

HALF YEAR REPORT

April-June

2021

Our vision

is to establish ourselves as the leading company within Pet Health Care on all larger markets.



SWEDENCARE

This is Swedencare

Swedencare develop, produce partly in own facilities, markets and sells premium products in the global and fast-growing market within animal health care for cats, dogs, and horses. The company has an extensive portfolio with strong brands and products in most therapy areas, which includes veterinary exclusive brands and the ProDen PlaqueOff® brand for oral health for dogs and cats as the largest. Swedencare with its head office in Malmö and the company's products are currently sold in about 50 countries to veterinarians, pet stores and online via a distribution network containing fourteen subsidiaries and an international network of retailers. Swedencare's sales have increased significantly over the last few years with strong margins and results.

Vision

Swedencare is established in all major markets as an innovative and reliable pet healthcare company. With a global presence and channel strategy as well as a broad portfolio of well-functioning Pet Health Care products for the most important therapy areas, it is **our vision to establish ourselves as the leading company within Pet Health Care on all larger markets.**

Financial objective

Swedencare's financial objective is to achieve revenue of 2 MDSEK during 2025 with an EBIT-margin more than 30%. The financial objective must be achieved primarily through organic growth.

The board and management will review the financial target during the second half of 2021.

Dividend

Swedencare will pay a dividend that considers the Group's earnings performance and the need for consolidation and investment, liquidity, and financial position. The goal is to pay a dividend of 40 percent of profit after tax.



Mission

We care about improving the health and wellbeing of pets, creating reassurance for the pet parents, worldwide and throughout life.

Fast synergies and opening of veterinary clinics gave a record boost in Q2

Summary of the period

Second quarter: April 1st - June 30th, 2021

Numbers in parentheses refers to outcomes during the corresponding period of the previous year.

- Net revenue amounted to 160 221 KSEK (32 015 KSEK), an increase of 400%
- Organic, currency-adjusted growth amounted to 45%
- Operating profit before depreciation (EBITDA) amounted to 47 206 KSEK (7 424 KSEK), corresponding to an increase of 536% and an EBITDA-margin of 29.5% (23.1%)
- Operating profit after depreciation (EBIT) amounted to 44 031 KSEK (5 671 KSEK), corresponding to an increase of 676% and an EBIT-margin of 27.5% (17.7%)
- Profit after tax amounted to 32 593 KSEK (5 145 KSEK)
- Earnings per share calculated on 106 031 450 shares 0.31 SEK (0.06 SEK)*
- As of June 30th, 2021, cash amounted to 1 261 006 KSEK (175 795 KSEK)
- Costs in connection with the acquisition of Rx Vitamins amounted to 982 KSEK. Adjusted for this, EBITDA amounted to 48 188 KSEK, corresponding to an EBIT-margin of 30.1% and EBIT to 45 013 KSEK corresponding to an EBIT-margin of 28.1%

First 6 months: January 1st - June 30th, 2021

- Net revenue amounted to 294 129 KSEK (69 740 KSEK), an increase of 322%
- Organic, currency-adjusted growth amounted to 34%
- Operating profit before depreciation (EBITDA) amounted to 82 986 KSEK (17 853 KSEK), corresponding to an increase of 365% and an EBITDA-margin of 28.2% (25.5%)
- Operating profit after depreciation (EBIT) amounted to 79 219 KSEK (16 385 KSEK), and an EBIT-margin of 26.9% (23.4%)
- Costs in connection with the acquisitions amounted to 1 900 KSEK. Adjusted for this, EBITDA amounted to 84 886 KSEK, corresponding to an EBITDA-margin of 28.8% and EBIT to 81 119 KSEK corresponding to an EBIT-margin of 27.6%
- Profit after tax amounted to 59 336 KSEK (13 586 KSEK)
- Earnings per share calculated on 105 706 525 shares 0.56 SEK (0.17 SEK)*
- Cash flow from operating activities amounted to 56 681 KSEK (13 761 KSEK)
- Foreign exchange gains amounted to 840 KSEK

*Converted to the number of shares after the share split 5:1

Significant events during the second quarter

- The Annual General Meeting resolved to divide the company's existing shares, whereby an existing share is divided into 5 shares of the same share class (share split 5:1). The date for the division was May 25th, 2021
- Swedencare acquires Vetio, leading North American CDMO group within Pet Health Care
- Swedencare carries out a directed new share issue of 11 954 200 shares and is thus provided with approximately 1 150 MSEK, which after issue costs of 1 675 KSEK gave a net contribution of 1 148 MSEK, to finance the American business acquisition

Significant events after the second quarter

- Swedencare has completed the acquisition of Vetio, and part of the purchase price is settled with a non-cash share issue. Swedencare proforma revenue, including Vetio and the other acquisitions, for the trailing 12 months including June 2021 is 919 MSEK with an EBITDA of 241 MSEK

Words from the CEO

Record acquisition and strong momentum for Swedencare

Yet another intense quarter is behind us, and we start seeing what I have been predicting in recent reports – that the new Swedencare is a company that continually will be able to deliver higher growth than the general market. This is made possible due to our competent staff and above all our fearless and somewhat unconventional approach to our work. We are curious, flexible, customer- and solution oriented and we are breaking new ground in many areas where we see exciting opportunities. Once again, I am impressed by our organization's capacity to execute several major projects in a short period of time. Time after time we prove that our working capacity is high and that we can handle large as well as small projects without letting any business opportunities pass us by. I can't see that there are any organizations that can match us today when it comes to competence, flexibility, speed, and the will to make sure that all customers are satisfied with the services and products that we offer the market.

The second quarter's sales are 160 MSEK (\$18.8 MUSD) which is an increase of 400% compared to Q2 2020 and the EBITDA grew by 536% to 47 MSEK (\$5.5 MUSD), which constitutes a margin of 29,4%. Adjusted for acquisition costs, we reach an EBITDA-margin of 30%. Q2 brought a strong momentum for us and for the market in general despite continued effects due to the pandemic worldwide generating increases in costs, lack of inputs and transport challenges,

Our organic growth was 45%, which solidly exceeded the 30% I had expected based on last year's Q2 being more modest due to the pandemic. Again, we exceed the market growth, and we strive to keep doing so. There is still much to do, and we have strong product lines that will develop with increased sales channel efforts as well as brand new therapy areas.



All though being successful during this quarter some of our larger projects were slightly delayed and only got initiated in the last weeks of the quarter which means that they are not included in our sales figures for Q2. Among these is the launch of Animal Pharm's products on the internet platforms Amazon and Chewy, as well as Pet MD® on Amazon UK and the rest of Europe. I promise to get back with more information about these projects in the coming reports.

I would like to highlight some of the activities executed by our group companies and markets worldwide. Our newly acquired companies all had high profitability and when looking at growth, to compare with our 45% organic, it varied between nearly 100% to single digit growth for a few. The ones with smaller growth had one thing in common, it was due to back orders from suppliers. We have thankfully been able to deliver most of these in July. The situation is a bit better than end of last quarter and together with our acquisition of Vetio I do believe that we will be able to minimize back orders before the year end. Our company DNA is sales and delivery so we don't like to know that we could have sold even more.

In, basically, all markets there was a sharp increase in the two channels, Veterinary and Pet Retail compared to Q2 last year since most of the outlets have gone back to normal opening hours and with

KPI's Q2 2021

normal customer flows as a result. Online, that for many of our end customers was the only viable alternative last year, also increased but not to the same extent as the other two. Besides the re-opening of the physical stores the main internet platforms in North America and Europe have all had some challenges concerning warehousing and fulfillment which has led to limits in how large inventory the vendors are allowed have. New logistic centers are being launched so hopefully this issue will be more or less solved in the second half of this year.

It is satisfying to see that the strong development continues in middle- and south Europe. Our online team works focused to launch on all the Amazon platforms in Europe which, together with increased campaigns on social media, also drives sales in the physical channels. Our Irish production facility has been going in full speed and with several new projects to start up production within dermatology in the second half of the year we will increase further. Nutravet is worth to highlight after a record sales quarter where several new products have been launched, among them "nutraplaque" containing our unique ingredient, and they have all received a fantastic response from the market. Our Greek group company is launching Nutravet and there is strong interest in the brand and its high quality and unique product range.

For external markets we have had large shipments to Asia (China and South Korea) and an encouraging first order to a new pet food project in Brazil. Looking at South America I would like to mention Chile which has developed exceptionally over a short period of time. Despite the rather small size of the Chilean market, I would not be surprised if Chile will be our largest market in South America already this year.

USA which, already prior to the Vetio acquisition, is more than 60% of our sales continues to deliver. SwedencareUSA has now started the launch to the Pet Specialty retailers of carefully chosen Stratford and Animal Pharm-products under the Swedencare-brand. Official launch is in a couple of weeks at the SuperZoo trade show, but sales have already been done to a chain in Canada and there are more to come! This is a good example of how our group can take advantage of the large and varied product portfolio from all our companies into new segments and opportunities. Our new warehouse and distributions center in Florida has grown and now entails all of Stratford, Animal Pharm and Holden2's operations. There have been some one-time costs and naturally a tremendous strain on the colleagues in charge of this project who all have done an outstanding job. Holden2 has expanded their organization to among other things manage both internal and external projects for the increased presence in different digital channels. Still focus on Amazon and Chewy together with our own direct to consumer (D2C) source. One new feature this quarter has been the launch of a successful "auto-ship program" on PetMDstore.com. Rx Vitamins first quarter was strong, and we have already launched on a couple of new international markets.

At the end of the quarter, we did our biggest acquisition ever, Vetio – the leading specialized CDMO (Contract Development Manufacturing Organization) within animal

Net revenue
160 221 KSEK

Change in
net revenue
400%

OP. EBIT*
45 013 KSEK
EBIT-margin
28.1%

EBIT
44 031 KSEK
EBIT-margin
27.5%

**operational EBIT adjusted
for acquisition costs*

Solvency
86.7%

Earnings
per share*
0.31 SEK
**after share split 5:1*

Cash portion of
Vetio paid on July 1st
1 534 MSEK

Cash
1 261 MSEK

health. With \$20 MUSD in sales the first half-year of 2021 we know that Vetio will be a significant part of our sales already this year and I am convinced that Vetio will have a strong growth rate since they already have several volume contracts starting in 2022 and 2023 and all new business opportunities that are out there. The acquisition also gives us a platform and security for our own product supply, where we've had some issues which I have mentioned. I have received many positive comments from market "colleagues" and some very disappointed because they missed out on this opportunity. In connection to the deal, we secured funding from two strategic investors of 1 150 MSEK (\$135 MUSD), which gives us confidence that we are on the right track. The new shareholders will contribute positively operationally, primarily within pet food as well as with M&A.

We have made many good acquisitions over the years, but Vetio is the most transformative, not only due to size but since we now possess a width and capacity that not many in the animal health industry do. This means that we will get opportunities to completely new types of business deals and give us a rather unique position in the market. We have already several new business concepts in development but first I will have a couple of weeks' vacation! I hope that all of you, our shareholders, are satisfied with what my fantastic organization has delivered in this quarter and that you also have had or will have some days off this warm summer.

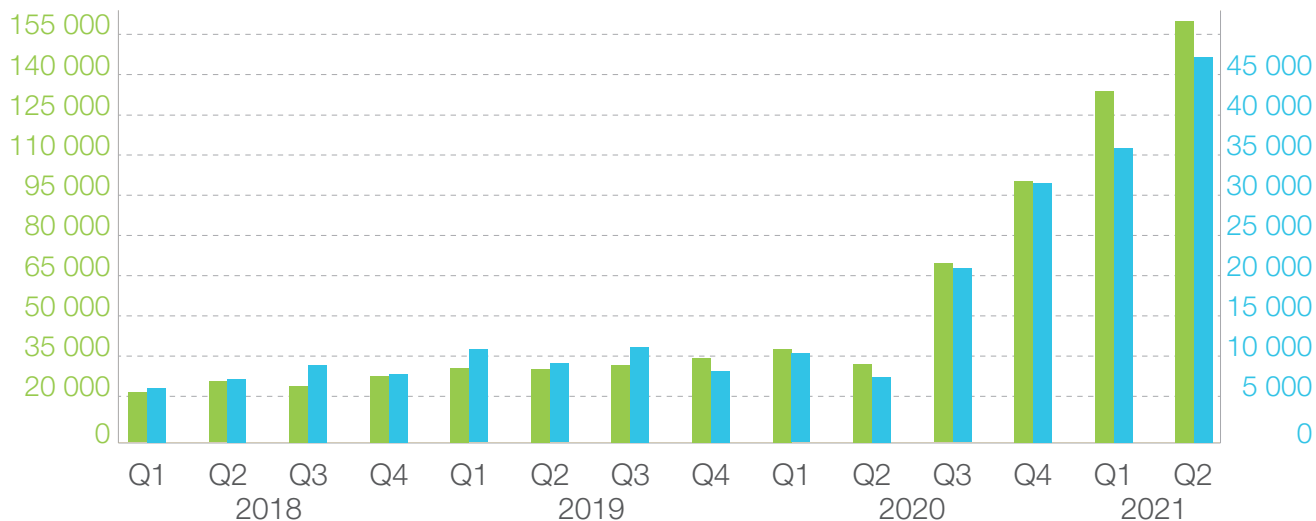


Håkan Lagerberg, CEO
Malmö July 29th, 2021

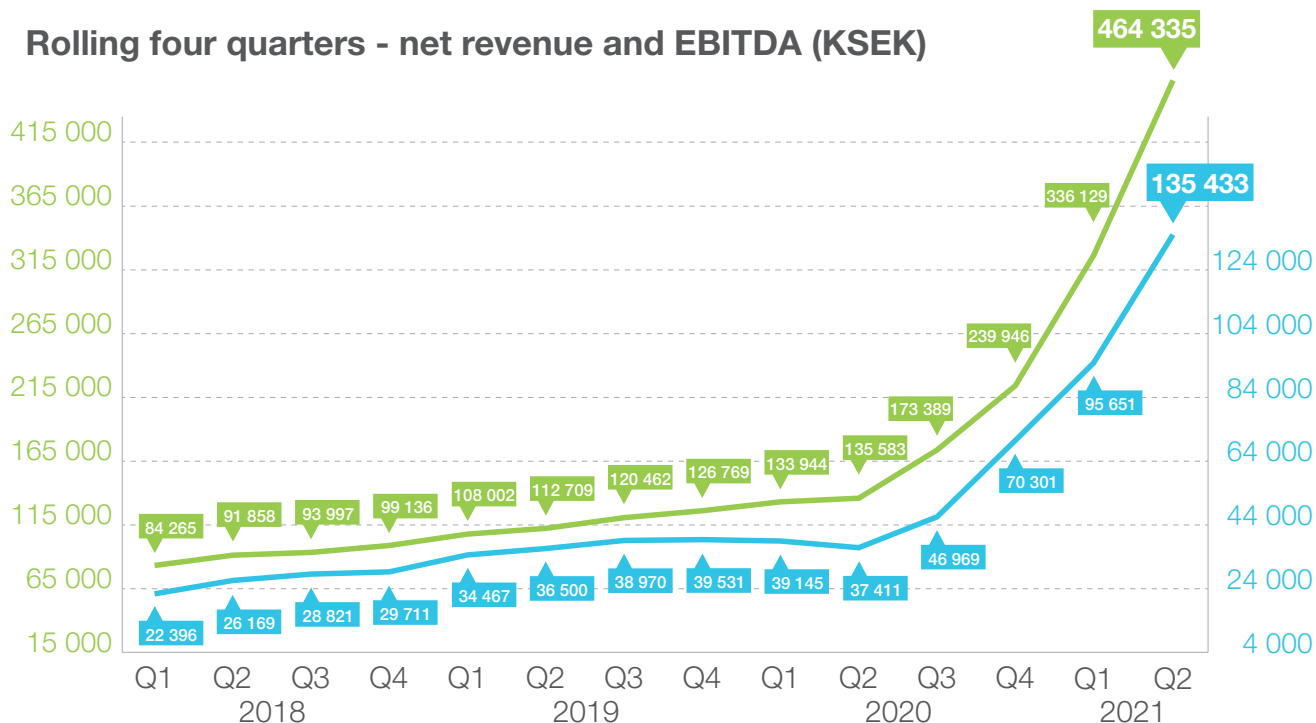


Development 2018 - 2021

Quarterly history of net revenue and EBITDA (KSEK)



Rolling four quarters - net revenue and EBITDA (KSEK)



Net revenue EBITDA

Additional KPI's and definitions can be found on page 21.

Comments on the financial development Q2 2021

Numbers in parentheses refers to outcomes during the corresponding period of the previous year.

Net revenue

During the quarter, the acquisition of Rx Vitamins ("Rx") was included, which resulted in net sales of 160 MSEK, an increase of 400% compared with the corresponding period last year. The strong growth in North America and the UK/Ireland is affected by the completed acquisitions during 2020/2021. Organic growth during the quarter amounted to 45%, a growth that is impacted by a rapid and strong recovery from the Covid-19 effects during Q2 2020. Several of the subsidiaries report the strongest quarter ever in terms of sales.

Rx has a wide range of drug-like products in the category Nutraceuticals where their largest therapy area is Calming, sedative supplements for stressed or anxious pets. Rx also sells Human products in the category Other. The company mainly sells in North America but during the quarter also had sales to countries in Asia and Europe. Rx sells its products primarily in the veterinary channel.

Rx Vitamins®

Acquired companies also affect the product group distribution with the new category Topicals/Dermatology as well as a wide range of products for new therapy areas within Nutraceuticals. The product distribution now shows an allocation between Nutraceuticals, ProDen PlaqueOff® and Topicals/Dermatology with 31%, 24% and 28% of total sales.

Veterinary clinics opened up in several markets during the quarter after only being open for emergency visits in the past year. This, together with the fact that Rx's sales are included, has contributed to the veterinary channel ("Vet") having the strongest growth during the quarter and representing approximately 37% of the Group's total sales. Sales to Pet stores have also had strong growth where they have also been able to open up after being completely or partially closed. The Pet channel represents 24% of the quarter's total sales and Online sales account for approximately 39% of the total sales during the quarter.



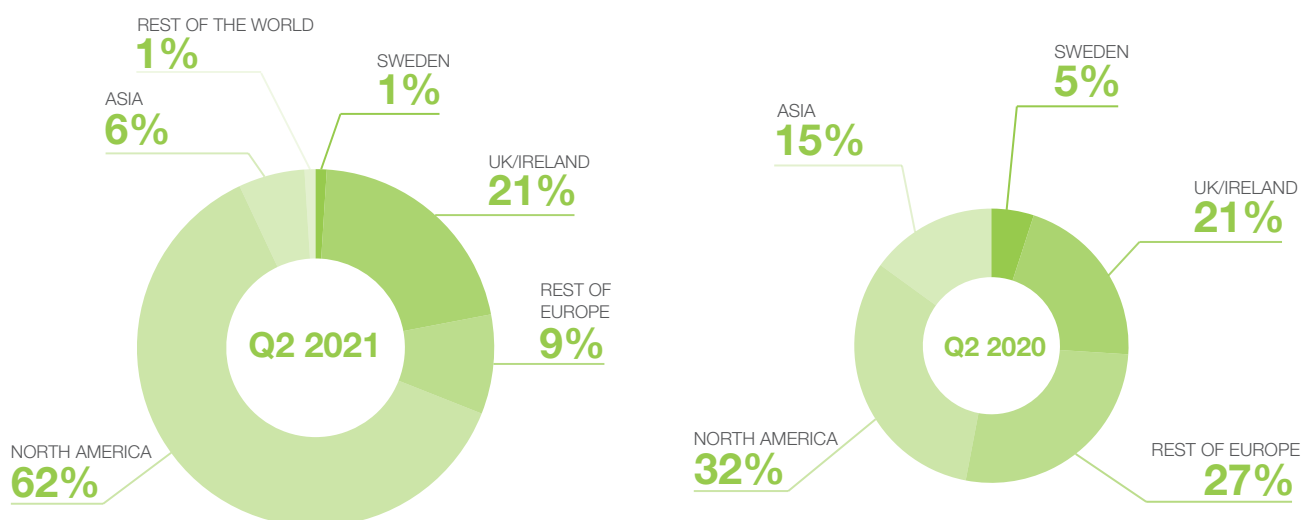
Geographical distribution

Following the acquisitions of Animal Pharm, Stratford, Holden2 and Rx, the North American market represents a total of 62% of the Group's total sales, compared with 32% the corresponding period last year. This market will be further impacted by Vetio, which was acquired on July 1st, 2021. Even though the acquisitions in North America strongly affected the geographical distribution, UK/Ireland retains 21%, the same part of the total sales as the corresponding period last year, mainly impacted by the acquisition of Nutravet, which also delivered record sales during the quarter and doubling NutriScience sales in the UK/Ireland.

External markets experienced strong growth during the quarter. Sales to Asia have more than doubled, with China and Korea accounting for the strongest growth. Rest of the World can be seen in the graphics as we made the first delivery to our new pet food partner in Brazil during the quarter.

Even though Rest of Europe had a growth of 67% during the quarter, this is not reflected in the graphics as the acquisitions in North America strongly affect the geographical distribution between 2020 and 2021.

In Q2 2021 and Q2 2020 the geographic sales were distributed according to the graphics.

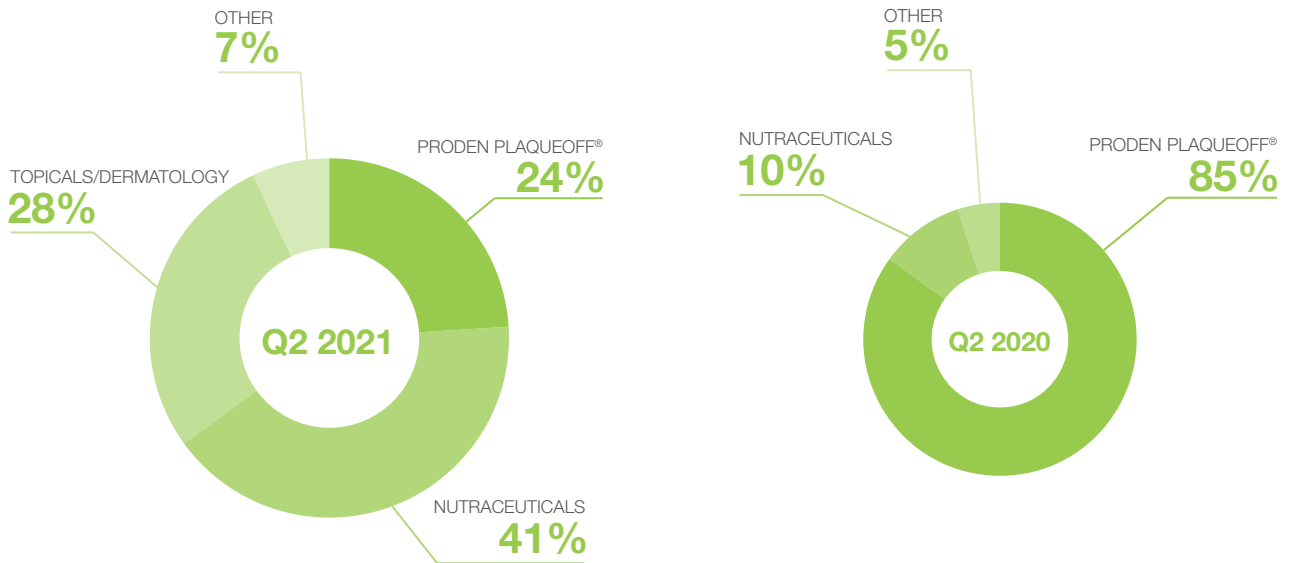


Product and brand distribution

Rx offers many products in the category “Nutraceuticals”, which thus increases to become the Group's largest category with 41% of total sales. In this product group, joints & mobility is the largest subgroup with about a third of sales. Joint problems are a common condition in older and larger dogs. Digestion/probiotics and dietary supplements for, among other things, liver and kidneys is the other large subgroup within Nutraceuticals where our companies have developed many products.

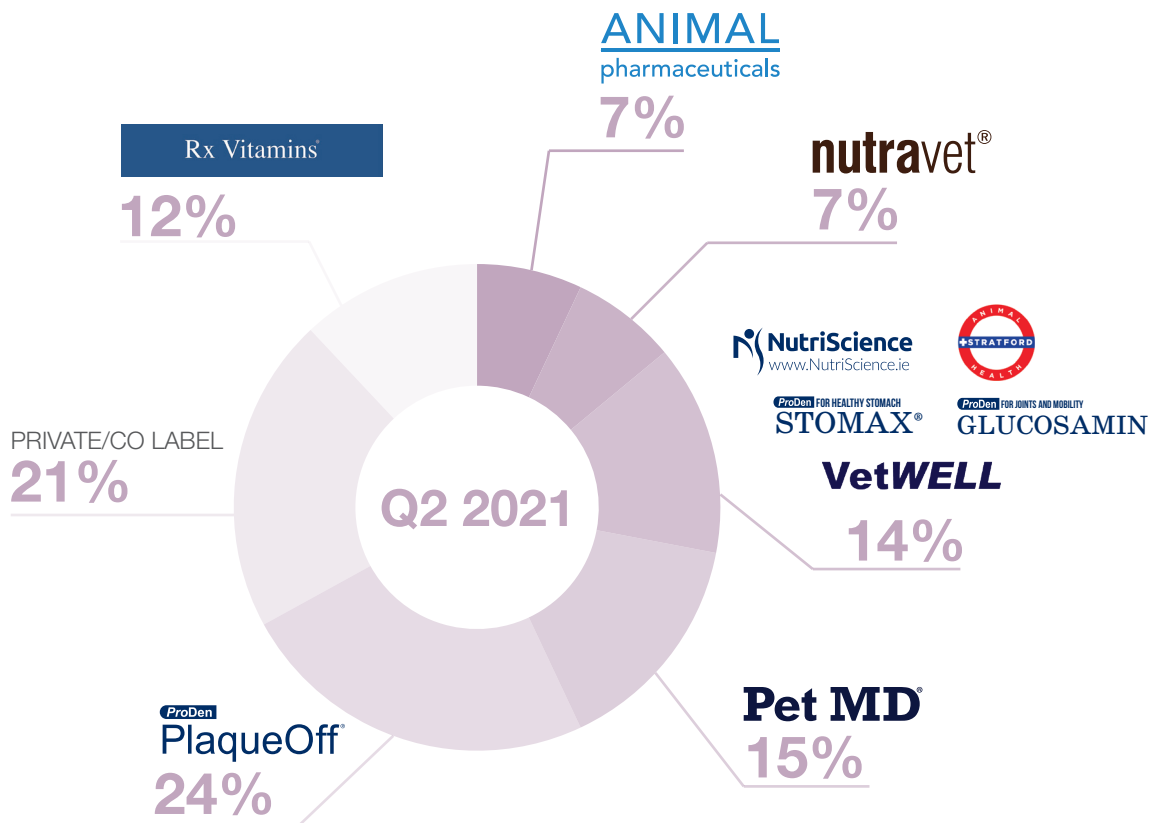
The ProDen PlaqueOff[®] product family has increased with 43% with strong development of all product formats. Cross-selling where some of our acquired companies now sell ProDen PlaqueOff[®] is very successful. The product family reaches new customers in new channels such as VET in the USA, with a co-brand such as Pet Md[®], and with new formats such as capsules. During the quarter, we have terminated third-party sales to Amazon for ProDen PlaqueOff[®] to instead handle all sales to Amazon in-house. Production challenges resulted in delayed deliveries of, among other things, Dental Bites being postponed from Q1 to Q2. We also delivered our Mini Dental Bones to both Japan and Korea during the quarter.

In Q2 2021 and Q2 2020 sales per product group were distributed according to the graphics.



The acquired companies have contributed with several strong brands that have already been launched in new markets, for example Pet MD® is being launched in Europe and Asia. The acquisition of Rx has resulted in the brand representing 12% of total sales. The Private/Co label has also increased its share, partly due to strong growth from the largest veterinary chain in Europe. As previously communicated, there are some delays in the production phase, some of which has been released, mainly at the supplier for Animal Pharm's products which has resulted in larger deliveries of the brand during the quarter.

In Q2 2021 sales were distributed per brand according to the graphic.



Profit

Operating profit after depreciation and amortization (EBIT) for the second quarter 2021 amounted to 44 031 KSEK (5 671 KSEK), corresponding to an operating margin of 27.5% (17.7%). The result has been impacted with non-recurring costs amounting to 982 KSEK in connection with the acquisition of the American company Rx Vitamins. Operating EBIT, adjusted for acquisition costs, amounted to 45 013 KSEK, corresponding to an operating margin of 28.1%.

Gross margin during the same period was 59.1% (73.9%), impacted by a lower margin in Stratford, Animal Pharm, Holden2 and Rx Vitamins.

With the acquisition of Holden2, an American e-commerce company that sells products via the major online platforms Amazon and Chewy.com, marketing investments have increased significantly. Market costs in connection with direct sales to the major online platforms represent about half of the total external costs during the quarter.

Despite increased costs, part being non-recurring in nature and part of the continued larger marketing investments, synergies and scalability in the business contribute to the external costs and personnel costs decreasing by approximately 9 and 11 percentage points in relation to sales compared with the corresponding quarter last year.

Exchange rate fluctuations affected EBIT during Q2 with a rate loss of 469 KSEK, mainly caused by a weaker USD. The increasing depreciation is mainly attributable to IFRS16, which represents 1.8 MSEK of the total depreciation of 2.7 MSEK. During the quarter, interest expenses for loans raised in connection with the acquisitions amounted to 1.4 MSEK.

Profit after tax for the second quarter of 2021 amounted to 32 593 KSEK (5 145 KSEK), corresponding to a profit margin of 20.3% (16.0%).

Earnings per share during the second quarter of 2021 amounted to 0.31 SEK (0.06 SEK) calculated on the weighted average number of shares (106 031 450) as of June 30th, 2021, after a share split was completed in May, where each existing share was divided into 5 shares of the same class (share split 5:1).

Comments on the financial development H1 2021

Numbers in parentheses refers to outcomes during the corresponding period of the previous year.

Net revenue

After six months into 2021, last year's sales have already passed. Net sales amounted to 294 MSEK, which corresponds to an increase of 322% compared with the corresponding period last year. The geographic markets impacted by the five acquisitions, North America, and the UK, together represent 83% of the Group's sales, compared with 52% last year. In the same way, the product groups Nutraceuticals and Topical/Dermatology are affected, which represent 67% compared with 12% last year.

Organic currency-adjusted growth amounted to 34% during the first half of 2021. It is pleasing to report that all markets and product groups experienced good growth during the year. The ProDen PlaqueOff® product group has had a growth of 38% and represents 27% of the Group's sales compared to 83% in 2019. In a rolling 12-month period, excluding pro forma for acquired companies, the Group has net sales of 464 MSEK.

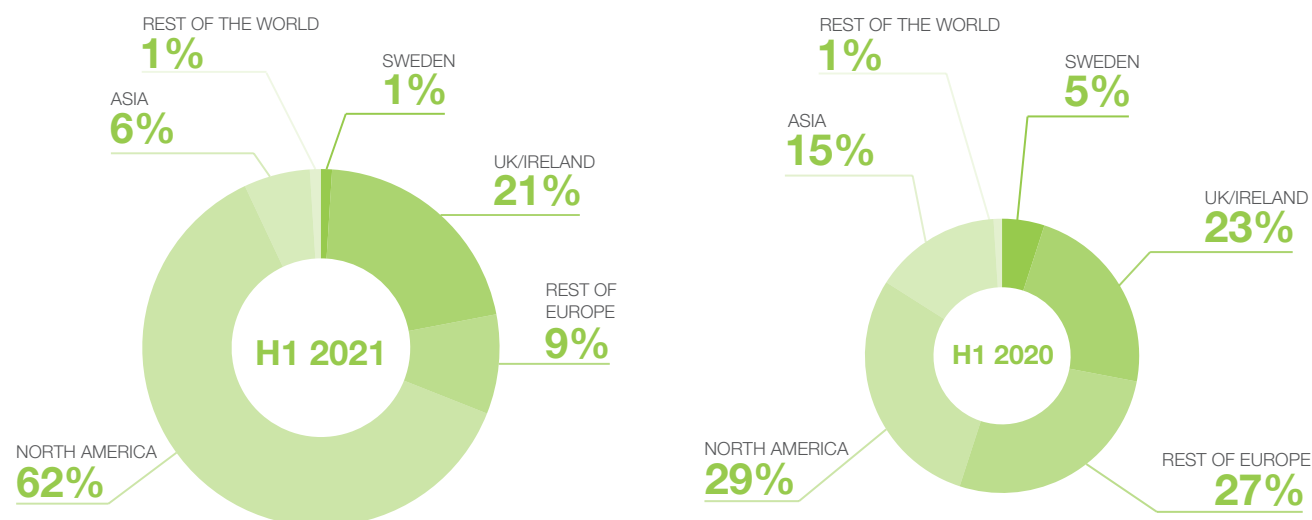
Geographic distribution

As Swedencare continued to acquire companies in the United States during the year, North America represents 62% of total sales. Growth in the UK/Ireland is also mainly attributable to the acquisition of Nutravet and strong growth with Amazon UK.

The first half of last year was affected by the Covid-19 pandemic and we are seeing a strong recovery in Europe and Asia. Asia has increased by 81%, mainly through continued strong growth in China, which more than tripled sales in the first half of the year compared with the corresponding period last year.

Rest of the World has almost tripled sales during H1 2021 compared to the corresponding period 2020, Brazil and Chile show the strongest growth. Sales to Russia has also increased by more than 50% compared with the previous year.

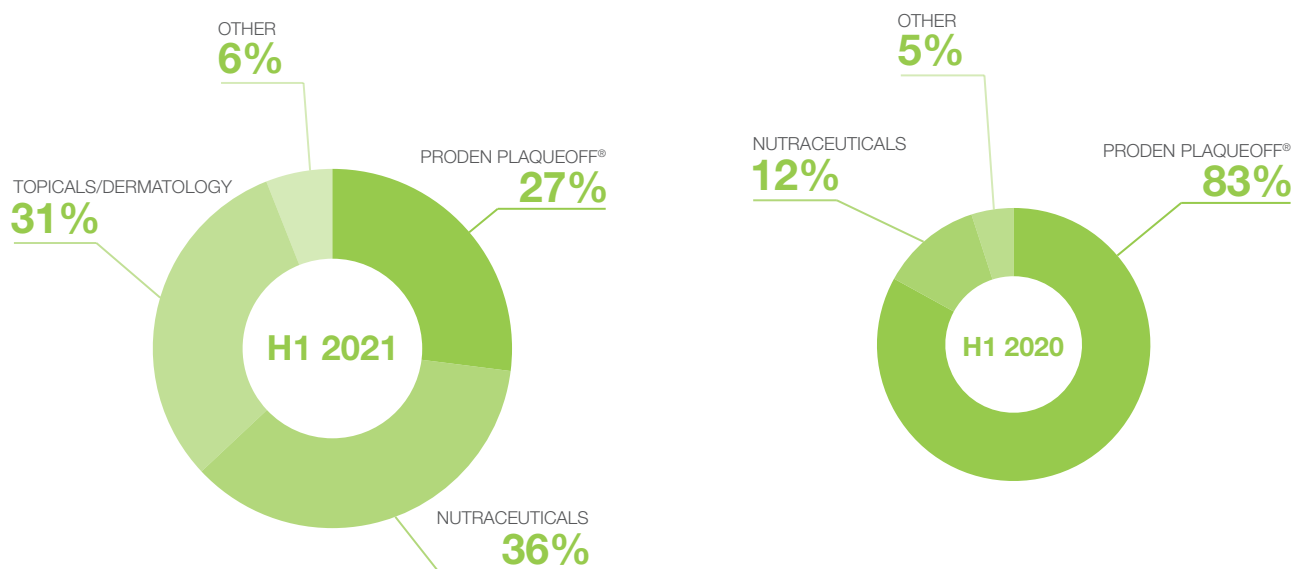
In H1 2021 and H1 2020, sales were distributed geographically according to the graphics.



Product distribution

From a company where 83% of sales were generated from one product group, ProDen PlaqueOff®, Swedencare has through the acquisitions created a broad product portfolio of several strong brands with an even distribution between Nutraceuticals, ProDen PlaqueOff® and Topicals/Dermatology with 36%, 27% and 31%.

In H1 2021 and H1 2020 sales per product group were distributed according to the graphics.



Profit

Operating profit after depreciation and amortization (EBIT) during the first half of 2021 amounted to 79 219 KSEK (16 385 KSEK), corresponding to an operating margin of 26.9% (23.4%). Gross margin was 59.2% (72.5%) during the same period.

Adjusted for acquisition costs, EBIT amounted to 81 119 KSEK, which corresponds to an EBIT margin of 27.6%. During the first half of 2021, external and personnel costs increased by approx. 57 MSEK with the acquisitions of Stratford, Nutravet, Animal Pharm, Holden2 and Rx.

Exchange rate fluctuations affected EBIT with a capital gain of 840 KSEK and the interest costs for loans raised in connection with the acquisitions amount to 2.5 MSEK for the first half of the year.

Profit after tax amounted to 59 336 KSEK (13 586 KSEK), corresponding to a profit margin of 20.2% (19.4%).



Cash flow

Cash flow from operating activities after changes in working capital amounted to 45 850 KSEK (14 870 KSEK) during the second quarter 2021. A decrease in working capital was mainly affected by an unpaid part of the purchase price for Rx Vitamins.

During the second quarter of 2021, cash flow amounted to 1 098 814 KSEK (131 703 KSEK). During the quarter, the purchase price of Rx of a total of 199 MSEK of which 39 MSEK was financed by a non-cash share issue and an acquisition loan of 90 MSEK. Investments during the quarter amounted to 2.8 MSEK, which includes a new website for the Group and investments in the new production facility in Texas. During the quarter, Holden2's warehouse was moved to significantly larger premises and we have invested in machines to meet the increasing demand. The investments create increased efficiency through a shared logistics centre for several of our American subsidiaries.

Cash flow was positively affected by the new share issue in June of 1 148 MSEK after costs for raising capital. During the quarter, the dividend was paid for 2020, 0.80 SEK per share or a total of 16.9 MSEK. On July 1st, Swedencare paid the cash purchase price for the acquisition of Vetio of approximately 1 534 MSEK.

Financial position

Swedencare's equity, as of June 30th, 2021, to 2 256 MSEK (262 MSEK), of which 1 179 KSEK (865 KSEK) was restricted equity. The increase is mainly explained by the directed new share issues made in 2020/2021.

Swedencare's cash amounted to 1 261 006 KSEK (175 795 KSEK) on June 30th, 2021, at the same date the Group had interest-bearing long-term and short-term liabilities totalling 262 267 KSEK (1 747 KSEK). 230 000 TSEK of the long-term liabilities and none of the short-term liabilities relate to acquisition loans. Swedencare had net cash amounting to 998 739 KSEK (172 917 KSEK) as of June 30th, 2021.

On July 1st, 2021, Swedencare paid the cash purchase price for the acquisition of Vetio of approximately 1 534 MSEK. In connection with this, an acquisition loan of 388 MSEK was raised. Acquisition costs for Vetio are expected to amount to approximately 10.5 MSEK.

Personnel

As of June 30th, 2021, Swedencare had a total of 113 employees in Sweden (9), England (18), France (2), USA (59), Ireland (14), Spain (1) and Greece (10). The gender distribution is 48% men and 52% women.

As of June 30th, 2020, Swedencare had a total of 45 employees. The increase in the number of employees is mainly due to the acquisitions of Nutravet (15 employees), Stratford (20 employees), Animal Pharm (10 employees), Holden2 (14 employees) and Rx Vitamins (8 employees).

Stock

	30 Jun 2021	30 Jun 2020	30 Jun 2019	30 Jun 2018
Number of shares* at the end of the period	117 854 285	86 509 900	78 853 110	78 853 110
Share price* at the end of the period	115.0	22.9	15.7	7.7

*Converted to the number of shares after the share split 5:1

Shareholders (the table summarizes Swedencare's ownership structure as of June 30th, 2021).

	Number of shares	Ownership
Håkan Svanberg & Co Health Care AB	23 007 275	19.5%
JCC Group Invest Sweden AB (<i>Johan Bergdahl through company</i>)	7 511 755	6.4%
Symrise AG - NEW	5 977 100	5.1%
Mastan AB (<i>Håkan Lagerberg through company</i>)	5 551 810	4.7%
DNCA Investments	5 192 736	4.4%
AMF Aktiefond Småbolag	4 797 500	4.1%
Handelsbanken Fonder	4 686 750	4.0%
SEB Fonder	3 362 775	2.9%
Aktia Asset Management	2 921 990	2.5%
Matthew Shaw - MD Nutravet	2 903 845	2.5%
Joh. Berenberg, Gossler & Co. KG Act oBo Universal Inv. Funds	1 877 000	1.6%
Swedbank Robur Fonder	1 758 655	1.5%
Consensus Asset Management	1 615 000	1.4%
Martin Shimko - MD Swedencare USA	1 400 000	1.2%
Enter Fonder	1 398 550	1.2%
ODIN Fonder	1 300 000	1.1%
Jason Braun - MD Animal Pharm	1 259 970	1.1%
Nordnet Pensionsförsäkring	1 162 213	1.0%
Other	40 169 361	34.08%
Total	117 854 285	100.00%
Free Float*	74 855 940	63.52%

Holdings include related parties

* Shares not owned by board members, management, their close related parties, shareholders with more than 10% or which are part of a lockup agreement.

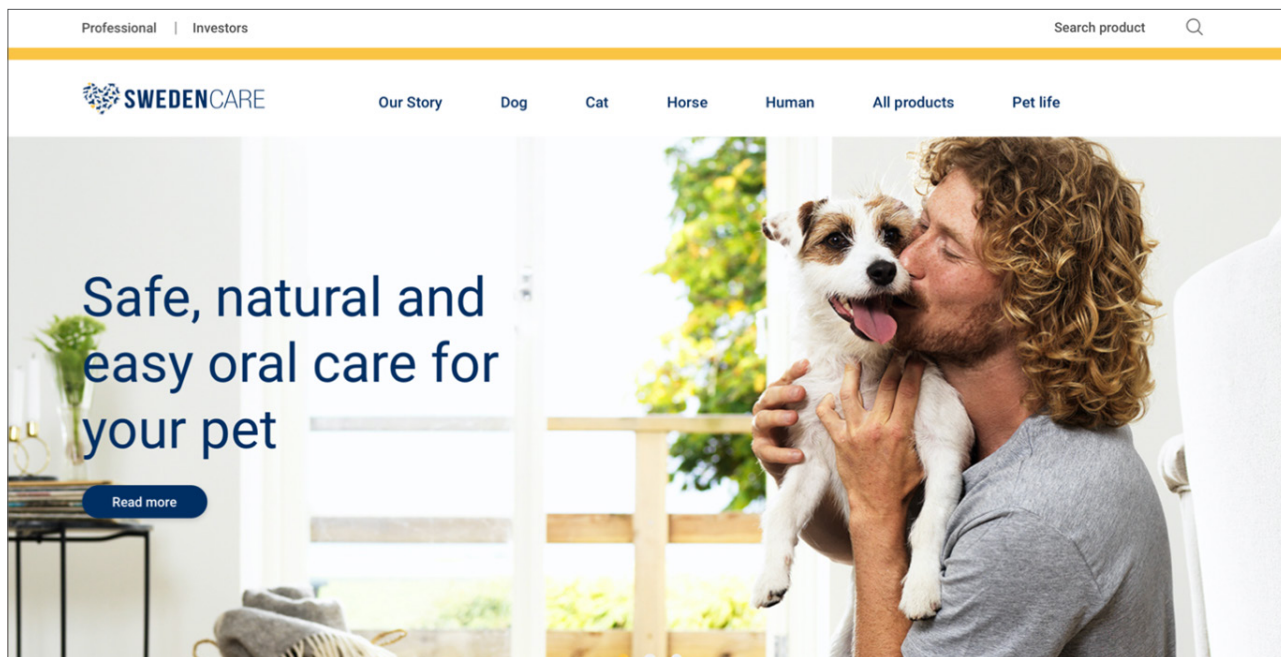
Swedencare online

Swedencare launches new global website

Welcome to take part in Swedencare's new global website! In several steps, our subsidiaries will get locally adapted webpages, some with their own e-commerce.

Our new global website will be used as our digital showroom where visitors can share inspiration, facts and view our growing product range.

You can find us at www.swedencare.com.



Influencer collaborations in Q2

During Q2, we continued our influencer collaborations with our partner in the United States. The campaigns focused on our concept "A Loving Breath Throughout Life" but also on the pet and the pet owner's relationship with each other. The focus has been on educating pet owners about the importance of taking care of their dog or cat's oral health and how ProDen PlaqueOff® can help as a simple and daily routine. To date, the ProDen PlaqueOff® brand has been exposed approximately 500.000 times across the United States and Canada through the campaigns.



Pet MD® is launched in Europe at [amazon.co.uk](https://www.amazon.co.uk)

Pet MD® has been launched with 5 products on Amazon UK during Q2.

Pet MD® Omega 3 Skin & Coat Support

Pet MD® Omega-3 is a dietary supplement designed to help manage various skin conditions in cats and dogs. The product provides a high concentration of Omega 3 (EPA + DHA), together with Omega 6 giant evening primrose oil (containing GLA). In addition, vitamins A, D, E include biotin and zinc, all of which are important for the maintenance and repair of skin and coat.



Pet MD® Multi Essentials Vitamin & Mineral Nutritional Support

Pet MD® Multi Essentials is a dietary supplement for dogs and cats, a complete multivitamin.



Pet MD® Calming Support for Dogs & Cats

Pet MD® Calming Support promotes relaxation and can help reduce anxiety. The product is suitable for use in situations that can cause fear or anxiety such as thunderstorms, fireworks, moving or traveling but can also be used to deal with long-term behavioural problems.



Pet MD® Hip & Joint + Omega

Pet MD® Hip & Joint + Omega combines a high concentration of glucosamine, chondroitin and MSM (methylsulfonylmethane) plus vitamin C and manganese. The product also contains Omega 3 fatty acids for improved efficiency.



Pet MD® Calming Support Gel for Cats

Pet MD® Calming Support Gel is used to treat stress-related behaviours that can be separation anxiety, travel problems, loud noises, unwanted or anxious behaviours.



Financial overview

Consolidated profit and loss (KSEK)

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Rolling 12 mths	Jan-Dec 2020
Net revenue	160 221	32 015	294 129	69 740	464 335	239 946
Other revenue	26	93	216	218	347	349
Total revenue	160 247	32 108	294 345	69 958	464 682	240 295
Cost of sales	-65 472	-8 385	-120 235	-19 233	-183 604	-82 602
Gross margin	94 775	23 723	174 110	50 725	281 078	157 693
Other external costs	-27 378	-8 464	-52 126	-17 168	-78 581	-43 623
Personnel costs	-20 190	-7 835	-38 998	-15 704	-67 063	-43 769
EBITDA	47 207	7 424	82 986	17 853	135 434	70 301
Depreciation and amortization	-2 707	-833	-4 607	-1 677	-7 775	-4 844
Other costs*	-469	-920	840	209	-4 459	-5 091
EBIT	44 031	5 671	79 219	16 385	123 200	60 366
Financial costs	-1 631	-27	-2 942	-51	-4 587	-1 696
Result after financial costs	42 400	5 644	76 278	16 334	118 613	58 670
Net income before tax	42 400	5 644	76 278	16 334	118 613	58 670
Tax on profit	-9 807	-499	-16 942	-2 748	-24 332	-10 139
Net income	32 593	5 145	59 336	13 586	94 281	48 531

*Includes exchange rate differences

Consolidated statement of comprehensive income

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Rolling 12 mths	Jan-Dec 2020
Net income	32 593	5 145	59 336	13 586	94 281	48 531
Exchange difference foreign subs.	-27 136	-3 216	39 797	-612	-12 135	-52 544
Total profit	5 457	1 929	99 133	12 974	82 146	-4 013

Consolidated balance sheet (KSEK)

	30 Jun 2021	31 Dec 2020	30 Jun 2020
ASSETS			
Non-current assets			
Goodwill	936 545	567 915	49 140
Other intangible assets	154 948	141 413	2 745
Buildings and land*	36 275	29 841	8 239
Machinery and other tech assets*	6 146	5 212	4 831
Tools, furniture, and fixtures	7 952	6 019	1 809
Other financial assets	233	60	61
Deferred tax asset	-	5	1 168
Total non-current assets	1 142 099	750 465	67 993
Current assets			
Inventory	105 126	61 792	17 042
Accounts receivable	72 147	49 061	22 504
Other receivable	1 864	1 419	510
Prepaid costs and deferred revenue	17 117	3 662	1 898
Cash	1 261 006	284 081	175 795
Total current assets	1 457 260	400 015	217 749
TOTAL ASSETS	2 599 359	1 150 480	285 742
EQUITY AND LIABILITIES			
Equity			
Share capital	1 179	1 044	865
Reserve fund	22	22	22
Other equity incl. full year profit	2 254 842	931 882	260 883
Total equity	2 256 043	932 948	261 770
Long-term liabilities			
Debt to credit institutions	230 000	117 500	-
Other long-term liabilities	25 835	21 432	1 747
Deferred tax liability	1 580	-	-
Short-term liabilities			
Debt to credit institutions	-	35 500	-
Accounts payable	25 933	18 991	5 856
Tax liabilities	16 147	6 457	1 610
Other liabilities	22 066	11 127	5 682
Deferred costs and prepaid income	21 755	6 525	9 077
Total liabilities	343 316	217 532	23 972
TOTAL EQUITY AND LIABILITIES	2 599 359	1 150 480	285 742

*Rights of use according to IFRS as of June 30th, 2021:

Part of Buildings and land: 27 690 KSEK (0 as of June 30th, 2020)

Part of Machinery and other tech assets: 4 402 KSEK (2 951 KSEK as of June 30th, 2020)

Consolidated cash flow statement (KSEK)

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating income after financial costs	42 400	5 644	76 278	16 334	58 670
Depreciation	2 707	833	4 607	1 677	4 845
Paid tax	-3 976	-1 844	-6 201	-3 256	-8 592
Change in working capital	4 719	10 237	-18 003	-994	-24 327
Cash flow from operating activities	45 850	14 870	56 681	13 761	30 596
<i>Investment activities excl. leasing</i>					
Acquisitions	-159 810	-	-281 967	-	-618 679
Purchase of intangible assets	-1 021	-	-1 233	-	-43
Purchases of Buildings and land	-821	-	-821	-83	-80
Purchases of Machinery and other tech assets	-481	-174	-2 176	-174	-167
Purchases of tools, furniture and fixtures	-455	-41	-842	-67	-687
Cash flow from investments	-116 738	14 655	-230 358	13 437	-589 060
<i>Financial activities</i>					
New share issue	1 148 319	128 529	1 148 319	128 529	682 618
Paid dividend	-16 944	-11 061	-16 944	-11 061	-11 061
Loan	90 000	-	90 000	-	165 000
Amortization on interest-bearing loan	-4 125	-	-13 000	-	-12 000
Amortization on lease	-1 698	-420	-2 912	-847	2 847
Cash flow for the period	1 098 814	131 703	975 105	130 058	238 344
Cash balance at beginning of period	162 528	44 092	284 081	45 737	45 737
Exchange difference in cash	-336	-	1 820	-	-
Cash balance at end of period	1 261 006	175 795	1 261 006	175 795	284 081

Consolidated change of equity (KSEK)

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Beginning balance	1 079 916	142 373	932 948	131 328	131 328
New share issue	1 187 614	128 529	1 240 906	128 529	816 694
Paid dividend	-16 944	-11 061	-16 944	-11 061	-11 061
Total profit	5 457	1 929	99 133	12 974	-4 013
Ending balance	2 256 043	261 770	2 256 043	261 770	932 948

Consolidated KPI's (KSEK)

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net Revenue	160 221	32 015	294 129	69 740	239 946
Total Revenue	160 247	32 108	294 345	69 958	240 295
EBIT	44 031	5 671	79 219	16 385	60 366
Net Income	32 593	5 145	59 336	13 586	48 531
Balance Sheet Total	2 599 359	285 742	2 599 359	285 742	1 150 480
Equity	2 256 043	261 770	2 256 043	261 770	932 948
Change of Revenue (%)	399.1%	5.4%	320.7%	14.7%	89.4%
Gross Margin (%)	59.1%	73.9%	59.2%	72.5%	65.6%
EBIT-margin (%)	27.5%	17.7%	26.9%	23.4%	25.1%
Net Income margin (%)	20.3%	16.0%	20.2%	19.4%	20.2%
Solvency (%)	86.7%	91.6%	86.7%	91.6%	81.1%
Interest-bearing net debt	-998 739	-172 917	-998 739	-172 917	-109 649
Cash	1 261 006	175 795	1 261 006	175 795	284 081
Outstanding Shares at period close	117 854 285	86 509 900	117 854 285	86 509 900	104 423 715
Average outstanding shares	106 031 450	79 504 405	105 706 525	79 257 155	86 791 515
Earnings per share (SEK)	0.31	0.06	0.56	0.17	0.56
Equity per share (SEK)	19.14	3.03	19.14	3.03	8.93

Definition of KPI's

Net revenue

The main revenue of the Company

Change of revenue (%)

Total revenue in relation to the previous corresponding period

Gross profit

Sales revenue minus costs for raw materials and components

Gross margin (%)

Gross profit as a percentage of total revenue

EBITDA

Operating profit before depreciation and other operating expenses

EBIT

Operating profit

EBIT-margin (%)

Operating profit as a percentage of total revenue

Net income margin (%)

Profit after tax as a percentage of total revenue

Solvency (%)

Equity (equity and untaxed reserves minus deduction for deferred tax) calculated as a percentage of total assets

Interest-bearing net debt

Interest-bearing debt including financial leasing minus cash

Earnings per share

Net income for the period in relation to the average number of shares during the period. There is no dilution effect

Equity per share

Equity in relation to the number of shares at the end of the period

Parent company profit and loss (KSEK)

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net revenue	16 388	10 085	30 207	21 565	51 769
Other revenue	8	94	198	218	2 382
Total revenue	16 396	10 179	30 405	21 783	54 151
Cost of sales	-4 045	-2 731	-7 651	-6 572	-14 991
Gross margin	12 351	7 448	22 754	15 211	39 160
Other external costs	-3 810	-4 589	-6 864	-7 008	-13 772
Personnel costs	-3 729	-2 168	-7 124	-4 219	-9 383
EBITDA	4 812	691	8 766	3 984	16 005
Depreciation and amortization	-158	-4	-307	-8	-513
Other costs*	-375	-811	796	555	-4 376
EBIT	4 279	-124	9 255	4 531	11 116
Financial costs	20 792	-	35 877	-1	10 003
Result after financial costs	25 071	-124	45 132	4 530	21 119
Net income before tax	25 071	-124	45 132	4 530	21 119
Tax on profit	-633	677	-1 457	-436	-149
Net income	24 438	553	43 675	4 094	20 970

*Includes exchange rate changes

Parent company balance sheet (KSEK)

	30 Jun 2021	31 Dec 2020	30 Jun 2020
ASSETS			
Non current assets			
Patent, trademarks and other intangible assets	3 172	2 307	2 450
Tools furniture and fixtures	120	37	45
Shares in subsidiaries	1 202 456	826 615	66 063
Total non current assets	1 205 748	828 959	68 558
Current assets			
Inventory	2 112	1 769	1 731
Accounts receivable	7 694	9 729	5 433
Tax receivables	2 501	2 555	875
Intercompany receivables	16 527	15 267	8 983
Other receivable	906	788	442
Prepaid costs and deferred revenue	12 814	1 230	860
Cash	1 205 888	230 047	150 948
Total current assets	1 248 442	261 385	169 272
TOTAL ASSETS	2 454 190	1 090 344	237 830
EQUITY AND LIABILITIES			
Equity			
Share capital	1 179	1 044	865
Reserves	22	22	22
Retained earnings incl. NI	2 194 897	927 395	222 533
Total equity	2 196 098	928 461	223 420
Long term liabilities			
Debt to credit institutions	230 000	117 500	-
Short term liabilities			
Debt to credit institutions	-	35 500	-
Accounts payable	4 470	5 641	1 635
Intercompany payables	821	-	4 809
Other liabilities	9 848	449	346
Deferred costs and prepaid income	12 953	2 793	7 620
Total liabilities	258 092	161 883	14 410
TOTAL EQUITY AND LIABILITIES	2 454 190	1 090 344	237 830

Revenue breakdown

Group (KSEK)	Jan-Jun 2021	Jan-Jun 2020	Change %
<i>Product areas</i>			
ProDen PlaqueOff®	79 835	57 861	38%
Nutraceuticals	105 577	8 453	1149%
Topicals/Dermatology	91 402	-	-
Other	17 315	3 426	405%
Total	294 129	69 740	322%
<i>Time of revenue recognition</i>			
The performance commitment is met over time	-	-	-
The performance commitment is met at a certain time	294 129	69 740	322%
Total	294 129	69 740	322%
<i>Geographic market</i>			
Sweden	3 344	3 112	7%
UK/Ireland	61 877	16 204	282%
Rest of Europe	24 714	18 932	31%
North America	183 207	20 440	796%
Asia	18 491	10 198	81%
Rest of the World	2 496	854	192%
Total	294 129	69 740	322%

Other information

Risk factors

The Board of Directors and the Managing Director ensure that the half year report gives a true and fair view of the Company's business, position, and results. In assessing Swedencare's future development, it is important to consider risk factors in addition to potential sales and profit growth. Swedencare's operations are affected by several risks that may affect the Company's earnings and financial position to varying degrees. For a description of Swedencare's risks, reference is made to the Company's Annual Report.

Accounting principles

This half year report has been prepared in accordance with IAS 34, Interim Financial Reporting for the Group. The same consolidation principles, as well as accounting and evaluation principles have been used as in the latest Annual report.

Related party transactions

There have been no transactions with related parties during the second quarter 2021.

Board of directors

The Board of Directors ensures that this half year report provides a true and fair view of the group's operations, financial position and results.

Malmö July 29th, 2021



Håkan Lagerberg
CEO and Board Member



Per Malmström
Board Chairman



Sara Brandt
Board Member



Håkan Svanberg
Board Member



Thomas Eklund
Board Member

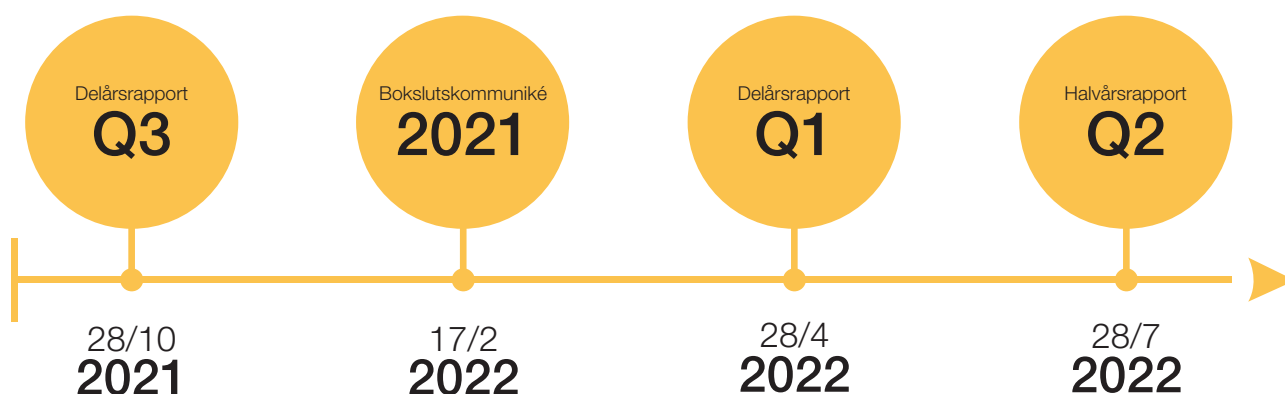


Johan Bergdahl
Board Member

Auditor's review

The company's auditor has not reviewed this half year report.

Future reporting schedule



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