



New Nordic Healthbrands AB (publ) Six month report January - June 2017

	SIX MONTHS 2017	SIX MONTHS 2016	Q2 2017	Q2 2016
Net sales, kSEK	169 782	150 549	88 874	75 973
Gross profit, kSEK	114 203	98 043	59 660	50 481
Gross margin	67.3%	65.1%	67.1%	66.4%
EBITDA kSEK	9 440	5 250	5 277	2 056
EBITDA-margin	5.6%	3.5%	5.9%	2.7%
Operating profit, kSEK	9 045	4 650	5 079	1 822
Operating margin	5.3%	3.1%	5.7%	2.4%
Profit for the period, kSEK	8 541	4 645	4 853	1 584
Profit margin	5.0%	3.1%	5.5%	2.1%
Profit after tax, kSEK	6 678	3 818	3 757	1 496
Net profit margin	3.9	2.5	4.2	2.0
Earnings per share after tax*, SEK	1.08	0.62	0.61	0.24

*There are no dilutive effects

Comments by Karl Kristian Bergman Jensen, CEO

We continued our growth in sales and earnings and reached record levels. We had a fine second quarter 2017 making the first half year a good half year with a nice growth of nearly 13 percent, increased earnings and further internationalization of our brand.

Sales amounted to 170 MSEK. Sales increased in all geographical regions fueled by innovations and effective marketing. Our gross margin reached 67.3 percent which is satisfactory. Costs have been kept well under control. Basically all increase in cost compared to last year is related to increase in marketing campaigns to back existing and new products world wide. The increase in cost first half 2017 amounted to 13 percent.

In our internationalization process, we have some countries where we are well-established in the local market and some countries where we work hard to gain market share to reach a more critical mass and a solid platform for future profits. Therefore, our EBITDA varies considerably from country to country. On a group level we reached a total EBITDA margin of 5.6 percent for the first half year which is below our long term ambitions but nonetheless increasing. With low debt and a low book value of our assets, financial costs and depreciation are comfortably low resulting in a profit after tax of 6.7 MSEK or 1.08 SEK per share for the first half year. Our balance is well trimmed and the inventory level is about right for our business.

Our three most important product categories: Vitality, Diet and Beauty are all developing well with a lot of international potential for further growth. During the first half year we have focused to prepare new innovative products for launch in the US market during the 2nd half of 2017. We also have some very exciting new products in preparation for test market in Scandinavia. Some of which will also introduce completely new technology to the industry.

The whole New Nordic team has made excellent efforts to reach the first half results and we are all excited about the second half of 2017. We are confident that we can take further market share in this growing food supplement market and increase our brand value and earnings.

Sales

Sales during the first six months amounted to 169.8 MSEK (150.5), an increase of 12.8 percent. In local currencies, the increase was 9.5 percent.

Results for the six months

Gross profit for the first half increased to 114.2 MSEK (98.0). This corresponds to a gross margin of 67.3 percent (65.1). EBITDA amounted to 9.4 MSEK (5.3). This corresponds to an EBITDA margin of 5.6 percent (3.5). Operating profit amounted to 9.0 MSEK (4.7). This corresponds to an operating margin of 5.3 percent (3.1). Profit after financial items amounted to 8.5 MSEK (4.6). Profit after tax for the six-month period was 6.7 MSEK (3.8).

Comments to the second quarter

Sales in local currencies increased by 12.8 percent. Converted into SEK, sales increased by 17.0 percent. The sale shows a satisfactory organic growth. Sales increased in all geographic regions.

Gross margin increased to 67.1 percent (66.4). An increase related to product mix and reduced manufacturing costs. Personnel, sales and administration expenses amounted to 54.4 MSEK (48.4), an increase of 12.3 percent. The number of employees at end of period was 42 (45). The largest increase in expenses was related to increased marketing costs. EBITDA increased by 3.2 MSEK and profit after tax with 2.3 MSEK. A result of an increase in sales while keeping general administration and selling costs low. Depreciation was status quo at -0.2 MSEK (-0.2). Interest and other financial items were also status quo at -0.2 MSEK (-0.2).

Profit after financial items was increased by 206 percent and amounted to 4.9 MSEK (1.6). Profit after tax increased by 151 percent and amounted to 3.8 MSEK (1.5).

Financial position and cash flow

Total assets as of 30 June 2017 amounted to 140.3 MSEK (142.3), a decrease of 1.4 percent compared to the same time last year.

Inventories have decreased by 25 percent compared to the same period last year and amounted to 44.2 MSEK (59.0). During the first six months the current operations generated a positive cash flow of 0.5 MSEK (1.5). Cash and cash equivalents at end of the period amounted to 4.4 MSEK (5.7).

The Group's equity ratio was 35.5 percent (26.3).

Shareholders' equity apportioned on the outstanding 6,195,200 (6,195,200) shares was on June 30, 2017 7.58 SEK per share (6.04).

Expansion

In 2017 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 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 2017 net sales of 52.2 MSEK (59.2).

Comment current quarter

Sales during the first weeks of July has started well.

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 The 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

Nine Month Report 2017	31 October 2017
Year-end report 2017	2 March 2018
Annual Report 2017	28 March 2018
Three-month report 2018	26 April 2018
Annual General Meeting 2018	26 April 2018

For further information, please contact: Karl Kristian Jensen Bergman, CEO, kk@newnordic.com

This report has not been audited.

Malmö 31st of July 2017

New Nordic Healthbrands AB (publ)

The Board

New Nordic Healthbrands AB

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Income Statement

(kSEK)	SIX MONTHS 2017	SIX MONTHS 2016	Q2 2017	Q2 2016
Sales	169 782	150 549	88 874	75 973
Cost of goods sold	-55 579	-52 506	-29 214	-25 492
Gross profit	114 203	98 043	59 660	50 481
Personnel expenses	-16 330	-16 368	-8 007	-8 058
Other external expenses	-88 433	-76 425	-46 376	-40 367
EBITDA	9 440	5 250	5 277	2 056
Depreciations	-395	-600	-198	-234
Operating profit (EBIT)	9 045	4 650	5 079	1 822
Interest and other financial items	-504	-5	-226	-238
Profit after financial items	8 541	4 645	4 853	1 584
Tax	-1 863	-827	-1 096	-88
Net profit for the period	6 678	3 818	3 757	1 496
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	1.08	0.62	0.61	0.24
EBITDA per share, SEK	1.52	0.85	0.85	0.33

*There are no dilutive effects

Balance Sheet

(kSEK)	Q2 2017	Q2 2016	Full year 2016
Assets			
FIXED ASSETS			
Intangible fixed assets	133	394	230
Tangible fixed assets	1 402	1 702	1 665
Financial assets	4 761	6 010	5 175
Total fixed assets	6 296	8 106	7 070
CURRENT ASSETS			
Inventories	44 194	59 032	51 626
Current receivables	85 434	69 435	62 032
Liquid funds	4 397	5 702	6 864
Total current assets	134 025	134 169	120 552
Total assets	140 321	142 275	127 592
Equity and liabilities			
EQUITY	46 983	37 438	42 979
Deffered tax	1 552	1 470	1 496
Long-term debt	1 216	1 089	1 318
Short term liabilities – interest bearing	21 234	24 620	29 021
Short term liabilities – non interest bearing	69 336	77 658	52 778
Current liabilities	90 570	102 278	81 799
TOTAL LIABILITIES AND EQUITY	140 321	142 275	127 592

Change in Equity

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
Net profit for the period	0	6 678	6 678
Closing balance	6 195	40 788	46 983

Q2 2016

(kSEK)	Share capital	Other equity incl. Profit for the year	Total equity
Opening balance	6 195	29 577	35 772
Dividend	0	-1 549	-1 549
Exchange difference	0	-603	-603
Net profit for the period	0	3 818	3 818
Closing balance	6 195	31 243	37 438

Full year 2016

(kSEK)	Share capital	Other equity incl. Profit for the year	Total equity
Opening balance	6 195	29 577	35 772
Dividend	0	-1 549	-1 549
Exchange difference	0	-818	-818
Net profit for the period	0	9 574	9 574
Closing balance	6 195	36 784	42 979

Cash Flow Statements

(kSEK)	SIX MONTHS 2017	SIX MONTHS 2016	Q2 2017	Q2 2016
CURRENT OPERATIONS				
Operating profit	9 045	4 650	5 079	1 822
Adjustments for				
Depreciations	395	600	198	234
	9 440	5 250	5 277	2 056
Interest received	0	1	0	0
Interest expense	-359	-379	-173	-209
Taxation paid	-2 184	-2 383	-1 041	-715
Cash flow from current operations before changes in working capital	6 897	2 489	4 063	1 132
Cash flow from changes in working capital				
Inventories	7 145	-11 855	-1 492	-4 213
Current receivables	-22 833	-4 780	-3 464	3 412
Current liabilities	9 285	15 662	4 392	3 957
Cash flow from current operations	494	1 516	3 499	4 288
INVESTMENT ACTIVITIES				
Investments in tangible fixed assets	-29	-371	-14	-15
Long term receivables	-254	27	-397	-217
Cash flow from investment activities	-283	-344	-411	-232
FINANCING ACTIVITIES				
Dividend	-2 478	-1 549	-2 478	-1 549
Changes in long term debt	-102	-855	139	-897
Cash flow from financing activities	-2 580	-2 404	-2 339	-2 446
Changes in liquid funds	-2 369	-1 232	749	1 610
Liquid funds at the beginning of the period	6 864	6 836	3 698	4 013
Exchange rate effect	-98	98	-50	79
Liquid funds at the end of the period	4 397	5 702	4 397	5 702

Key Figures

(kSEK)	SIX MONTHS 2017	SIX MONTHS 2016	Q2 2017	Q2 2016
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EBITDA	9 440	5 250	5 277	2 056
Operating profit	9 045	4 650	5 079	1 822
Profit after financial items	8 541	4 645	4 853	1 584
Net profit	6 678	3 818	3 757	1 496
Total assets	140 321	142 275	140 321	142 275
Return on capital employed, %	13.0	7.4	7.1	2.9
Return on shareholders equity, %	14.2	10.2	16.0	4.0
Equity	46 983	37 438	46 983	37 438
Equity ratio, %	33.5	26.3	33.5	26.3
Debt ratio	1.99	2.8	1.99	2.8
Interest coverage ratio	25.2	12.3	29.4	8.7
Investments	29	371	14	15
Cash flow from current operations	494	1 516	3 499	4 288
Gross margin, %	67.3	65.1	67.1	66.4
EBITDA margin, %	5.6	3.5	5.9	2.7
Operating margin, %	5.3	3.1	5.7	2.4
Net profit margin, %	5.0	3.1	5.5	2.1
Number of employees, average	42	45	43	45
Number of employees by the end of the period	42	45	42	45
Sales per employee	4 042	3 383	2 091	1 707
Gross margin per employee	2 719	2 203	1 404	1 134
Profit per employee	203	104	114	36
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
Own shares by the end of the period	0	0	0	0
EBITDA per share, SEK	1.52	0.85	0.85	0.33
Earnings per share*, SEK	1.08	0.62	0.61	0.24
Equity per share, SEK	7.58	6.04	7.58	6.04

*There are no dilutive effects

New Nordic geographic segments

Sales divided by geographic segments

	Q2 2017		Q2 2016		Full year 2016	
	MSEK	PERCENT	MSEK	PERCENT	MSEK	PERCENT
Nordic	34	38	30	40	123	40
Other Europe	31	35	24	32	97	32
North America	23	26	21	27	79	26
Other World	1	1	1	1	7	2

Quarterly overview

	2017		2016				2015				2014			
	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales MSEK	80.9	88.9	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	17.0	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	5.3	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	5.9	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 profit, MSEK	4.0	5.1	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	5.7	3.8	2.4	8.5	1.7	5.6	4.6	6.6	4.4	5.1	5.3	7.9	5.7
Profit before tax, MSEK	3.7	4.9	3.1	1.6	6.9	0.9	3.9	2.8	4.7	2.8	2.7	4.2	5.2	4.4
Net profit, MSEK	2.9	3.8	2.3	1.5	5.5	0.3	3.1	2.2	3.7	2.3	2.1	2.9	4.3	3.2
Liquid funds , MSEK	3.7	4.4	4.0	5.7	7.0	6.9	5.6	4.1	5.1	6.8	4.9	5.1	5.4	6.0
Inventories, MSEK	43.0	44.2	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	47.0	37.7	37.4	42.6	43.0	27.7	30.1	33.3	35.8	15.7	18.2	22.2	25.1
Earnings per share, SEK	0.47	0.61	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	7.58	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	0.56	-0.53	0.69	0.22	-0.09	-0.57	-0.29	0.15	0.21	0.34	0.16	0.28	-0.03
Equity ratio, %	33.9	33.5	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 after financial items: Profit before tax.

Net profit: Profit before tax.

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.

Net profit margin: Profit after tax 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.