



PRESS RELEASE

Malmö 29 March 2020

New Nordic Healthbrands AB (publ) Three Month Report January - March 2020

Q1 2020

- Net sales amounted to MSEK 112.3 (103.7), an increase of 8.5 percent. In local currencies, the increase was 8.3 percent.
- Gross margin increased to 71.6 percent (69.5).
- EBITDA decreased to MSEK 7.1 (8.5).
- Operating profit decreased to MSEK 6.9 (8.4).
- Profit after tax for the period decreased to MSEK 5.4 (6.7).
- Earnings per share after tax decreased to SEK 0.87 (1.09).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

Revenue increased by 9 percent in local currencies during the first quarter of the year. Converted to Swedish kroner, turnover amounted to SEK 112 million, which corresponds to an increase of 8 percent in Swedish kroner.

The largest sales increase was seen in North America but there were also nice increases in the rest of Europe and Asia. In the Nordic countries, we saw a decline of 6 percent, which is mainly related to a decline in Sweden. In Sweden, we interpret the decline as general inertia in the market. Conversely, we have had nice progress in Denmark. Despite the nice progress, I am not completely satisfied. In the first quarter, we have planned a flying start to the year with new launches, powerful marketing and a great deal of effort from the entire New Nordic team. It can also be seen in earnings. Our considerable efforts and expenses for activities and marketing have been dampened by the effect of the authorities' COVID19 "lock-down" in many countries where we operate. Our range is not as focused on vitamins and immune products as many of our competitors, so we have not had the same positive sales effect of COVID-19 as many of our competitors have had. However, under the suddenly changed conditions, we have done well.

In response to the COVID-19 situation, we have increased our inventory of both raw materials and finished products. Partly on our own initiative to ensure deliverability during the crisis and partly as a result of the fact that we have sold slightly less in the quarter than planned. Fortunately, our suppliers are not severely affected by the crisis, but it is clear that some production processes will take longer under the new precautions to prevent the spread of infection. An increased inventory level will decrease our liquidity. However, we have a good liquidity. We have no plants or factories and we have relatively few fixed costs. We can quickly adjust to changing market conditions.

Looking ahead, our planning horizon is greatly shortened. Changes, adaptations and new initiatives are a daily diet in the organisation. I am very pleased that our team is very stable and that many have been in the company for a long time. All country managers and area managers are good at reacting really quickly and improvising to keep New Nordic fully focused on our goals even under very changing market conditions.

Beauty In & Out™ has been well received by the trade with great enthusiasm but unfortunately, many launch events and trade shows have been canceled. It has cost us both money and a lot of time with preparation but I am pleased that the first customers who have tried our new products are very positive. It is a good sign for a successful development in the future.

As a part of our expansion plans, we have established sales companies in Romania and Shanghai, China. We are already have some export sales in both Romania and China, but having our own company in these two countries will help further market penetration and growth. Our launch plans in Australia is moving forward and we have now obtained registration with the Australian Health Authorities, TGA, on several of our key products.

In general, the international dietary supplement industry is not as badly affected as many other industries and we expect demand to return to the earlier growth curves relatively quickly when life returns to normal under the continued but hopefully reduced COVID-19 threat. We see 4 major trends for our business. 1: Despite our customers being able to move around again like before COVID-19, many have become anxious and it will probably take a long time before they move around again and shop as much in stores as earlier. 2: Before COVID-19, we sold about 33 percent of our goods through e-commerce. That share has risen to 45 percent or more now and it will probably remain close to 50 percent in the future. 3: Our dealers are uncertain about the future and are usually not prepared to incorporate new products into their range at present. It greatly disrupts our planned innovations and will dampen our growth prospects in the short term. 4: Our dealers are squeezed on their liquidity which reduces their purchases and inventory, and increase the risk of losses on debtors.

Innovation and marketing are the two most value-adding activities and that is what drives our growth. This also applies to the current situation. Our marketing is seen, but the customer does not go out and act in the same way. Our tactics in the current situation are to adjust our marketing and continue it at a slightly lower level in the short term as well as to try to get our consumers to shop online if they do not dare or have the opportunity to go to physical stores. Of course, we also have an extra focus on the products that are particularly relevant now when people are focusing on their immune system. Finally, we are ready with activities that can quickly get our growth back up to full speed as soon as our daily lives are normalised.

We have kept all our offices open every day during the crisis and our staff have again made a formidable effort. We use time constructively to be on our toes when we have the opportunity again, and then we are convinced that COVID-19 has given people around the world an additional opportunity to start living healthier and taking more supplements in the future. I expect that we will get through the COVID-19 crisis relatively well. The second quarter of 2020 will give a better indication of how the year is going to go. I believe more in the status quo in revenue for 2020 versus 2019 than an increase and I believe in an undramatic decline in our profits compared to 2019.

My long time business partner Marinus Blaabjerg Sørensen, which has been at New Nordic since the start and is the company's chairman and CFO has decided to stop his daily work at the office next year in September 2021 when he turns 70 years. Marinus will step down as CFO already 30 April 2020 but continue in the company with fewer responsibilities until he turns 70 and continues as chairman of the board for years to come even thereafter if re-elected by the annual general meeting. I am very sad that Marinus is stepping down as CFO but glad that he will be in the office to secure a smooth transition and that he wishes to continue as chairman of the board after September 2021. Marinus and I are both very pleased to announce that Ivan Ruscic has accepted to be our new CFO as of 1 May 2020. Ivan has been New Nordic's Finance Manager since 2007 and he is an experienced and highly appreciated member of the management team. In addition, we are planning to employ a Chief Operating Officer in good time before Marinus stop his daily work at the office in 2021. This move should also resolve the situation that Marinus and I both serve in the management and at the board and we hope Nasdaq will remove New Nordic from the observation list as a consequence.

Karl Kristian Bergman Jensen, CEO

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The information in this document 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 29 April 2020.

Link to report on New Nordic's investor relation web page: <https://newnordic.se/se/investor/financial-reports.html>

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New Nordic Healthbrands AB (publ) was founded in 1990 and is listed on Nasdaq First North Growth Market Sweden since 2007. The company's business concept is to offer the most effective and safe dietary supplements, natural medicines and cosmetic products for specific health and beauty needs. All with care for people and nature. New Nordic products are now available in 41 countries in pharmacies, health stores, beauty shops, and travel retail. New Nordic has its own small sales and marketing companies in most European countries, Canada and the United States, to organise local marketing campaigns, serve retailers and serve end customers. In 2019, revenues were SEK 453 million. Almost all New Nordic products sold worldwide are manufactured in Scandinavia. For more information, visit www.newnordic.com.