

# NEW NORDIC HEALTHBRANDS AB (PUBL) SIX MONTH REPORT JANUARY - JUNE 2022



	SIX MONTHS 2022	SIX MONTHS 2021	Q2 2022	Q2 2021
Net sales, kSEK	254 048	268 943	130 712	141 112
Change in SEK, %	-5,5	23,9	-7,4	34,7
Change in local currencies, %	-10,7	30,8	-12,6	40,9
Gross profit, kSEK	167 613	182 796	84 706	97 114
Gross margin, %	66,0	68,0	64,8	68,8
EBITDA kSEK	-4 261	24 566	-6 299	11 151
EBITDA margin, %	-1,7	9,1	-4,8	7,9
Operating profit, kSEK	-4 874	24 129	-6 633	10 934
Operating margin, %	-1,9	9,0	-5,1	7,7
Profit for the period, kSEK	-6 496	19 102	-7 476	8 716
Earnings per share EBITDA, SEK	-0,69	3,97	-1,02	1,80
Earnings per share * after tax, SEK	-1,05	3,08	-1,21	1,41

\* There are no dilutive effects

## COMMENTS BY CEO KARL KRISTIAN BERGMAN JENSEN

Entering 2022 we had planned for growth in sales and profit via increased marketing and innovation. We had a fine January even though we realised that corona testing and lockdowns in many European countries meant reduced sales in those countries. Immediately when the Russian invasion of Ukraine started last week of February, we understood that many of our customers changed buying behavior. Our products are of high quality and premium priced in the market. Our advertising and other marketing activities did not create the sales it used to for so many years. The spend for the planned growth increased by 7 percent during the first half year but even so the sales decreased by 6 percent. Comparing this half year to first half year of 2021 is additionally blurred by the fact that we were very successful in 2021 due to the sell in of Hair Volume™ special 10 years anniversary packs.

Due to the current international geopolitical and economic situation, which we believe will last well into 2023, we are taking steps to reduce our marketing and innovation investments temporarily as well as we are introducing a shorter marketing planning horizon to become more agile and react quicker to both negative and positive changes in the world around us.

We expect that the reduction in investments during the second half year will result in lower sales in the second half year than in the first half year. Our liquidity is marked by the loss during the first half year, but it will benefit from our decision to reduce investments as well as our current inventory reduction efforts.

As soon as we see it opportune, we will increase our investments again and return to our growth path, which has provided a CAGR of 11 percent over the past five years. We plan to finance the growth beyond 2022 ourselves.

As a result of the current situation, we have decided to postpone our application for listing of our shares on NASDAQ Stockholm Main Market. So far until the end of 2023.

During the first half of the year, we reached a turnover of SEK 254 million. New Nordic's products are now available in almost all European countries, North America, Hong Kong, China, Vietnam and Australia. During the first half of the year, we have had growth in Asia. Sales were status quo in North America, while we have had a decline in the Nordics and the rest of Europe. If we look at the second quarter in isolation, we have had growth in Asia and in the rest of Europe.

Due to changes in the product mix, the gross profit has been reduced to 66 percent compared to 68 percent last year. It is above all the sale of "food supplement gummies" with lower gross profit and the sale of "dual-pack" units, that has had a negative impact on our gross profit. We will continue to have a strong focus on our gross profit and work to increase it again.

During the second quarter we made a loss bigger than the small profit in the first quarter so after six months the result is negative and not satisfactory. It will be our strong focus to change that during the second half year.

Good news is that we also won a prize at the Danish Beauty Awards this year. The winning prize was given to our new liquid collagen and plant-based nutritional supplements that come in convenient "ready-to-drink sachets". Collagen Shot™, as the product is named, has also been launched in England, where it is already one of our best sellers.

Cosmetic products in our "Beauty In & Out" still make up only a small part of our turnover, but sales are growing rapidly. As one of our top retail partners puts it: "We want to use the momentum of upcoming news and growth in the category right now to make New Nordic the inevitable top brand in natural skincare."

I thank the New Nordic team in all countries. We have experienced market challenges that we have not faced before, and the team has made an enormous contribution during these challenging and changing times.

I look forward to the second half of 2022 and I am convinced that we will restore profitability in the company.  
Sales

Sales during the first half of the year amounted to SEK 254.0 million (268.9), a decrease of 5.5 percent. In local currencies, the reduction was 10.7 percent. Sales increased in Asia, was status quo in North America and decreased in the Nordics and other parts of Europe.

### **Results for the six months**

The gross result for the first half of the year decreased to SEK 167.6 million (182.8). This corresponds to a gross margin of 66.0 percent (68.0). EBITDA amounted to -4.3 MSEK (24.6) and the EBITDA margin was negative, -1.7 percent (9.1 percent). The operating profit amounted to -4.9 MSEK (24.1) and the operating margin was negative, -1.9 percent (9.0 percent). The result after financial items amounted to SEK -5.2 million (23.9). The result after tax for the half year amounted to SEK -6.5 million (19.1).

### **Comments to the second quarter**

Sales in local currencies decreased by 12.6 percent. Converted to SEK, sales decreased by 7.4 percent to SEK 130.7 million (141.1). The decrease in the first half year was largely affected by the economic and geopolitical uncertainty in the world. The gross margin decreased to 64.8 percent (68.8). Personnel, sales and administration costs amounted to SEK 91.0 million (86.0), an increase of 5.8 percent. The number of employees at the end of the period was 73 (67). The biggest cost increase was related to increased marketing costs, but also costs for personnel and other costs. EBITDA decreased by SEK 17.5 million and profit after tax decreased

by SEK 16.2 million. A result of lower sales and gross margin and a reduction in costs. Depreciation came to -0.3 MSEK (-0.2). Interest and other financial items were status quo -0.1 MSEK (-0.1).

The result after financial items was negative and amounted to SEK -6.7 million (10.8). The result after tax was negative and amounted to -7.5 MSEK (8.7).

### **Financial position and cash flow**

The group's total assets as of June 30, 2022 amounted to SEK 249.9 million (236.6), an increase of 5.6 percent y-o-y with the same time last year. Inventories increased by 21.1 percent y-o-y with the same period of the previous year and amounted to SEK 112.1 million (92.5). During the first six months, ongoing operations generated a negative cash flow of -14.9 MSEK (0.2). Cash and cash equivalents at the end of the period amounted to SEK 6.0 million (11.0). The group's equity/assets ratio amounted to 43.4 percent (49.6). Equity divided by the remaining 6,195,200 (6,195,200) shares was SEK 17.49 per share (18.94) on June 30, 2022.

### **Expansion**

New Nordic's operations create value for the company's customers and shareholders. During 2022 and beyond, the company will continue to develop plant-based nutritional supplements and health products to meet specific health and health needs. New Nordic will market these products to a growing number of consumers worldwide. Everything 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 nature and a healthy life.

### **Parent company**

During the first half of 2022, the parent company had a net turnover of SEK 80.3 million (117.3).

### **Comment current quarter**

No special events.

### **Transactions with related parties**

During the period, there have not been any significant transactions with the latter, apart from the usual sales of New Nordic products at normal trade prices and terms to Dansk Detail APS (health shops), Denmark, jointly managed by Marinus Blåbjerg Sørensen and Karl Kristian Bergman Jensen.

### **Risks and uncertainties**

A number of factors can affect New Nordic's results and operations. Many of these can be handled through internal routines, while some others are affected more by external influences. There are risks and uncertainties in connection with consumer trends, weather conditions, negative macroeconomic changes, geopolitical risks, sustainability and external factors in production countries, regulatory issues, trade interventions, foreign exchange and tax, but also in connection with expansion into new markets, the launch of new products, changes in consumer behavior and how the business is managed. There are also certain 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 consolidated accounts for 2021 under "Risk factors".

### **Accounting principles**

The group prepares its accounts in accordance with the Annual Accounts Act and the General Accounting Regulations 2012:1 (K3). Information about the accounting principles in others appears in the 2021 annual report.

**Certified Adviser**

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

**Upcoming reports**

Nine Month Report 2022	October 28, 2022
Full Year Report 2022	February 28, 2023
Annual Report 2022	March 27, 2023
Three Month Report 2023	April 27, 2023
Annual General Meeting in Malmö	2023 April 27, 2023

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

The board of directors and the executive directly ensure that the interim report provides a correct overview of the group's operations, position and results.

Jessica Tyreman, Board Member,  
Lennart Sjölund, board member,  
Kirsten Aegidius, board member,  
Marinus Blomberg Sørensen, chairman of the board,  
Karl Kristian Bergman Jensen, CEO and board member

Malmö on July 29, 2022  
New Nordic Healthbrands AB (publ)

*The information in this document is that which New Nordic Healthbrands AB (publ) must make public according to the EU Market Abuse Regulation. The information was submitted for publication via the contact person listed above at 8:00 a.m. (CET) on 29 July 2022.*

# INCOME STATEMENT

(kSEK)	<b>SIX MONTHS 2022</b>	<b>SIX MONTHS 2021</b>	<b>Q2 2022</b>	<b>Q2 2021</b>
Sales	254 048	268 943	130 712	141 112
Cost of goods sold	-86 435	-86 147	-46 006	-43 998
<b>Gross profit</b>	<b>167 613</b>	<b>182 796</b>	<b>84 706</b>	<b>97 114</b>
Personnel expenses	-30 785	-28 146	-15 185	-14 573
Other external expenses	-141 089	-130 084	-75 820	-71 390
<b>EBITDA</b>	<b>-4 261</b>	<b>24 566</b>	<b>-6 299</b>	<b>11 151</b>
Depreciations	-613	-437	-334	-217
<b>Operating profit (EBIT)</b>	<b>-4 874</b>	<b>24 129</b>	<b>-6 633</b>	<b>10 934</b>
Interest and other financial items	-294	-181	-98	-108
<b>Profit after financial items</b>	<b>-5 168</b>	<b>23 948</b>	<b>-6 731</b>	<b>10 826</b>
Tax	-1 328	-4 846	-745	-2 110
<b>Profit for the period</b>	<b>-6 496</b>	<b>19 102</b>	<b>-7 476</b>	<b>8 716</b>
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	-1,05	3,08	-1,21	1,41
EBITDA per share, SEK	-0,69	3,97	-1,02	1,80

\* There are no dilutive effects

# BALANCE SHEET

(kSEK)	Q2 2022	Q2 2021	FULL YEAR 2021
<b>Assets</b>			
FIXED ASSETS			
Intangible fixed assets	3 021	1 849	3 033
Tangible fixed assets	3 141	2 100	2 238
Financial assets	4 344	4 948	4 869
<b>Total fixed assets</b>	<b>10 506</b>	<b>8 897</b>	<b>10 140</b>
CURRENT ASSETS			
Inventories	112 093	92 525	116 457
Current receivables	121 253	124 106	99 870
Liquid funds	6 045	11 033	11 884
<b>Total current assets</b>	<b>239 391</b>	<b>227 664</b>	<b>228 211</b>
<b>TOTAL ASSETS</b>	<b>249 897</b>	<b>236 561</b>	<b>238 351</b>
<b>Equity and liabilities</b>			
EQUITY	108 359	117 334	120 316
<b>Deferred tax</b>	<b>2 010</b>	<b>2 218</b>	<b>2 145</b>
<b>Long-term debt</b>	<b>1 696</b>	<b>2 840</b>	<b>1 237</b>
Short term liabilities – interest bearing	41 691	12 556	24 426
Short term liabilities – non interest bearing	96 141	101 613	90 227
<b>Current liabilities</b>	<b>137 832</b>	<b>114 169</b>	<b>114 653</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>249 897</b>	<b>236 561</b>	<b>238 351</b>

# CHANGE IN EQUITY

<b>Q2 2022 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Opening balance</b>	<b>6 195</b>	<b>114 121</b>	<b>120 316</b>
Dividend	0	-7 744	-7 744
Exchange difference	0	2 283	2 283
Profit for the period	0	-6 496	-6 496
<b>Closing balance</b>	<b>6 195</b>	<b>102 164</b>	<b>108 359</b>

<b>Q2 2021 (kSEK)</b>	<b>Share capital</b>	<b>Other equity incl. profit for the year</b>	<b>Total equity</b>
<b>Opening balance</b>	<b>6 195</b>	<b>98 613</b>	<b>104 808</b>
Dividend	0	-9 293	-9 293
Exchange difference	0	2 717	2 717
Profit for the period	0	19 102	19 102
<b>Closing balance</b>	<b>6 195</b>	<b>111 139</b>	<b>117 334</b>

<b>FULL YEAR 2020 (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>98 613</b>	<b>104 808</b>
Dividend	0	-9 293	-9 293
Currency exchange differences	0	3 498	3 498
Profit for the period	0	21 303	21 303
<b>Balance</b>	<b>6 195</b>	<b>114 121</b>	<b>120 316</b>

# CASH FLOW STATEMENTS

(kSEK)	SIX MONTHS 2022	SIX MONTHS 2021	Q2 2022	Q2 2021
CURRENT OPERATIONS				
Profit after financial items	-4 874	24 129	-6 633	10 934
<b>Adjustments for</b>				
Depreciations				
Other provisions	613	437	334	217
	-287	0	-184	0
Interest received	<b>-4 548</b>	<b>24 566</b>	<b>-6 483</b>	<b>11 151</b>
Interest expense	2	1	1	0
Taxation paid	-296	-182	-99	-108
<b>Cash flow from current operations before changes in working capital</b>	<b>-3 535</b>	<b>-5 142</b>	<b>-218</b>	<b>-2 819</b>
	<b>-8 377</b>	<b>19 243</b>	<b>-6 799</b>	<b>8 224</b>
<b>Cash flow from changes in working capital</b>				
Inventories				
Current receivables	4 364	-11 857	7 920	-4 666
Current liabilities	-19 459	-28 031	-9 273	-5 117
<b>Cash flow from current operations</b>	<b>8 577</b>	<b>20 885</b>	<b>-3 385</b>	<b>690</b>
	<b>-14 895</b>	<b>240</b>	<b>-11 537</b>	<b>-869</b>
INVESTMENT ACTIVITIES				
Acquisition of intangible assets				
Acquisition of tangible assets	-193	-301	-167	-251
Sales of equipment	-1 198	-564	-38	-525
Change in long-term receivables	287	0	184	0
<b>Cash flow from investment activities</b>	<b>5</b>	<b>-600</b>	<b>-18</b>	<b>-250</b>
	<b>-1 099</b>	<b>-1 465</b>	<b>-39</b>	<b>-1 026</b>
FINANCING ACTIVITIES				
Dividend				
Changes in long term debt	-7 744	-9 293	-7 744	-9 293
Change in bank overdrafts	459	104	404	180
<b>Cash flow from financing activities</b>	<b>17 265</b>	<b>10 993</b>	<b>14 521</b>	<b>10 786</b>
<b>Cash flow for the period</b>	<b>9 980</b>	<b>1 804</b>	<b>7 181</b>	<b>1 673</b>
<b>Liquid funds at the beginning of the period</b>	<b>-6 014</b>	<b>579</b>	<b>-4 395</b>	<b>-222</b>
<b>Changes in liquid funds</b>	<b>11 884</b>	<b>10 404</b>	<b>10 188</b>	<b>11 450</b>
<b>Liquid funds at the end of the period</b>	<b>175</b>	<b>50</b>	<b>252</b>	<b>-195</b>
	<b>6 045</b>	<b>11 033</b>	<b>6 045</b>	<b>11 033</b>

# KEY FIGURES

(kSEK)	SIX MONTHS 2022	SIX MONTHS 2021	Q2 2022	Q2 2021
Sales	254 048	268 943	130 712	141 112
Gross profit	167 613	182 796	84 706	97 114
EBITDA	-4 261	24 566	-6 299	11 151
Operating profit	-4 874	24 129	-6 633	10 934
Profit after financial items	-5 168	23 948	-6 731	10 826
Profit after tax	-6 496	19 102	-7 476	8 716
Total assets	249 897	236 561	249 897	236 561
Return on capital employed, %	-3,2	18,2	-4,4	8,5
Return on shareholders equity, %	-6,0	16,3	-6,9	7,4
Equity	108 359	117 334	108 359	117 334
Equity ratio, %	43,4	49,6	43,4	49,6
Debt ratio	1,31	1,02	1,31	1,02
Interest coverage ratio	-16,5	132,6	-67,0	101,2
Investments	1 391	865	205	776
Cash flow from current operations	-14 895	240	-11 537	-869
Gross margin, %	66,0	68,0	64,8	68,8
EBITDA margin, %	-1,7	9,1	-4,8	7,9
Operation margin, %	-1,9	9,0	-5,1	7,7
Profit margin, %	-2,0	8,9	-5,1	7,7
Number of employees, average	73	64	74	64
Number of employees by the end of the period	73	67	73	67
Sales per employee	3 504	4 235	1 766	2 205
Gross margin per employee	2 312	2 879	1 145	1 517
Profit per employee	-71	377	-91	169
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	-0,69	3,97	-1,02	1,80
Profit per share *, SEK	-1,05	3,08	-1,21	1,41
Equity per share, SEK	17,49	18,94	17,49	18,94

\* There are no dilutive effects

# NEW NORDIC GEOGRAPHIC

Sales divided by geographic, SEK	Q2 2022		Q2 2021		FULL YEAR 2021	
	MSEK	Percent	MSEK	Percent	MSEK	Percent
Nordic	36	27	47	33	171	33
Other Europe	54	41	51	36	200	39
North America	34	26	40	28	125	24
Other World	7	6	3	3	19	4

# QUARTERLY OVERVIEW

	2022		2021				2020				2019			
	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	123.3	130,7	127.8	141.1	124.9	121	112.3	104.8	115.3	117.8	103.7	116.5	118.1	114.4
Change from last year, %	-3.5	-7,4	13.9	34.7	8.3	2.8	8.3	-10.1	-2.4	2.9	17.3	22.7	4.8	17.2
EBITDA, MSEK	2.0	-6,3	13.4	11.2	8.9	-4.0	7.1	4.8	8.2	5.7	8.5	6.8	14.5	7.1
EBITDA-margin, %	1.7	-4,8	10.5	7.9	7.2	-3.3	6.3	4.6	7.1	4.8	8.2	5.8	12.3	6.2
Operating result, MSEK	1.8	-6,6	13.2	10.9	8.7	-4.3	6.9	4.5	8.0	5.5	8.4	6.6	14.3	7.0
Operating margin, %	1.4	-5,1	10.3	7.7	7.0	-3.5	6.1	4.3	6.9	4.7	8.1	5.7	12.1	6.1
Result before tax, MSEK	1.6	-6,7	13.1	10.8	8.5	-4.4	6.8	4.2	7.8	4.5	8.5	6.5	14.3	6.8
Result after tax, MSEK	1.0	-7,5	10.4	8.7	6.7	-4.5	5.4	3.3	6.4	2.7	6.7	5.3	11.4	4.6
Cash, MSEK	10.2	6,0	11.5	11.0	13.8	11.9	11.9	10.2	11.2	10.4	19.6	7.0	9.7	10.8
Stocks, MSEK	120.0	112,1	87.9	92.5	104.1	116.5	83.3	86.7	77.9	80.7	76.6	78.7	77.3	80.4
Equity, MSEK	122.0	108,4	118.7	117.3	123.8	120.3	107.8	97.1	103.8	104.8	89.1	84.5	97.0	101.9
Result per share, SEK	0.16	-1,21	1.68	1.41	1.08	-0.73	0.87	0.53	1.04	0.43	1.09	0.85	1.85	0.75
Equity per share, SEK	19.69	17,49	19.16	18.94	19.98	19.42	17.41	15.68	16.75	16.92	14.38	13.64	15.66	16.45
Cash flow from current operations per share, SEK	-0.54	-1,86	0.18	-0.14	0.33	-1.63	-0.06	1.42	-0.18	1.99	1.12	-2.34	0.26	0.85
Solidity, %	48.4	43,4	52.4	49.6	50.7	50.5	49.1	47.4	51.0	54.7	47.5	43.4	47.1	51.7

**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.