



PRESS RELEASE

Malmö 31 July 2020

New Nordic Healthbrands AB (publ) Six Month Report January - June 2020

SIX MONTHS 2020

- Net sales amounted to MSEK 217.0 (220.2), a decrease of 1.4 percent. In local currencies, the decrease was 1.2 percent.
- Gross margin decreased to 70.1 percent (70.3).
- EBITDA decreased to MSEK 11.8 (15.3).
- Operating profit decreased to MSEK 11.4 (15.0).
- Profit after tax for the period decreased to MSEK 8.6 (12.0).
- Earnings per share after tax decreased to SEK 1.40 (1.94).

Q2 2020

- Net sales amounted to MSEK 104.8 (116.5), a decrease of 10.1 percent. In local currencies, the decrease was 9.9 percent.
- Gross margin decreased to 68.5 percent (71.0).
- EBITDA decreased to MSEK 4.8 (6.8).
- Operating profit decreased to MSEK 4.5 (6.6).
- Profit after tax for the period decreased to MSEK 3.3 (5.3).
- Earnings per share after tax decreased to SEK 0.53 (0.85).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

We have had a decrease of just over one percent in sales during the first half of the year with a decrease in profit after tax from SEK 12.0 million to SEK 8.7 million. An acceptable result given the circumstances. During the period, we reduced our marketing costs, but we did not lay off staff or reduce development expenses.

At the beginning of the Covid-19 crisis and the subsequent lockdowns in many countries, the entire New Nordic team responded very quickly and professionally to adapt the company's operations and expenses to a worst case scenario. During the second quarter, we reduced our costs by 12 percent compared with 2019. The savings have been implemented on the sales and marketing side, while fixed costs, development and salary costs have increased compared with last year. We are prepared for increased growth and internationalization.

During the second quarter, revenues decreased by 10 percent compared to 2019. In comparison with many of our competitors, we have not previously focused on immune products that have been in demand during the corona crisis. A large part of our products are aimed at the elderly, many of whom have been sensible and self-isolated. They have to a lesser extent shopped in physical stores at the same time as they are not so used to shopping online. We can see from our sales statistics that precisely these products have decreased in sales during the period while other products have performed well.

Very quickly, we launched immune system products that we had in the "pipe-line" in our product development. In the future, we will be stronger equipped with some really good immune system products. Simple but effective products such as C-immune™ and D-immune™ as well as Active Immune™, which contain ingredients that help prevent the reproduction of viruses. In addition, there is a variant of our Wild Biotic™ probiotics that is particularly suitable for the immune system, Wild Biotic™ Immune.

The corona crisis has affected sales in the individual countries very differently and at the time of writing, sales have not yet normalized. In general, we have experienced that our ordinary consumers' purchasing patterns have changed during the period, so that sales in the physical stores have decreased while third-party e-commerce has increased markedly. Early after the start of the crisis, we increased our stock of raw materials and finished goods to withstand any closures in production. The increased inventory readiness and the smaller sales during the period have meant that our inventory at the end of the quarter is relatively high. We expect this to normalize quickly.

In the US we still see an increased coronavirus infection while in Europe it is under control. In general, we believe that it is unlikely that decision-makers will reintroduce national lockdowns. With the major economic stimuli that governments around the world provide to the economy and the prospect of a vaccine that can provide a more sustainable solution to the crisis, we believe that the market and purchasing pattern existed before the crisis will return in the second half of 2020. We have therefore decided to resume our growth plans after the summer.

Covid-19 has taught people to take care of themselves and their health and we expect this trend to drive the dietary supplement market further in the future.

Overall, I am impressed with the entire New Nordic team's extra efforts and handling of the crisis. I think we have done well. Now I look forward to regaining our growth momentum. Everyone in New Nordic is focused and we in the management look positively to the near future, so I am convinced that we will get closer to normal sales and earnings during the second half of the year. In 2020.

Karl Kristian Bergman Jensen, CEO

New Nordic Healthbrands AB
Södra Förstadsgatan 3 C
SE-211 43 Malmö
Sweden

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

Contact:

Karl Kristian Bergman Jensen, CEO +46 40-239520.

Marinus Blåbjerg Sørensen, CFO +45 46323344.

New Nordic Healthbrands AB (publ), SE-211 43 Malmö, phone +040-239520, email: investor@newnordic.com.

Org. nr. 556698-0453.

Certified advisor: Mangold Fondkommission AB. +46 8 503 01 550, ca@mangold.se.

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