

NEW NORDIC HEALTHBRANDS AB (PUBL)

SIX MONTH REPORT

JANUARY - JUNE 2018



	SIX MONTHS 2018	SIX MONTHS 2017	Q2 2018	Q2 2017
Net sales, kSEK	183 380	169 782	94 974	88 874
Change in local currencies, %	4.9	9.5	1.7	12.8
Gross profit, kSEK	129 228	114 203	68 633	59 660
Gross margin, %	70.5	67.3	72.3	67.1
EBITDA kSEK	11 122	9 440	3 816	5 277
EBITDA, %	6.1	5.6	4.0	5.9
Operating profit, kSEK	10 786	9 045	3 642	5 079
Operating margin, %	5.9	5.3	3.8	5.7
Profit for the period, kSEK	8 534	6 678	2 916	3 757
Resultat per aktie*, SEK	1.38	1.08	0.47	0.61
Earnings per share *, SEK	1.80	1.52	0.62	0.85

* There are no dilutive effects

COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

We had a record turnover of 95 MSEK in the second quarter and totaled 183 MSEK for the first half of the year. An increase of 8 percent in SEK. In local currencies, revenue has risen almost 5 percent in the six months. In both the second quarter and the first half we have had growth in all geographical areas; The Nordic area, Other Europe and North America. We have had a good balanced growth in sales of both the more well-established products and new products.

In the second quarter of 2018, we continued our increase in marketing and staff to generate increased revenue and earnings. Despite the fact that in the second quarter we have achieved a record turnover, growth in sales and earnings has not lived up to expectations. In several of our core markets, where we have access to our retailers' sales data, the growth in sales to the consumer is satisfactory. Therefore, we can conclude that some of our largest retailers have reduced stocks in the second quarter.

In the US, we have invested significantly in marketing to further increase our distribution. This has meant relatively higher costs in the first half of 2018. We expect the investments to result in continued increased sales in the future. In Switzerland, we have now established cooperation with all the major wholesalers. Here we are working to improve our distribution in pharmacies. In China we have also started our cross-border sales. Mainly through Tmall. Sales in China rise steadily day by day. Here we are still in an investment phase - especially in the marketing of social media. In Hong Kong, preparations for launch continue. We had been expecting sales at this time but negotiations with our retailers' have taken time. We expect to get started in the second half of 2018. We are also preparing for launch in Spain in the second half.

Despite the fact that USD has risen relative to SEK and our raw material prices have risen, we have increased our gross margin in the first half to 70.5 percent from 67.3 last year. This is mainly due to product mix

changes. We sell more of the products with higher profits. We also benefit from lower costs because of large-scale production on certain products.

Our costs are under control but they have risen more than the increase in our sales. This applies to both staff costs and marketing costs. In the second half of the year we will have increased awareness of improving our earnings compared with the first half of the year and we expect the actions we have taken in the first half to benefit us in the second half.

In the quarter, we have continued to use some resources to get proper sourcing of new technologies for New Nordic. These are liquid dosage forms, gums, sticks and sachets, and, in particular, handling of living bacteria such as collection, freeze drying and packaging under special temperature and humidity conditions. In the quarter, we have also launched Prosta Vital™, B-energy™ and the new popular form of magnesium - magnesium malate.

In the social media we have been working to shut down the local New Nordic Instagram profiles and instead establish @newnordicofficial as our international profile. This will give us a sharper international branding with focus on our Scandinavian roots. We have also taken steps to increase the use of local and international celebrities and influencers in our marketing for our beauty products.

Our financial situation is good and our balance is trimmed. Inventories, however, increased from 44 to 62 MSEK. This reflects increased activity as well as increased inventory to withstand reduction in production capacity over the summer. Last year our inventory was too low to ensure a satisfactory service level. We will try to manage our inventory so that it amounts to between 50 and 55 MSEK, which equals between 160 and 180 days of stock with existing sales level.

In the second half we will continue to execute our strategy. We will focus on continued growth in sales and earnings, internationalization and strengthening the value of our brand.

I look forward to an exciting second half with great expectation.

Sales

Sales during the first six months amounted to 183.4 MSEK (169.8), an increase of 8.0 percent. In local currencies, the increase was 4.9 percent. Sales increased in The Nordic, Other Europe and North America regions whereas Asia showed a slight decrease.

Results for the six months

Gross profit for the first half increased to 129.2 MSEK (114.2). This corresponds to a gross margin of 70.5 percent (67.3). EBITDA amounted to 11.1 MSEK (9.4). This corresponds to an EBITDA margin of 6.1 percent (5.6). Operating profit amounted to 10.8 MSEK (9.0). This corresponds to an operating margin of 5.9 percent (5.3). Profit after financial items amounted to 11.0 MSEK (8.5). Profit after tax for the six-month period was 8.5 MSEK (6.7).

Comments to the second quarter

Sales in local currencies increased by 1.7 percent. Converted into SEK, sales increased by 6.9 percent to 95.0 MSEK (88.9). The sale is not living up to expectations when taking into consideration the increased amount that was put into marketing to drive sales in the period. Sales increased in the Nordic, Other Europe and North America regions.

Gross margin increased to 72.3 percent (67.1) as a result of focus on high margin products and economy of scale in production of high selling SKU's. Personnel, sales and administration expenses amounted to 64.8 MSEK (54.4), an increase of 19.2 percent. The number of employees at end of period was 46 (42). The largest increase in expenses was related to increased marketing costs.

EBITDA decreased by 1.5 MSEK and profit after tax with 0.8 MSEK. A result of a higher percent increase in

general administration and selling costs than in sales. Depreciation was status quo at -0.2 MSEK (-0.2). Interest and other financial items were reduced to 0.0 MSEK (-0.2).

Profit after financial items decreased by 25.9 percent and amounted to 3.6 MSEK (4.9). Profit after tax decreased by 22.4 percent and amounted to 2.9 MSEK (3.8).

Financial position and cash flow

The Group's balance sheet total as of June 30, 2018 amounted to 168.4 MSEK (140.3), a increase of 20.0 percent compared to the same time last year. As a result of increased activities and increased number of SKU's and in preparation for summer close down of factories inventories increased by 39.4 percent compared to the same period last year and amounted to 61.6 MSEK (44.2). Last year inventories were too low to secure a satisfactory degree of deliveries over the summer. The company aim to have inventory levels of 160 to 180 days which equals 50 to 55 MSEK at current sales level. During the first six months the current operations generated a negative cash flow of -3.7 MSEK (8.3) reflecting the increase in inventory. Cash and cash equivalents at end of the period amounted to 7.3 MSEK (4.4).

The Group's equity ratio was 37.6 percent (35.5).

Shareholders' equity apportioned on the outstanding 6,195,200 (6,195,200) shares was on June 30, 2018 10.22 SEK per share (7.58).

Expansion

In 2018 and onwards, the company will continue to focus on building the global brand value of the New Nordic brand, its characteristic silver tree mark and the sub-brands of individual condition specific dietary supplements. The company will strive to operate as a sharply defined and non-compromising global brand, reflecting its Scandinavian heritage and values and its passion and expertise in natural herbals. The aim is to make a contribution to the world by making vitality bringing products which can advance the daily health and beauty of body and mind of humankind. Innovation that satisfies health and beauty needs and marketing that connect with New Nordic's potential plus an expanding geographical reach to more consumers around the world are driving New Nordic towards their goals.

Parent company

The parent company had in operation the first six months of 2018 net sales of 69.4 MSEK (52.2).

Comment current quarter

Sales during the first weeks of July has started satisfactory.

Transactions with related parties

There have not been any material 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

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

For further information contact:

Karl Kristian Bergman Jensen, CEO, kk@newnordic.com

This report has not been audited.

Malmö 31 July 2018

New Nordic Healthbrands AB (publ)

Board of Directors

New Nordic Healthbrands AB

Södra Förstadsgatan 3 • SE-211 43 Malmö • Sverige

Phone: +46 40 23 64 14

INCOME STATEMENT

(kSEK)	SIX MONTHS 2018	SIX MONTHS 2017	Q2 2018	Q2 2017
Sales	183 380	169 782	94 974	88 874
Cost of goods sold	-54 152	-55 579	-26 341	-29 214
Gross profit	129 228	114 203	68 633	59 660
Personnel expenses	-18 964	-16 330	-9 633	-8 007
Other external expenses	-99 142	-88 433	-55 184	-46 376
EBITDA	11 122	9 440	3 816	5 277
Depreciations	-336	-395	-174	-198
Operating profit (EBIT)	10 786	9 045	3 642	5 079
Interest and other financial items	190	-504	-47	-226
Profit after financial items	10 976	8 541	3 595	4 853
Tax	-2 442	-1 863	-679	-1 096
Profit for the period	8 534	6 678	2 916	3 757
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
Earnings per share, SEK	1.38	1.08	0.47	0.61
EBITDA per share, SEK	1.80	1.52	0.62	0.85

* There are no dilutive effects

BALANCE SHEET

(kSEK)	Q2 2018	Q2 2017	FULL YEAR 2017
Assets			
FIXED ASSETS			
Intangible fixed assets	23	133	37
Tangible fixed assets	1 573	1 402	1 239
Financial assets	4 236	4 761	4 324
Total fixed assets	5 832	6 296	5 600
CURRENT ASSETS			
Inventories	61 588	44 194	50 917
Current receivables	93 732	85 434	73 243
Liquid funds	7 259	4 397	9 058
Total current assets	162 579	134 025	133 218
TOTAL ASSETS	168 411	140 321	138 818
Equity and liabilities			
EQUITY			
EQUITY	63 297	46 983	60 810
Deferred tax	1 962	1 552	2 040
Long-term debt	1 072	1 216	1 363
Short term liabilities – interest bearing	16 511	21 234	7 292
Short term liabilities – non interest bearing	85 569	69 336	67 313
Current liabilities	102 080	90 570	74 605
TOTAL LIABILITIES AND EQUITY	168 411	140 321	138 818

CHANGE IN EQUITY

Q2 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	1 077	1 077
Profit for the period	0	8 534	8 534
Closing balance	6 195	57 102	63 297

Q2 2017 (kSEK)	Share capital	Other equity incl. profit for the year	Total equity
Opening balance	6 195	36 784	42 979
Dividend	0	-2 478	-2 478
Exchange difference	0	-196	-196
Profit for the period	0	6 678	6 678
Closing balance	6 195	40 788	46 983

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
Balance	6 195	54 615	60 810

CASH FLOW STATEMENTS

(kSEK)	SIX MONTHS 2018	SIX MONTHS 2017	Q2 2018	Q2 2017
CURRENT OPERATIONS				
Profit after financial items	10 786	9 045	3 642	5 079
Adjustments for				
Depreciations	336	395	174	198
Other provisions	21	0	21	0
	11 143	9 440	3 837	5 277
Interest received	0	0	0	0
Interest expense	-146	-359	-94	-173
Taxation paid	-780	-2 184	-630	-1 041
Cash flow from current operations before changes in working capital	10 217	6 897	3 113	4 063
Cash flow from changes in working capital				
Inventories	-10 671	7 145	-7 700	-1 492
Current receivables	-19 796	-22 833	-11 968	-3 464
Current liabilities	16 502	17 072	9 757	9 902
Cash flow from current operations	-3 748	8 281	-6 798	9 009
INVESTMENT ACTIVITIES				
Acquisition of tangible assets	-850	-29	-152	-14
Sales of equipment	231	0	231	0
Change in long-term receivables	471	-254	-1	-397
Cash flow from investment activities	-148	-283	78	-411
FINANCING ACTIVITIES				
Dividend	-7 124	-2 478	-7 124	-2 478
Changes in long term debt	-291	-102	-179	139
Change in bank overdrafts	9 219	-7 787	13 333	-5 510
Cash flow from financing activities	1 804	-10 367	6 030	-7 849
Cash flow for the period	-2 092	-2 369	-690	749
Liquid funds at the beginning of the period	9 058	6 864	7 849	3 698
Changes in liquid funds	293	-98	100	-50
Liquid funds at the end of the period	7 259	4 397	7 259	4 397

KEY FIGURES

(kSEK)	SIX MONTHS		SIX MONTHS	
	2018	2017	Q2 2018	Q2 2017
Sales	183 380	169 782	94 974	88 874
Gross profit	129 228	114 203	68 633	59 660
EBITDA	11 122	9 440	3 816	5 277
Operating profit	10 786	9 045	3 642	5 079
Profit after financial items	10 976	8 541	3 595	4 853
Profit after tax	8 534	6 678	2 916	3 757
Total assets	168 411	140 321	168 411	140 321
Return on capital employed, %	13.3	13.0	4.8	7.1
Return on shareholders equity, %	13.5	14.2	4.6	8.0
Equity	63 297	46 983	63 297	46 983
Equity ratio, %	37.6	33.5	37.6	33.5
Debt ratio	1.66	1.99	1.66	1.99
Interest coverage ratio	73.4	25.2	38.7	29.4
Investments	850	29	152	14
Cash flow from current operations	-3 748	8 281	-6 798	9 009
Gross margin, %	70.5	67.3	72.3	67.1
EBITDA margin, %	6.1	5.6	4.0	5.9
Operation margin, %	5.9	5.3	3.8	5.7
Profit margin, %	6.0	5.0	3.8	5.5
Number of employees, average	44	42	44	43
Number of employees by the end of the period	46	42	46	42
Sales per employee	4 168	4 042	2 159	2 091
Gross margin per employee	2 937	2 719	1 560	1 404
Profit per employee	249	203	82	114
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	1.80	1.52	0.62	0.85
Profit per share *, SEK	1.38	1.08	0.47	0.61
Equity per share, SEK	10.22	7.58	10.22	7.58

* There are no dilutive effects

NEW NORDIC GEOGRAPHIC

	Q2 2018		Q2 2017		FULL YEAR 2017	
Sales divided by geographic, SEK	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	36	38	34	38	144	42
Other Europe	34	36	31	35	110	32
North America	24	25	23	26	89	25
Other World	1	1	1	1	2	1

QUARTERLY OVERVIEW

	2018		2017				2016				2015			
	Q 1	Q 2	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	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	6.9	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	3.8	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	4.0	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	3.6	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	3.8	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	3.6	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	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	7.3	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	61.6	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	63.3	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	0.47	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	10.22	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	-1.10	-0.10	1.45	0.68	2.26	-1.07	0.18	-0.53	-0.06	-0.57	-0.29	0.15	0.21
Equity ratio, %	45.2	37.6	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.