.6	2.9	10.7	7.2	2.9	3.8	7.0	6.6
Cash, MSEK	19.6	7.0	9.7	10.8	7.8	7.3	7.9	14.4	3.7	4.4	6.7	9.1
Inventory, MSEK	76.6	78.7	77.3	80.4	53.9	61.6	61.7	65.1	43.0	44.2	42.4	50.9
Equity, MSEK	89.1	84.5	97.0	101.9	67.4	63.3	73.7	80.2	45.9	47.0	54.0	60.8
Result per share, SEK	1.09	0.85	1.85	0.75	0.91	0.47	1.73	1.17	0.47	0.61	1.13	1.07
Equity per share, SEK	14.38	13.64	15.66	16.45	10.89	10.22	11.9	12.95	7.41	7.58	8.72	9.82
Cash flow from current operations per share, SEK	1.12	-2.34	0.26	0.74	0.49	-1.10	0.91	2.58	-0.10	1.45	0.68	2.26
Equity ratio, %	47.5	43.4	47.1	51.7	45.2	37.6	41.8	49.3	33.9	33.5	38.2	43.8

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.