

# Swedencare AB (publ) acquires leading American pet supplement company NaturVet

**Swedencare AB (publ) ("Swedencare") acquires the American company NaturVet, one of the US' largest and most profitable companies in the premium segment for supplements for the pet healthcare market. The purchase price amounts to USD 447.5 million (approximately SEK 4 148 million) and consists of USD 400 million (approximately SEK 3 708 million) in cash and an issue-in-kind of 3 854 978 shares in Swedencare, USD 47.5 million (approximately SEK 440 million) upon closing, which is expected to take place on the 1st February 2022 after required approval from anti-trust authority. A condition-based purchase price (earn-out) of a maximum of approximately USD 27.5 million (SEK 255 million) may be paid if certain conditions are met as of the 30th June 2022, which part of the purchase price will be settled in cash. Through the acquisition Swedencare will receive a very strong presence within premium products for the pet healthcare market in the US, at the same time as NaturVet's products can gradually be offered within Swedencare's global distribution network.**

## About NaturVet

NaturVet (Garmon Corp.), which was founded in 1994 by the owner and CEO Scott Garmon, has an in-house developed portfolio of premium products in about twenty categories which are manufactured in the company's own production facility in California. The products are offered primarily through the retail segment with approximately 15,000 pet shops and through the large online platforms like chewy.com and Amazon.

NaturVet's products are ranked as the #1 pet supplement brand in four of the top five pet chains in the U.S. The product portfolio includes therapy areas such as joint, digestion and allergies. The company is at the forefront of product development and has a fast process of transforming ideas to product launches. In 2022, a completely new product series will be launched with superfoods focused on millennials who have acquired their first pet.

The company's production facility maintains a very high standard both in terms of quality and efficiency, while at the same time it handles most forms of distribution such as powders, liquid, chews, soft chews.

NaturVet's sales for 2020 were USD 48.4 million with an adjusted EBITDA of USD 15.3 million (31.7%). Corresponding sales for TTM October 2020- September 2021 were USD 60.6 million with an adjusted EBITDA of USD 18.9 million (31.1%). Preliminary, un-audited, financial statements for the financial year 2021 show sales of USD 63.9 million and adjusted EBITDA of USD 20.9 million (32.7%).

The purchase price of USD 447.5 million, on a cash- and debt-free basis, (approximately SEK 4 148 million) correlates to 21.4 times the adjusted preliminary EBITDA-result in 2021. Upon full payment of the earn-out payment (USD 27.5 million), the total purchase price correlates to 22.7 times the company's adjusted preliminary EBITDA-result in 2021.

Scott Garmon will continue to lead the company together with his experienced management team. Garmon will also become one of the largest shareholders of Swedencare.

*"NaturVet is a dream partner and the acquisition means that we take a big leap towards our goal to become a leading global pet healthcare group within nutraceutical and dermatology premium products to pets and companion horses. Through the acquisition, we get a broad, well-known and appreciated product portfolio, a high-quality product facility that can be considered a leader in soft chews and fantastic customer coverage in the US as we now add to our approximately 15,000 veterinary clinics the same number of pet shops while increasing our online share significantly. With Scott Garmon and his very experienced management team together with our entrepreneurial management teams in the subsidiaries in the US and Europe we have a great setup for a continued exciting development. We have identified a number of very interesting synergy projects that will further increase our growth rate."* says Håkan Lagerberg, CEO of Swedencare.

*"I am excited about our transaction with Swedencare as it will enhance our ability to introduce new categories from the Swedencare Group offerings and continue to grow our industry leading products like ArthriSoothe, Quiet Moments, GrassSaver, and No Scoot. NaturVet will also be completing our third soft chew line, increasing production capacity by 100%, thus allowing us to lead the industry with our 98% fill rate."* says Scott Garmon.

### **The Swedencare Group**

The Group, after the acquisitions, had TTM October 2020 – September 2021 (pro forma) sales of approximately SEK 1 611 million with an adjusted EBITDA-result of approximately SEK 461 million, corresponding to an EBITDA margin of 29%.

Further information regarding the acquisition can be found on the website of Swedencare [www.swedencare.com](http://www.swedencare.com). For further information about NaturVet, see the company's website [www.naturvet.com](http://www.naturvet.com).

### **Financing**

The board of Swedencare has decided to investigate the possibility to initiate a directed new share issue to Swedish and international investors which, together with an acquisition bank credit, is intended to finance the cash part of the acquisition purchase price. The outcome of this will be published before the market opens on the 27th January 2022. For more information, see separate press release.

The sellers of NaturVet have entered into a customary lock-up with the Company of 12 months for 3 /3 of the shares, 24 months for 2/3 of the shares and 36 months for 1/3 of the shares following the completion of the Share Issue.

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## Advisors

The Law firm Advokatfirman Lindahl KB has assisted SwedenCare with advice in the transaction.

## Presentation av acquisition

A presentation of the acquisitions will be held January 27th at 11:00am CET and can be followed via live webinar. Presentation will be held in English, no registration is needed.

Please use this link to join the webinar:

<https://swedencare.webinargeek.com/swedencare-investor-relations-presentation/join/jaf2uvq8>

## For more information, please contact:

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*This information is information that SwedenCare is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-01-26 17:32 CET.*

## About SwedenCare

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SwedenCare, a listed company on NASDAQ First North Growth Market, is specialized in pet healthcare and produces partly in own factories, markets and sells premium products on the global and fast-growing market. The company has a wide range of strong brands and products within most therapy areas, which includes, to mention some, Animal Pharmaceuticals®, nutravet®, NutriScience, PetMD®, Stratford®, VetWELL® as well as ProDen PlaqueOff® for oral health to dogs and cats. SwedenCare's headquarter is situated in Malmö, Sweden with twelve subsidiaries located in seven countries and the products are sold in approximately fifty markets. SwedenCare's sales have increased significantly

over the last few years with strong margins and profits.

### **About NaturVet**

NaturVet ([www.naturvet.com](http://www.naturvet.com)), founded in 1994, is a pet healthcare company with a portfolio of premium products for the wellbeing of pets. The product offering, covering twenty categories (e.g., joints, digestion, and pain) are marketed and sold to over 15,000 US pet shops and online platforms. The company has offices and in-house development & production facilities in Temecula, California, USA.

### **Important information**

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### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change

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without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or the Nasdaq First North Growth Market Rule Book for Issuers.

## **Attachments**

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