

INTERIM REPORT

July-September

2021

Our vision

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



SWEDENCARE

About 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 subsidiaries in 8 countries and an international network of retailers. Swedencare's revenue 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.

New concepts and new colleagues - a quarter constructing the future

Summary of the period

Third quarter: July 1st - September 30th, 2021

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

- Net revenue amounted to 221 108 KSEK (69 566 KSEK), an increase of 218%
- Operational EBITDA amounted to 57 020 KSEK, corresponding to an EBITDA-margin of 25.5%. The adjustments relate to costs in connection with the acquisition of Vetio of 13 960 KSEK
- Operational EBIT amounted to 57 067 KSEK, corresponding to an EBIT-margin of 25.6%
- Organic, currency-adjusted growth amounted to -1%
- Operating profit before depreciation (EBITDA) amounted to 43 060 KSEK (20 870 KSEK), corresponding to an increase of 106% and an EBITDA-margin of 19.3% (30.0%)
- Operating profit after depreciation (EBIT) amounted to 43 107 KSEK (18 642 KSEK), corresponding to an increase of 131% and an EBIT-margin of 19.3% (26.8%)
- Profit after tax amounted to 29 630 KSEK (14 497 KSEK)
- Earnings per share calculated on 118 038 475 shares 0.25 SEK (0.17 SEK)*
- As of September 30th, 2021, cash amounted to 138 070 KSEK (408 661 KSEK)

First 9 months: January 1st - September 30th, 2021

- Net revenue amounted to 515 237 KSEK (139 306 KSEK), an increase of 270%
- Operational EBITDA amounted to 141 904 KSEK, corresponding to an EBITDA-margin of 27.4%. The adjustments relate to costs in connection with the acquisitions of 15 858 KSEK
- Operational EBIT amounted to 138 184 KSEK, corresponding to an EBIT-margin of 26.7%
- Organic, currency-adjusted growth amounted to 21%
- Operating profit before depreciation (EBITDA) amounted to 126 046 KSEK (38 724 KSEK), corresponding to an increase of 226% and an EBITDA-margin of 24.3% (27.8%)
- Operating profit after depreciation (EBIT) amounted to 122 326 KSEK (35 027 KSEK), corresponding to an increase of 249% and an EBIT-margin of 23.6% (25.1%)
- Profit after tax amounted to 88 965 KSEK (28 083 KSEK)
- Earnings per share calculated on 109 862 347 shares 0.81 SEK (0.34 SEK)*
- Cash flow from operating activities amounted to 89 544 KSEK (20 444 KSEK)
- Foreign exchange gains amounted to 8 196 KSEK

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

Significant events during the third quarter

- Swedencare AB (publ) has completed the acquisition of the leading North American CDMO Group Vetio, which was announced on June 28th, 2021
- Holden2, LLC changes name to Pet MD Brands, LLC to reflect the company's focus and commitment to pets
- Swedencare AB (publ) signs license agreement with Dr. Pol, the charismatic and famous veterinarian and star of National Geographic WILD's Reality TV series "The incredible Dr. Pol"

Significant events after the third quarter

- Swedencare AB (publ) acquires an American logistics company within e-commerce in Pet Health Care products on October 1st. The purchase price of a total of approximately 41.1 MSEK was paid through a cash payment of approximately 24.6 MSEK and a non-cash share issue of approximately 16.5 MSEK

Words from the CEO

Collaborations within the group create new business – all is set for a strong ending of the year

The third quarter turnover was 221 MSEK which was a 218% increase compared to Q3 2020 and the operational EBITDA profit increased by 154% to 57 MSEK, generating a margin of approximately 26%. Q3 mainly offered a continued strong momentum for us, with the exception being some issues concerning our new acquisition Vetio, who suffered a power outage that halted production as well as delays in the Asian export of ProDen PlaqueOff®. Operational cash flow was strong with 34 MSEK, proving that we can grow without building large customer receivables and balance sheet.

The quarter started off with some disappointments in regard to pandemic restrictions not being phased out as quickly as expected, which resulted in exhibitions in Asia and the US being postponed, converted to digital versions or held with a very low number of participants. Our US sales were not affected significantly by this, but for the Asian markets where large exhibitions were postponed to the end of the year, we and our distributors made the decision to delay deliveries from the third to the fourth quarter, as traditionally large orders are placed at these exhibitions. This is the reason why we do not show organic growth this quarter despite growing on all other markets and the fact that in the UK, Spain, and our Nordic subsidiaries this quarter selling at all-time high. All ProDen PlaqueOff®-markets apart from Asia are increasing and we keep building our brand. A number of new collaboration inquiries have been received which proves that our brand strengthening strategy is paying off, both in terms of increase of sales as well as in the interest from other strong brands that want to team up with ours. For the first 9 months this year we are exceeding 20% in organic growth, and we will deliver at least this on a full year basis in the coming years!



Our operational EBITDA margin was almost 26% which I am satisfied with, considering the delayed Asian orders and the less-than-optimal quarter for Vetio mentioned above. Presenting operational earnings is relevant so that you as shareholders and other interested parties can get a clear picture of the situation of the profitability for the underlying operation when acquisition costs have been added back. Normally Q3 is a bit quiet for Vetio because the demand for dermatology products traditionally faces a slight decrease during winter months. Increased prices of raw materials affected the margins in Q3, but we have adjusted our prices equally, for some customers from Q4 and for all customers from January 1st 2022. Vetio also suffered a period when production was stopped because of covid among key production staff and also due to the plant having to be closed because of the hurricane in August. These temporary drawbacks had an estimated impact of 1 MUSD decrease in sales and a 0,3 MUSD negative effect on margin. However, despite this Vetio delivered solid results, much thanks to a strong September when Vetio managed to finalize a project in our new facility, which was not even expected to be up and running before Q4. The Vetio team really pulled through and I am very impressed by their work and will to deliver.

With a strong ending of September and October starting equally so, it is with confidence I anticipate the upcoming Q4 and next year. Vetio have checked with all major customers and these all indicate double digit increases in 2022 compared to the 2021 volumes. We are perfectly positioned to grow more rapidly than the market thanks to our new production capacity and our strong brands within the group.

KPI's Q3 2021

In September our CFO, Jenny Graflind, and I finally got to visit Canada and Vetio North where we met up with a number of colleagues from our American subsidiaries. After almost two years of meetings only on Teams and Zoom, meeting up in person was long overdue and I feel that the value of live meetings really shall not be underestimated! After this gathering I am even more convinced that Vetio is an amazing asset that will be a key component for our fast and profitable continued growth.

This year's mentioned delivery issues from suppliers, which we share with other companies within our field as well as outside, are about to be solved for us. In Q3 we had approximately 10 MSEK in back orders which had to be transferred to Q4, but by October we have already been able to ship out a large part of them indicating that we will only have very few delivery delays left to sort out. We have been able to do this by bringing production inhouse, mainly in the US and some to our facility in Ireland. In Q4 our large new facility in Florida will be fully operational and from Q1 2022 the production of our "soft-chews" will start full speed, producing for both internal and external costumers. The demand for soft-chew products is very strong and we are preparing to launch several different new products, based on this distribution form, within several of our brands in 2022.

Nutravet, based in the UK, is growing rapidly, and have launched a number of new products during the year and our in-group cooperation has been a key factor for export to Europe. Brexit has created some challenges in regard to sales between the UK and the EU but thanks to our Irish logistic and warehouse facility we are able to avoid much of the red tape otherwise associated with each separate sale.

Online sales continue strongly, and both in Europe and the US we are launching on new platforms and extending our presence, both brand- and product wise. Soon we will be on all European Amazon platforms and with various marketing campaigns our sales grow month by month. The launch of Pet MD® in Europe is exceeding expectations, proving that we have models and knowledge to build sales quickly and effectively.

We started the fourth quarter with our smallest acquisition this year, FAV – a logistic company focusing on "drop-shipment" to consumers from a number of the large online platforms. Tim Ackerman, who runs FAV, has for many years developed a software solution and work process that enables quick access to listings, which gives us a great advantage by quickly being able to introduce new products and brands. The licensing collaboration with Dr. Pol, is a great example of how FAV adds to and strengthens our group dynamics. A project like this is something we would not have dared to venture into one year ago. But now with the joint forces of Stratford, Pet MD Brands and FAV coming together in a strong set-up we confidently manage this complex project including product choices, strategy, implementation as well as contacts with licensing partners, online listings, influencers/marketing experts etc. We have soft-launched the project and I look forward to presenting the results in the upcoming reports. Dr. Pol is a fantastic person who alongside his family and team are extremely dedicated to making this project a great success!

This quarter has also become the start of a more organized ESG set-up for Swedencare. We have been working with several aspects previously but not focused on measuring and documenting all our initiatives. Together with Position Green we have now started a project which includes all subsidiaries continually measuring important progress for the group. We also have started to present our different initiatives, large and small, on our website (www.swedencare.com/sustainability) where we welcome you to follow our development.

Net revenue
221.1 MSEK

Change in
net revenue
218%

OP. EBIT*
57.1 MSEK
EBIT-margin
25.6%

EBIT
43.1 MSEK
EBIT-margin
19.3%

**operational EBIT adjusted
for acquisition costs*

Solvency
74.8%

Net debt/
Proforma
R12 EBITDA
2.69

Cash
138.1 MSEK

As the leader of a global organization, it is extremely satisfying to plan our upcoming Swedencare Global Meeting to be held in December. We will gather all our subsidiary managers, marketing managers and the board of directors in Florida, where several of our group companies have their headquarters, to discuss strategies and business opportunities – the possibilities are fantastic and so are my colleagues, together we are building the leading global healthcare company for pets – and I can't wait to tell you more about this in the future!

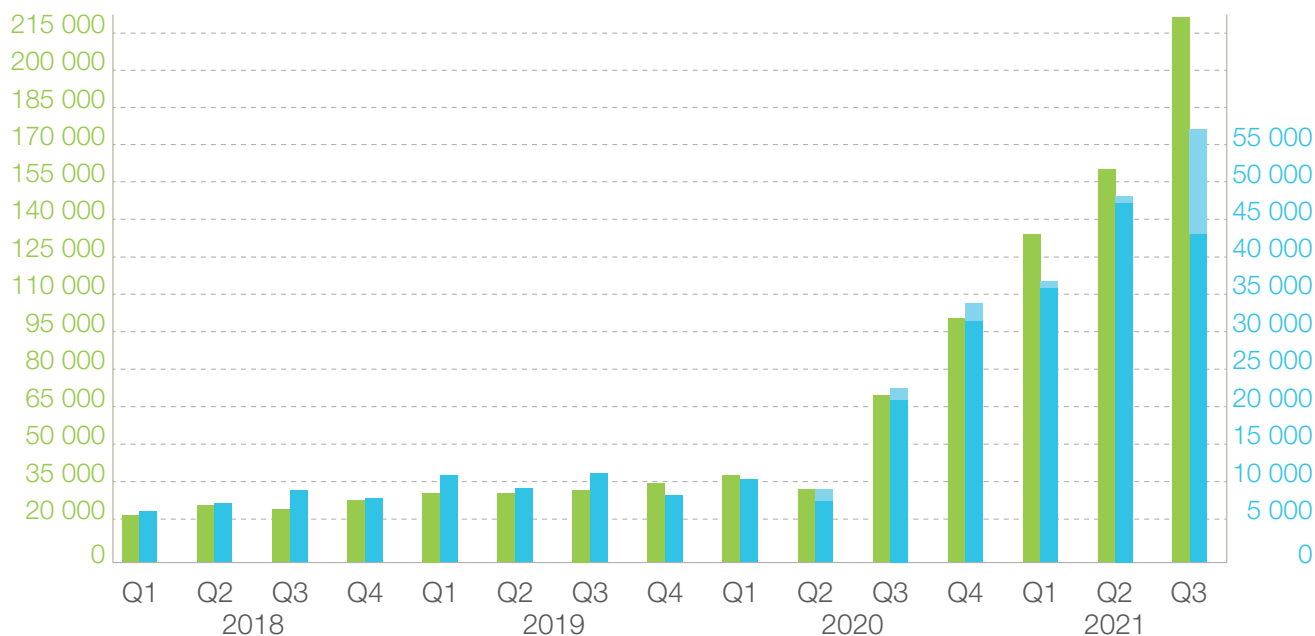


Håkan Lagerberg, CEO
Malmö October 28th, 2021

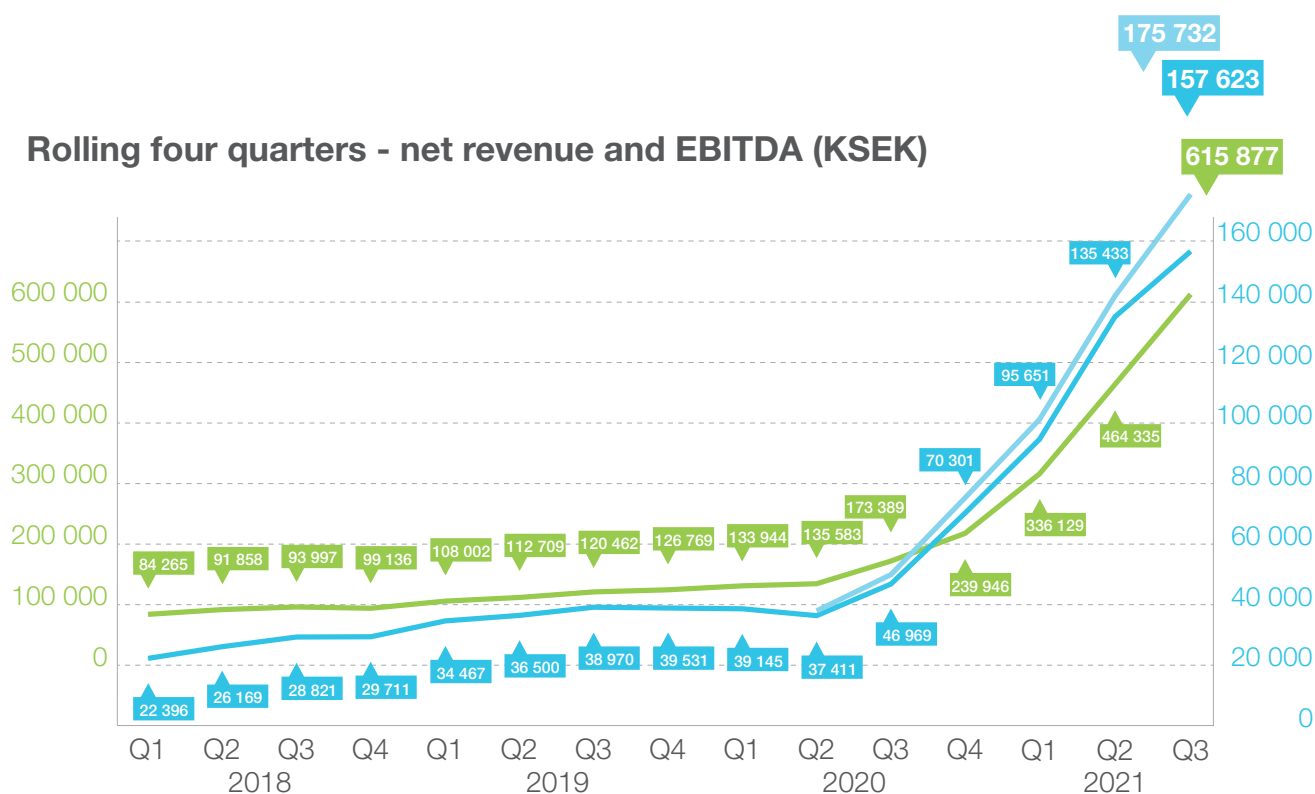


Development 2018 - 2021

Quarterly history of net revenue and EBITDA (KSEK)



Rolling four quarters - net revenue and EBITDA (KSEK)



■ Net revenue
 ■ EBITDA
 ■ EBITDA - adjusted for acquisition costs

Additional KPI's and definitions can be found on page 23.

Comments on the financial development Q3 2021

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

Net revenue

With the acquisition of Vetio, which is included in the Group from July 1st, 2021, net revenue during the quarter amounted to 221.1 MSEK, an increase of 218% compared with the corresponding period last year. The growth is divided into -1% organic, 223% acquired and -4% currency impact. The growth in the acquired companies has been good, especially Nutravet and Rx Vitamins stand out with growth of 28% and 25% respectively compared with the corresponding period last year.

Net revenues were negatively affected during the quarter by delayed deliveries to China and South Korea. In addition, Vetio was hit by power outages caused by the hurricane season and Covid shutdown during the quarter, which shifted some production and delivery to Q4.

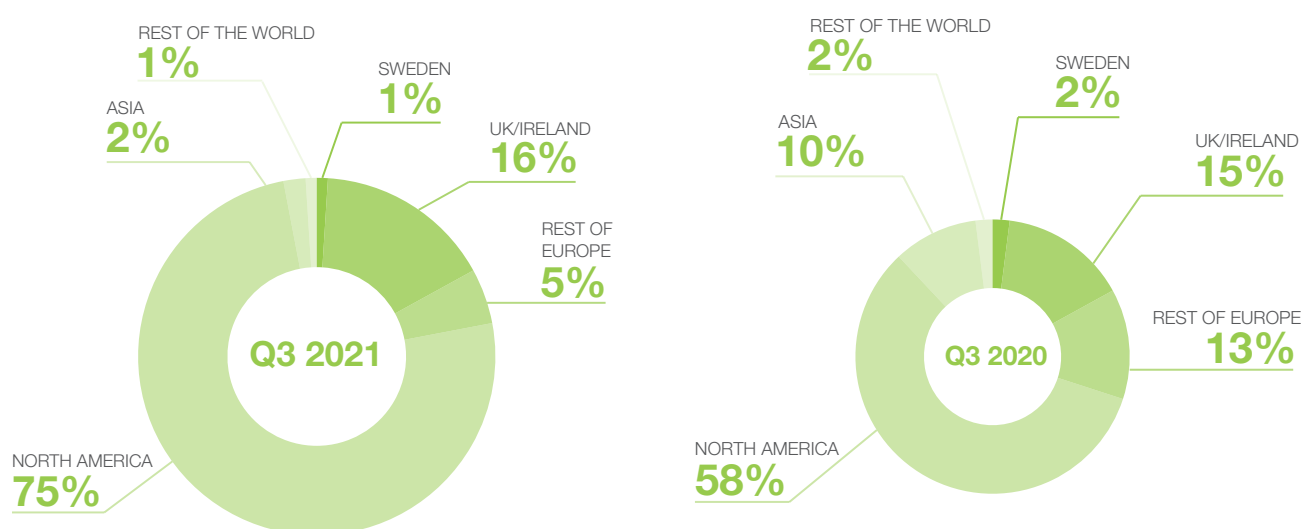
The industry's rapid growth and shortage of raw materials has entailed some challenges in logistics and price increases, mainly regarding raw materials for dermatology products, which had a negative effect on the gross margin during the quarter. Our price adjustments are, with some time lag, implemented in Q4 2021 and in full in Q1 2022. In addition, the production of dermatology products is somewhat seasonally affected with lower production in Q3.

Geographical distribution

The North American market accounted for 75% of the Group's total net revenue during Q3 2021, while the corresponding share for UK/Ireland, following the acquisition of Nutravet in September 2020, was 16%.

During the quarter, all geographic markets, except Asia, showed growth.

In Q3 2021 and Q3 2020 the geographic sales were distributed according to the graphics.



Product and brand distribution

Vetio has two business models, contract development and manufacturing in pharmaceuticals for the pet industry, which is presented in the new category Pharma, with approximately 8% of the quarter's revenue. As well as production of dermatology products where sales take place both externally and internally within the product group Topicals/Dermatology.

The ProDen PlaqueOff® product group was affected during the quarter by a delayed delivery of Powder to China and South Korea, but other products within the ProDen PlaqueOff® grew by more than 60%.

The product group Other, has increased as Rx Vitamins also has certain Human product sales that fall into this category.

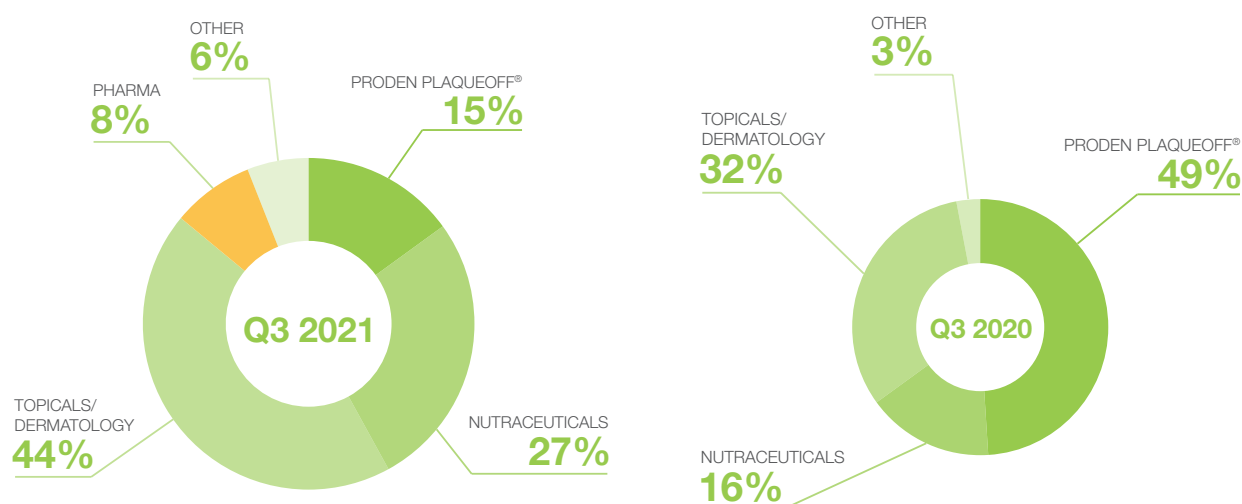
During the quarter, several launches of our products and brands took place in new channels and in new markets - Animal Pharm was launched on Amazon, but cautiously due to production disruptions, Pet MD® was launched in Europe and Dermatology products were launched in the Pet Retail-channel in the US. In Sweden, where we had a growth of 49% during the quarter, NutriScience products have been launched.

There is a positive development in the private label where we see our customers broaden and replace their existing range with products from our range, partly through license agreements such as the one with Dr. Pol which was communicated during the quarter.

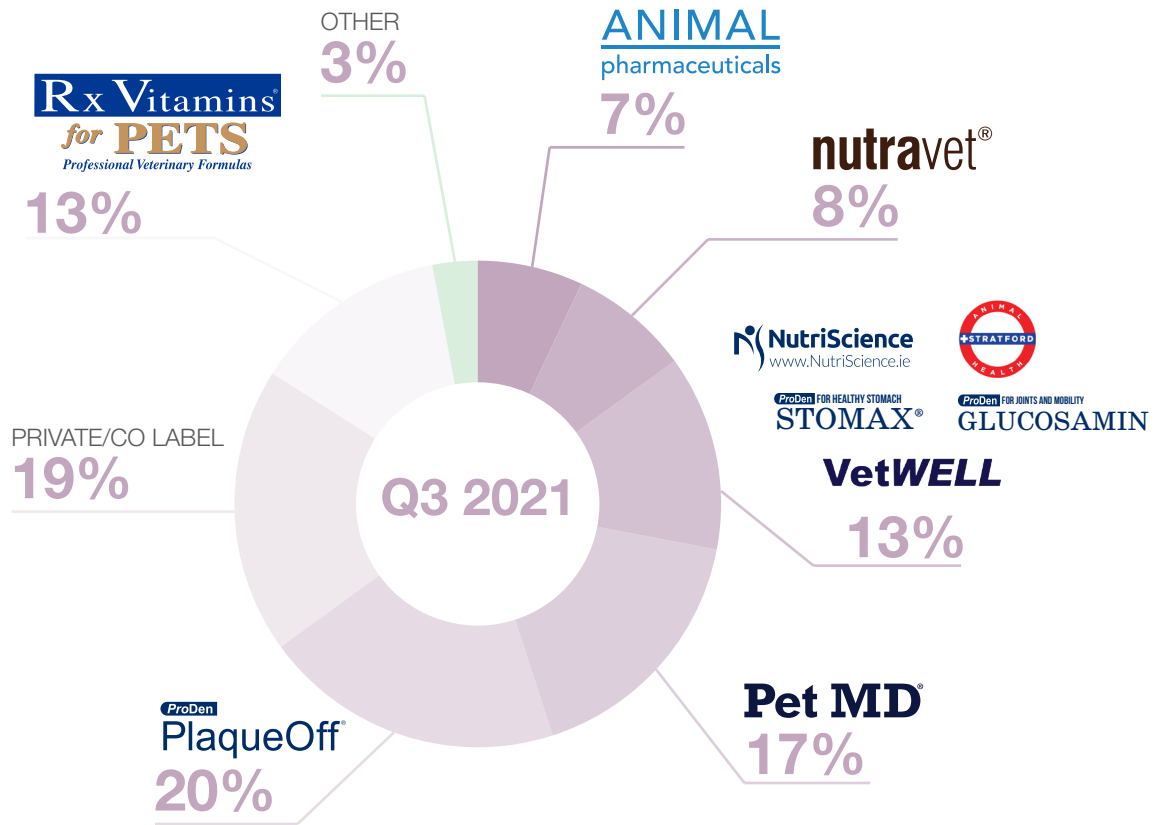
As previously communicated, there are still delays in the stage of production, some of this has been compensated by investing in our own production facilities and moving parts of the external production to our own facilities, in other words we become more self-sufficient in terms of production, and this strengthens margins. This development began in Q2 2021, it has gained momentum in Q3 and is expected to increase in the future.

The online channel continues to develop with increased sales to, among others, Amazon. For example, the Animal Pharm brand has been launched on the platform, which also means higher marketing costs. Sales to Chewy.com, our largest ProDen PlaqueOff® customer in the US, grew during the quarter by 43% compared to the corresponding period last year. During the quarter, through the subsidiary Pet MD Brands, we took over the Amazon sales of ProDen PlaqueOff® from an external party, which will contribute with both increased sales and margins. During the quarter, pet stores in Canada reopened, contributing to a 55% growth in the Canadian Pet Retail channel compared to the corresponding period last year.

In Q3 2021 and Q3 2020 sales per product group were distributed according to the graphics.



In Q3 2021, sales*, excluding Vetio, were distributed per brand according to the graphic.



*Does not include contract manufacturing



Profit

Operational EBIT, adjusted for acquisition costs, amounted to 57.1 MSEK, corresponding to an operating margin of 25.6%. Acquisition costs, attributable to the acquisition of the American company Vetio, amounted to 14.0 MSEK. Operating profit after depreciation and amortization (EBIT) during the third quarter of 2021 amounted to 43.1 MSEK (18.6 MSEK), corresponding to an operating margin of 19.3% (26.8%).

The Group's other revenue of 2.2 MSEK in the quarter pertains to Covid grants. Gross margin during the period amounted to 55.9% (62.5%), affected by a slightly lower margin in the acquired companies Pet MD Brands, and Vetio, all as expected. During the quarter, the gross margin was also negatively affected by increased raw material prices, mainly for dermatology products, as well as by production delays.

Our continued investment in online and D2C is affected by higher warehousing and logistics costs as well as an increased workforce to meet the increasing demand. The expansion costs are expected to lead to future margin reinforcements through synergy effects and scalability in the business.

With the acquisition of Pet MD Brands, an American e-commerce company that sells products via the major online platforms Amazon and Chewy.com, market investments have increased significantly. Market costs in connection with direct sales to the major online platforms represent 41% of the adjusted external costs (-14 MSEK for acquisitions) during the quarter.

Exchange rate fluctuations affected EBIT during Q3 with a with an exchange gain of 7.4 MSEK, mainly caused by a stronger USD. The increasing depreciation is mainly attributable to IFRS16 (3.3 MSEK) and Vetio (3.2 MSEK). During the quarter, the loans were renegotiated to lower interest rate and amortization flexibility. During the quarter, interest expense for loans raised in connection with the acquisitions amounted to 2.5 MSEK.

Profit after tax during the third quarter of 2021 amounted to 29.6 MSEK (14.5 MSEK), corresponding to a profit margin of 13.3% (20.8%).

Earnings per share during the third quarter of 2021 amounted to 0.25 SEK (0.17 SEK) calculated on the weighted average number of shares (118.038.475) as of September 30th, 2021. In May 2021, a share split was carried out, in which case an existing share was divided into 5 shares of the same share class (share split 5:1).



Comments on the financial development first 9 months 2021

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

Net revenue

Net revenue for the first nine months amounted to 515.2 MSEK, which corresponds to an increase of 270% compared with the corresponding period last year. The geographic markets affected by the five acquisitions since Q3 2020, North America and the UK, together represent 87% of the Group's revenue, compared with 63% the previous year. In the same way, the product groups Nutraceuticals and Topical/Dermatology are affected, which together represent 69%, compared with 30% the previous year.

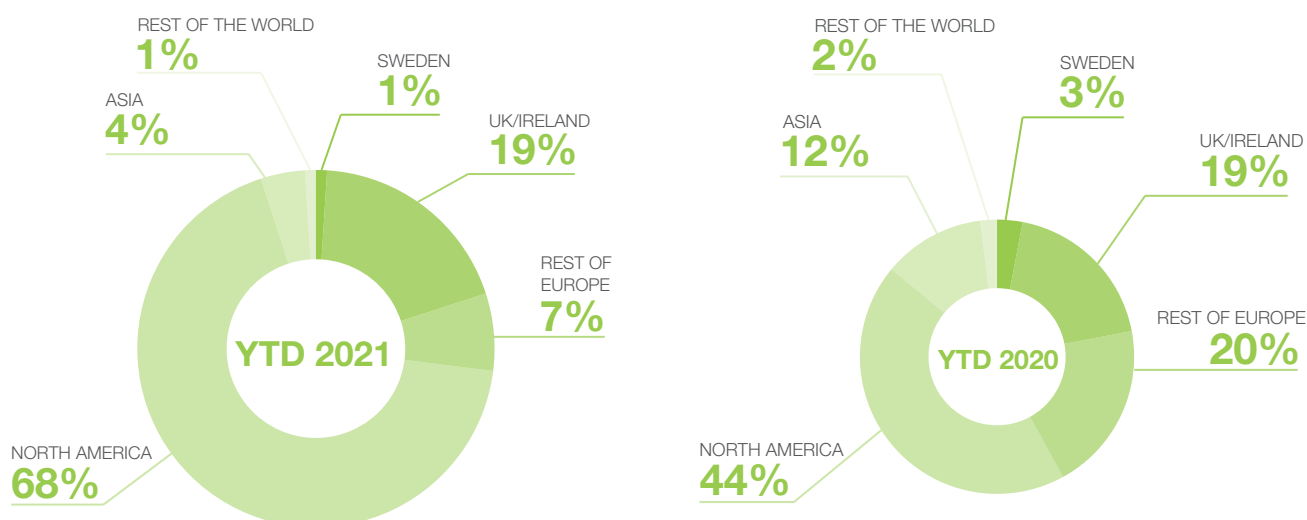
Organic currency-adjusted growth amounted to 21% during the first nine months of 2021. We are pleased to report that all markets and product groups have had growth during the year. In a rolling 12-month period, excluding proforma for acquired companies, the Group has net revenue of 616 MSEK. In a rolling 12-month period, including proforma for acquired companies, the Group has net revenue of 936 MSEK.

Geographic distribution

After several acquisitions in the North American market, it represents 68% of the Group's total revenue, compared with 44% in the corresponding period last year. The increase from the previous quarter is due to Vetio, which has almost all its sales in this market. Through the acquisition of Nutravet, UK/Ireland managed to maintain 19% of total revenue.

Despite no sales to China in Q3 the market still has organic growth of 46% in the first nine months. Asia in total has a growth of 32%.

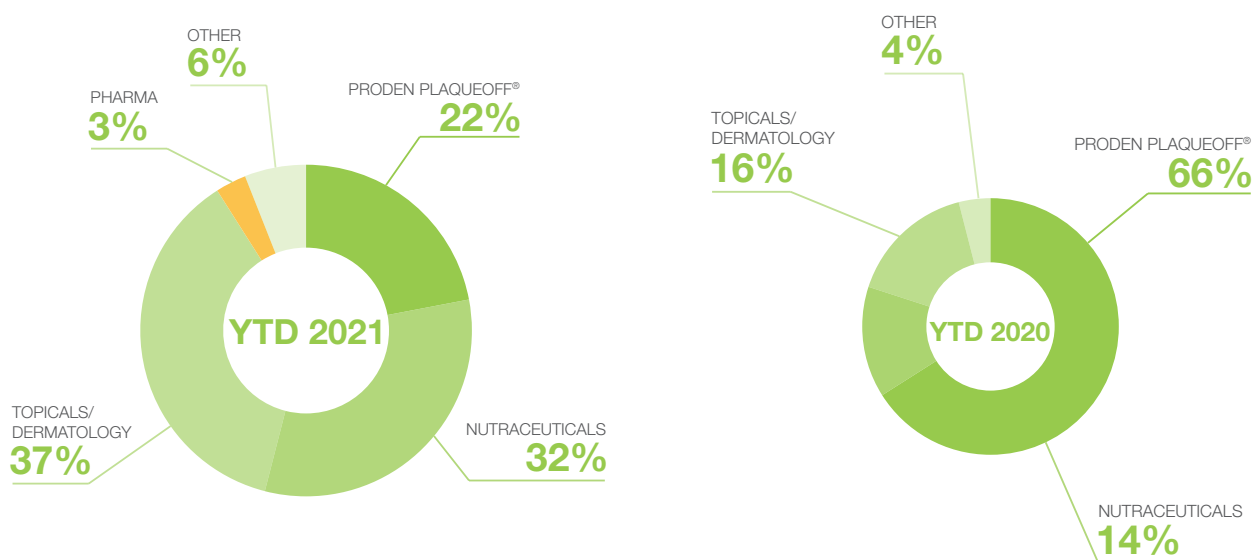
During YTD 2021 and YTD 2020, the geographical sales were distributed according to the graphics.



Product distribution

Pharma, a new category after the acquisition of Vetio (where only sales from July 1st, 2021, are included), corresponds to 3% of the Group's total revenue. Pharma's share is expected to increase from 2022 when our first volume production projects are started. The product group ProDen PlaqueOff[®] has had a growth of 23% and represents 22% of the Group's revenue compared with 66% during the corresponding period last year. The other product groups are affected by the acquisitions, which have contributed a wide range of products to new therapy areas, which has created a more even distribution between Nutraceuticals, ProDen PlaqueOff[®] and Topicals/ Dermatology with 32%, 22% and 37% of total revenue, respectively.

During YTD 2021 and YTD 2020, sales per product group were distributed according to the graphics.



Profit

Adjusted for acquisition costs (15.9 MSEK), EBIT amounted to 138.2 MSEK, which corresponds to an EBIT margin of 26.7%.

Operating profit after depreciation and amortization (EBIT) during the first nine months of 2021 amounted to 122.3 MSEK (35.0 MSEK), corresponding to an operating margin of 23.6% (25.1%). Gross margin was 57.7% (67.5%) during the same period.



Cash flow

Cash flow from operating activities after changes in working capital amounted to 33.5 MSEK (8.4 MSEK) during the third quarter of 2021.

During the third quarter of 2021, cash flow amounted to -1.125 MSEK (233 MSEK). During the quarter, the purchase price for Vetio was paid, a total of 1.557 MSEK. The purchase price consisted of a cash portion of 1.539 MSEK, which was partly financed with an acquisition loan of 388 MSEK, and an issue in kind of 19 MSEK. The capital increase in connection with the acquisition of Vetio of 1.148 MSEK was completed in Q2. Investments in tangible and intangible assets during the quarter amounted to 10.3 MSEK, which mainly includes investments in the production facilities.

During the quarter, the acquisition loans were renegotiated to amortization flexibility.

Financial position

Swedencare's equity, as of September 30th, 2021, amounted to 2.372 MSEK (609 MSEK), of which 1.2 MSEK (1.0 MSEK) was restricted equity. The increase is mainly explained by the directed new issues made during 2020/2021.

Swedencare's cash amounted to 138.1 MSEK (408.7 MSEK) on September 30th, 2021, the same date the Group had interest-bearing long-term and short-term liabilities totalling 694.5 MSEK (68.6 MSEK). As of September 30th, 2021, Swedencare had a net debt amounting to 556.4 MSEK (-340.1 MSEK).

On October 1st, 2021, Swedencare paid the cash purchase price for the acquisition of FAV of approximately 24.6 MSEK. Acquisition costs for FAV are expected to amount to approximately 0.8 MSEK.

Acquisitions	Pet MD Brands	Rx Group	Vetio Group
Purchase price			
Cash payment for this year's acquisitions	122 059	159 615	1 538 723
Non-cash issue	53 408	39 430	18 769
Deferred purchase price	-	-	-
Total purchase price	175 467	199 045	1 557 492

Reported values of acquired assets and assumed liabilities	Pet MD Brands	Rx Group	Vetio Group
Intangible assets	-	7 644	37 901
Tangible assets	-	199	103 952
Inventory	15 469	10 744	37 058
Accounts receivable	5 422	4 688	54 234
Other current receivables	486	575	24 388
Cash	18	-	4 816
Total acquired assets	21 395	23 850	262 349
Accounts payable	-2 477	-3 821	-25 622
Other current liabilities	-2 971	-405	-30 050
Total acquired liabilities	-5 448	-4 226	-55 672
Goodwill	159 520	179 421	1 350 815
Total	175 467	199 045	1 557 492

No part of reported goodwill is expected to be deductible in income taxation. An acquisition analysis is preliminary until it is determined. A preliminary acquisition analysis is changed as soon as new information regarding assets / liabilities is received at the time of acquisition, but no later than one year from the time of acquisition, the preliminary acquisition analysis is determined. All acquisition analyses are preliminary mainly due to the valuation and distribution of assets not being completed. This is expected to be completed in connection with the reporting of the fourth quarter of 2021.

Payments for acquisitions	Pet MD Brands	Rx Group	Vetio Group
Payment for this year's acquisitions	-175 467	-199 045	-1 557 492
Acquired cash and bank balances	18	-	4 816
Issuance costs that are deductible items in equity	-2 973	-134	-734
Transaction costs that are included in Net income as Other external costs	-634	-706	-13 960
Total paid	-179 056	-199 885	-1 567 370

Contributions from acquired companies	Pet MD Brands	Rx Group	Vetio Group
Contribution from the time when the controlling influence existed			
Total revenue	125 498	34 368	58 985
Net income	11 806	9 170	8 275

Contribution if the acquisition had been made Januari 1st 2021	Pet MD Brands	Rx Group	Vetio Group
Total revenue	125 498	50 912	217 659
Net income	11 806	6 069	26 119

Pet MD Brands (previously Holden2)

– Acquisition of an American e-commerce company focusing on Pet Health Care products

The agreement was signed on December 16th and on January 1st, 2021, 100% of Pet MD Brands was acquired. Through the acquisition, Swedencare will have strong online-only brands, Pet MD® and VetWELL®, a leading e-commerce team with, among other things, unique Amazon knowledge and a business with both strong growth and high profitability. Pet MD Brands, which was founded by Edward Holden in 2011, is completely focused on offering high quality Pet Health Care products through online channels. The products, which are sold under the Pet MD® and VetWELL® brands, are offered via the major online platforms Amazon and Chewy.com, which account for over 90% of total revenue. Pet MD Brands will continue to be led by Stephen Watters and Edward Holden, who will also become major shareholders in Swedencare. The company has a total of 8 employees. In the short term, synergies in sales and marketing can be achieved partly through Swedencare's product family ProDen PlaqueOff®, which complements Pet MD Brand's product offerings, and partly through its experience in online trading and then mainly the large platforms Amazon and Chewy.com. Swedencare also believes that Pet MD Brands will quickly benefit from synergies in logistics through cooperation with our other subsidiaries in the US. Already this year, Pet MD® will be launched on Amazon UK and other parts of Europe, followed by other markets, primarily in Asia.

Rx Group

– Acquisition of an American company with a focus on dietary supplements for the veterinary channel

On April 1st, Swedencare acquired 100% of the American company RxV Enterprises with its wholly owned subsidiary Rx Vitamins ("Rx Vitamins" or "Rx"), a dietary supplement specialist focusing on premium brands for pets. The company, which was founded by owner Craig Kisciras in 1998, is completely focused on offering high-quality Pet Health Care products to the veterinary channel. As one of the founders of the National Animal Supplement Council (NASC), Rx Vitamins is a reputable and respected player in the industry. The customer base at Rx is primarily veterinary clinics that order directly, supplemented with some sales to specialized local distributors in the US. The company also sells for export to a dozen markets and has a smaller range of dietary human supplement products, which is sold to a few major customers. Only pure and high-quality ingredients are used in the manufacture of all Rx Vitamins' various pet products.

Vetio Group

– Acquisition of leading North American CDMO group active in Pet Health Care

On July 1st, Swedencare acquired 100% of the American company Vetio, North America's leading Contract Development Manufacturing Organization (CDMO) player with operations in contract development and manufacturing. Vetio's business offering is a contract development and manufacturing model in pharmaceuticals and OTC products, primarily dermatology and dietary supplements, for world-leading companies in the Pet Health Care sector. Vetio has long customer relationships based on first-class production capacity, intellectual property rights, know-how and specialist expertise in pharmaceuticals and OTC products for the veterinary sector. Over the past two years, Vetio has expanded with an FDA-certified manufacturing facility in Montreal, and with this, it has further strengthened its position as a leader in drug development and production for the veterinary market. The company has signed several large customer agreements in development and production, which will start in the coming years.

Fulfillment Advantage Ventures

– Acquisition of an American logistics company for e-commerce of Pet Health Care products

On October 1st, Swedencare acquired 100% of the US company Fulfillment Advantage Ventures, Inc. (FAV), a direct-to-consumer (B2C) logistics company that focuses on direct delivery and logistics solutions for the pet sector. The purchase price of a total of approximately 41.1 MSEK (4.75 MUSD) is paid through a cash payment of approximately 24.7 MSEK (2.85 MUSD) and an issue in kind of a total of 111.553 shares in Swedencare, approximately 16.5 MSEK (1.9 MUSD) to sales management. With this strategic acquisition, Swedencare gets a higher level of e-commerce expertise regarding the flow directly to consumers towards its own customers and for its own brands. The acquisition also means that we get a comprehensive solution that satisfies the entire supply chain, which generates faster deliveries at reduced costs. In addition, Swedencare will also expand its network of platform customers which will form an important basis for our latest licensing program with Dr. Pol, which was announced September 8th. The project will be launched on several different online platforms at the same time, something that would not have been possible without FAV, which has built up a strong drop-ship program with several leading online platforms including Amazon, Chewy and Target. FAV had a revenue of 2.8 MUSD during the twelve-month period September 2020 - August 2021 with a negative EBITDA of 0.1 MUSD. FAV's own DTC brands, which generated approximately 1.3 MUSD in sales during the period, will benefit from Swedencare's product portfolio, marketing programs and international networks. The purchase price of 4.75 MUSD, on a debt- and cash-free basis, corresponds to 1.7 times the company's revenue during the twelve-month period September 2020 - August 2021.

Personal

As of September 30th, 2021, Swedencare had a total of 272 employees in Sweden (10), England (19), France (2), US (216), Ireland (14), Spain (1) and Greece (10). Of the increase from the previous quarter of 159 employees, 152 employees come from the acquisition of Vetio. The gender distribution is 42% men and 58% women.

As of September 30th, 2020, Swedencare had a total of 64 employees. The increase in the number of employees is mainly due to the acquisitions of Nutravet (16 employees), Animal Pharm (12 employees), Pet MD Brands (16 employees), Rx Vitamins (8 employees) and Vetio (152 employees).

Stock

	30 Sep 2021	30 Sep 2020	30 Sep 2019	30 Sep 2018
Number of shares* at the end of the period	118 038 475	96 509 900	78 853 110	78 853 110
Share price* at the end of the period	145.2	40.8	14.4	12.0

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

Shareholders (the table summarizes Swedencare's ownership structure as of September 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>)	7 526 755	6.4%
Symrise AG	7 358 750	6.2%
Mastan AB (<i>Håkan Lagerberg through company</i>)	5 551 810	4.7%
DNCA Investments	5 160 237	4.4%
AMF Aktiefond Småbolag	4 797 500	4.1%
Handelsbanken Fonder	4 093 082	3.5%
SEB Fonder	3 176 775	2.7%
Matthew Shaw - MD Nutravet	2 903 845	2.5%
Swedbank Robur Fonder	2 335 007	2.0%
Aktia Asset Management	1 910 340	1.6%
Joh. Berenberg, Gossler & Co. KG Act oBo Universal Inv. Funds	1 560 655	1.3%
Consensus Asset Management	1 465 000	1.2%
Martin Shimko - MD Swedencare US	1 400 000	1.2%
ODIN Fonder	1 400 000	1.2%
Nordnet Pensionsförsäkring	1 302 940	1.1%
Jason Braun - MD Animal Pharm	1 259 970	1.1%
Enter Fonder	1 248 550	1.1%
Other	40 579 984	34.4%
Total	118 038 475	100.0%
Free Float*	74 645 398	63.2%

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.

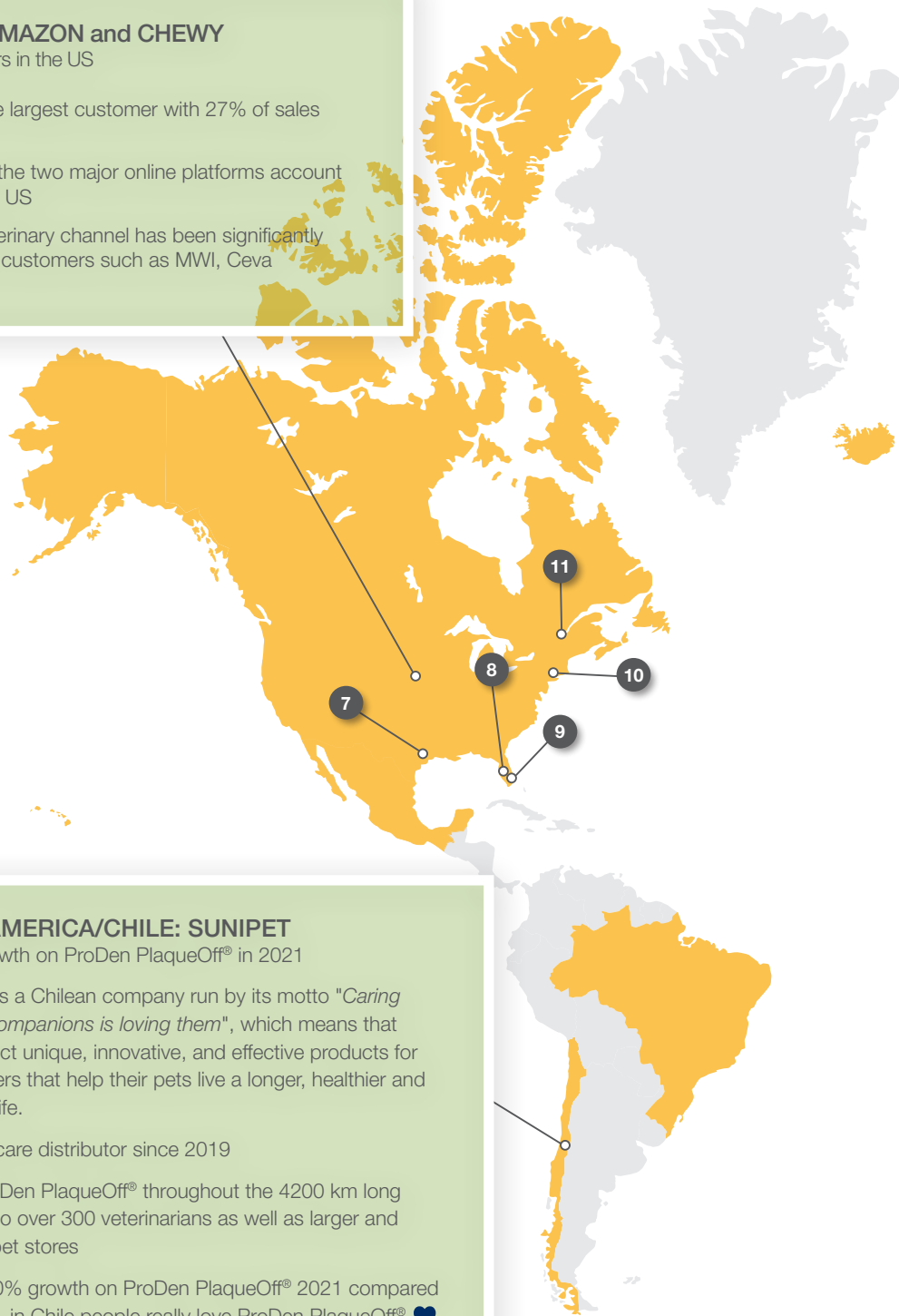
We grow all over the world

Our products are currently sold in about 50 countries and our customers are located on all continents of the world. Our strategy of investing more in marketing to strengthen our brands, especially online and directly to consumers, has been successful - we are growing on all major platforms and in all sales channels with a growing global customer base.

NORTH AMERICA: AMAZON and CHEWY

– our two largest customers in the US

- Amazon US is now the largest customer with 27% of sales in North America
- Together with Chewy, the two major online platforms account for 38% of sales in the US
- Our position in the veterinary channel has been significantly strengthened with top customers such as MWI, Ceva and Patterson



SOUTH AMERICA/CHILE: SUNIPET

– 700% growth on ProDen PlaqueOff® in 2021

- Sunipet is a Chilean company run by its motto "*Caring for our companions is loving them*", which means that they select unique, innovative, and effective products for pet owners that help their pets live a longer, healthier and happier life.
- Swedencare distributor since 2019
- Sells ProDen PlaqueOff® throughout the 4200 km long country to over 300 veterinarians as well as larger and smaller pet stores
- Over 700% growth on ProDen PlaqueOff® 2021 compared to 2020 - in Chile people really love ProDen PlaqueOff® ❤️





SWEDENCARE

Offices

- ★ Malmö, Sweden - Head office
- 1 Waterford, Ireland
- 2 Leeds, UK
- 3 Bolton, UK
- 4 Purget-sur-Argens, France
- 5 Barcelona, Spain
- 6 Thessaloniki, Greece
- 7 Rosenberg, Texas, US
- 8 Odessa, Florida, US
- 9 Jupiter, Florida, US
- 10 Elmsford, New York, US
- 11 Montreal, Canada

EUROPE/UK: ONLINE
 – strong growth and launches

- Strong online growth in the UK and Europe
- Launch on Amazon's remaining four markets of EU8 in Q4



ASIEA/SOUTH KOREA: SHINKI
 – 40% increase online

- Founded in August 1974
- Swedencare distributor since 2016
- Focuses on significant branding of Swedencare in communication and marketing materials
- Imports all products within the product group ProDen PlaqueOff® as well as NutriScience Stomax and Glucosamine
- Important sales channels are trade fairs and online



AUSTRALIA: TROY ANIMAL HEALTHCARE
 – triple market penetration on OTC

- Troy was founded in 1958 by veterinarians, and has a long history of, and track record of, meeting the needs of Pet Health Care in Australia, New Zealand and around the world. Their commitment is to deliver innovative, high-quality, and affordable Pet Health Care products that meet the challenging and changing needs of veterinarians and pet owners.
- Swedencare distributor since 2011 for ProDen PlaqueOff® powder
- The largest sales channel is vet with 66%, but OTC sales have grown strongly from 12% in 2018 to 34% in 2021



SHINKI

● Our presence

Financial overview

Consolidated profit and loss (KSEK)

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 mths	Jan-Dec 2020
Net revenue	221 108	69 566	515 237	139 306	615 877	239 946
Other revenue	2 220	-	2 436	218	2 567	349
Total revenue	223 328	69 566	517 673	139 524	618 444	240 295
Cost of sales	-98 525	-26 051	-218 760	-45 284	-256 078	-82 602
Gross margin	124 803	43 515	298 913	94 240	362 366	157 693
Other external costs	-50 007	-9 448	-102 133	-26 615	-119 141	-43 623
Personnel costs	-31 736	-13 197	-70 734	-28 901	-85 602	-43 769
EBITDA	43 060	20 870	126 046	38 724	157 623	70 301
Depreciation and amortization	-7 309	-1 364	-11 916	-3 041	-13 719	-4 844
Other costs*	7 356	-864	8 196	-656	3 761	-5 091
EBIT	43 107	18 642	122 326	35 027	147 665	60 366
Financial costs	-3 102	-504	-6 044	-555	-7 185	-1 696
Result after financial costs	40 005	18 138	116 282	34 472	140 480	58 670
Net income before tax	40 005	18 138	116 282	34 472	140 480	58 670
Tax on profit	-10 375	-3 641	-27 317	-6 389	-31 067	-10 139
Net income	29 630	14 497	88 965	28 083	109 413	48 531
<i>*Includes exchange rate differences</i>						
Earnings per share (SEK)	0.25	0.17	0.81	0.34	1.03	0.56

Consolidated statement of comprehensive income

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 mths	Jan-Dec 2020
Net income	29 630	14 497	88 965	28 083	109 413	48 531
Exchange difference foreign subs.	66 883	-2 678	106 680	-3 290	59 908	-52 544
Total profit	96 513	11 819	195 645	24 793	169 321	-4 013

Consolidated balance sheet (KSEK)

	30 Sep 2021	31 Dec 2020	30 Sep 2020
ASSETS			
Non-current assets			
Goodwill	2 339 384	567 915	118 650
Other intangible assets	196 830	141 413	64 531
Buildings and land*	143 180	29 841	26 059
Machinery and other tech assets*	54 293	5 212	5 692
Tools, furniture, and fixtures	10 400	6 019	3 456
Other financial assets	240	60	61
Deferred tax asset	-	5	1 124
Total non-current assets	2 744 327	750 465	219 573
Current assets			
Inventory	148 652	61 792	31 253
Accounts receivable	104 368	49 061	44 235
Other receivable	11 214	1 419	672
Prepaid costs and deferred revenue	23 914	3 662	2 524
Cash	138 070	284 081	408 661
Total current assets	426 218	400 015	487 345
TOTAL ASSETS	3 170 545	1 150 480	706 918
EQUITY AND LIABILITIES			
Equity			
Share capital	1 180	1 044	965
Reserve fund	22	22	22
Other equity incl. full year profit	2 371 063	931 882	607 664
Total equity	2 372 265	932 948	608 651
Long-term liabilities			
Debt to credit institutions	618 000	117 500	34 375
Other long-term liabilities	63 492	21 432	18 021
Deferred tax liability	18 898	-	-
Short-term liabilities			
Debt to credit institutions	-	35 500	12 500
Accounts payable	34 930	18 991	14 814
Tax liabilities	13 917	6 457	2 249
Other liabilities	25 753	11 127	8 604
Deferred costs and prepaid income	23 290	6 525	7 704
Total liabilities	798 280	217 532	98 267
TOTAL EQUITY AND LIABILITIES	3 170 545	1 150 480	706 918

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

Part of Buildings and land: 69 243 KSEK (17 815 KSEK as of September 30th, 2020)

Part of Machinery and other tech assets: 6 808 KSEK (3 914 KSEK as of September 30th, 2020)

Consolidated cash flow statement (KSEK)

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating income after financial costs	40 005	18 138	116 282	34 472	58 670
Depreciation	7 309	1 364	11 916	3 041	4 845
Paid tax	-9 161	-2 958	-15 363	-6 214	-8 592
Non-cash flow items	-1 035	-	-1 647	-	-
Change in working capital	-3 571	-8 168	-21 644	-10 855	-24 327
Cash flow from operating activities	33 547	8 376	89 544	20 444	30 596
<i>Investment activities excl. leasing</i>					
Acquisitions	-1 533 011	-157 763	-1 815 668	-157 763	-618 679
Purchase of intangible assets	-114	-	-1 347	-	-43
Purchases of Buildings and land	-8 850	-	-9 671	-84	-80
Purchases of Machinery and other tech assets	-1 137	-	-3 313	-174	-167
Purchases of tools, furniture and fixtures	-151	-315	-993	-382	-687
Cash flow from investments	-1 509 716	-149 702	-1 741 448	-137 959	-589 060
<i>Financial activities</i>					
New share issue	-	335 062	1 149 307	463 591	682 618
Paid dividend	-	-	-16 944	-11 061	-11 061
Loan	388 000	50 000	478 000	50 000	165 000
Amortization on interest-bearing loan	-	-3 125	-13 000	-3 125	-12 000
Amortization on lease	-3 004	631	-5 916	1 478	2 847
Cash flow for the period	-1 124 720	232 866	-150 001	362 924	238 344
Cash balance at beginning of period	1 261 006	175 795	284 081	45 737	45 737
Exchange difference in cash	1 784	-	3 990	-	-
Cash balance at end of period	138 070	408 661	138 070	408 661	284 081

Consolidated change of equity (KSEK)

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Beginning balance	2 257 530	261 770	932 948	131 328	131 328
New share issue	18 222	335 062	1 260 616	463 591	816 694
Paid dividend	-	-	-16 944	-11 061	-11 061
Total profit	96 513	11 819	195 645	24 793	-4 013
Ending balance	2 372 265	608 651	2 372 265	608 651	932 948

Consolidated KPI's (KSEK)

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net Revenue	221 108	69 566	515 237	139 306	239 946
Total Revenue	223 328	69 566	517 673	139 524	240 295
EBIT	43 107	18 642	122 326	35 027	60 366
Net Income	29 630	14 497	88 965	28 083	48 531
Balance Sheet Total	3 170 545	706 918	3 170 545	706 918	1 150 480
Equity	2 372 265	608 651	2 372 265	608 651	932 948
Change of Revenue (%)	221.0%	119.0%	271.0%	50.4%	89.4%
Gross Margin (%)	55.9%	62.6%	57.7%	67.5%	65.6%
EBIT-margin (%)	19.3%	26.8%	23.6%	25.1%	25.1%
Net Income margin (%)	13.3%	20.8%	17.2%	20.1%	20.2%
Solvency (%)	74.8%	86.1%	74.8%	86.1%	81.1%
Interest-bearing net debt	556 438	-340 102	556 438	-340 102	-109 649
Cash	138 070	408 661	138 070	408 661	284 081
Outstanding Shares* at period close	118 038 475	96 509 900	118 038 475	96 509 900	104 423 715
Average outstanding shares*	118 038 475	87 162 075	109 862 347	81 911 360	86 791 515
Earnings per share (SEK)	0.25	0.17	0.81	0.34	0.56
Equity per share (SEK)	20.10	6.31	20.10	6.31	8.93

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

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

Revenue breakdown

Group (KSEK)	Jan-Sep 2021	Jan-Sep 2020	Change %
<i>Product areas</i>			
ProDen PlaqueOff®	113 552	92 186	23%
Nutraceuticals	166 363	19 583	750%
Topicals/Dermatology	188 217	22 283	745%
Pharma	16 606	-	-
Other	30 499	5 254	480%
Total	515 237	139 306	270%
<i>Time of revenue recognition</i>			
The performance commitment is met over time	-	-	-
The performance commitment is met at a certain time	515 237	139 306	270%
Total	515 237	139 306	270%
<i>Geographic market</i>			
Sweden	5 739	4 720	22%
UK/Ireland	97 463	26 765	264%
Rest of Europe	35 112	28 139	25%
North America	350 419	60 515	479%
Asia	22 191	16 786	32%
Rest of the World	4 313	2 381	81%
Total	515 237	139 306	270%

Other information

Risk factors

The Board of Directors and the Managing Director ensure that the interim 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 interim 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 2021.



Board of directors

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

Malmö October 28th, 2021



Håkan Lagerberg
CEO and Board Member



Per Malmström
Board Chairman



Sara Brandt
Board Member



Håkan Svanberg
Board Member



Thomas Eklund
Board Member

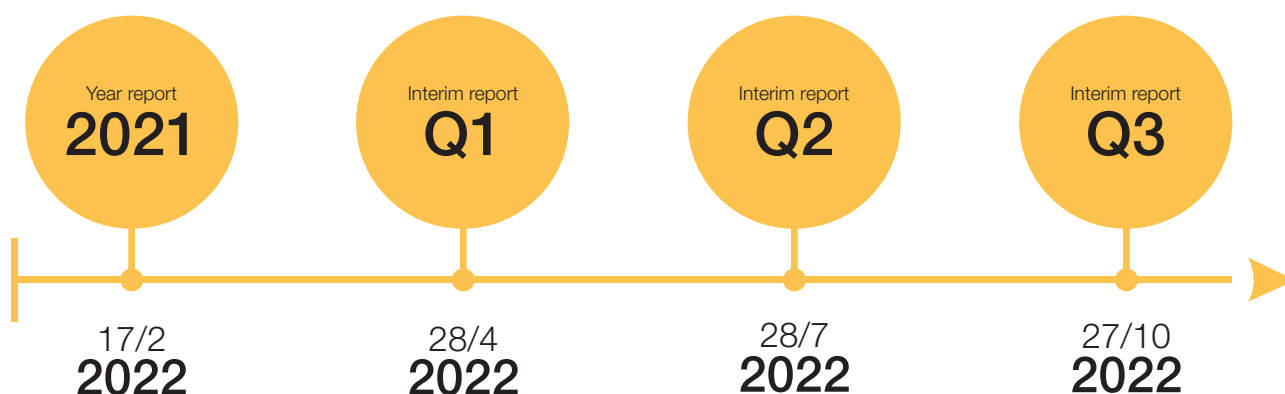


Johan Bergdahl
Board Member

Auditor's review

This interim report has been reviewed by the company's auditor. The audit report can be found on page 27.

Future reporting schedule



Contact

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Certified adviser

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102 48 Stockholm
+46 8 528 00 399
info@fnca.se

Granskningsrapport

Revisors rapport över översiktlig granskning av finansiell delårsinformation i sammandrag (delårsrapport) upprättad i enlighet med IAS 34 och 9 kap. årsredovisningslagen (1995:1554)

Till styrelsen för Swedencare AB (publ)

Inledning

Vi har utfört en översiktlig granskning av den finansiella delårsinformationen i sammandrag (delårsrapport) för Swedencare AB (publ) per 30 september 2021 och den niomånadersperiod som slutade per detta datum. Det är styrelsen och verkställande direktören som har ansvaret för att upprätta och presentera denna delårsrapport i enlighet med IAS 34 och årsredovisningslagen. Vårt ansvar är att uttala en slutsats om denna delårsrapport grundad på vår översiktliga granskning.

Den översiktliga granskningens inriktning och omfattning

Vi har utfört vår översiktliga granskning i enlighet med International Standard on Review Engagements ISRE 2410 Översiktlig granskning av finansiell delårsinformation utförd av företagets valda revisor. En översiktlig granskning består av att göra förfrågningar, i första hand till personer som är ansvariga för finansiella frågor och redovisningsfrågor, att utföra analytisk granskning och att vidta andra översiktliga granskningsåtgärder. En översiktlig granskning har en annan inriktning och en betydligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt ISA och god revisions sed i övrigt har. De granskningsåtgärder som vidtas vid en översiktlig granskning gör det inte möjligt för oss att skaffa oss en sådan säkerhet att vi blir medvetna om alla viktiga omständigheter som skulle kunna ha blivit identifierade om en revision utförts. Den uttalade slutsatsen grundad på en översiktlig granskning har därför inte den säkerhet som en uttalad slutsats grundad på en revision har.

Slutsats

Grundat på vår översiktliga granskning har det inte kommit fram några omständigheter som ger oss anledning att anse att delårsrapporten, inte i allt väsentligt, är upprättad för koncernens del i enlighet med IAS 34 och årsredovisningslagen samt för moderbolagets del i enlighet med årsredovisningslagen.

Malmö den 28 oktober 2021



Petter Rankell
Auktoriserad revisor



Premium Pet Health Care products.
Read more at [swedencare.com](https://www.swedencare.com)

