



SWEDENCARE

Interim report

July - September 2023



Our vision

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

Swedencare AB (publ) | Org.nr 556470-3790

* Note: The English version is a non-official translation of the original Swedish report.



SWEDENCARE

This is Swedencare

Swedencare develops, produces, markets, and sells premium products in the global and fast-growing market for animal health care products for cats, dogs, and horses. The company has an extensive product portfolio with strong brands, such as NaturVet®, Innovet, Pet MD®, Animal Pharmaceuticals®, nutravet® and ProDen PlaqueOff® for oral health, the brand it all began with. Swedencare has its head office in Malmö and the company's products are currently sold in about 60 countries to veterinarians, pet stores and online via a distribution network containing subsidiaries in nine countries and an international network of retailers. Swedencare's revenue has 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 one of the leading companies within Pet Health Care on all larger markets.**

Financial objective

Swedencare's financial objective is to achieve revenues of 4 billion SEK during 2026 with an EBITDA-margin exceeding 30%. The financial objective will be achieved primarily through organic growth.

Dividend

Swedencare will pay a dividend that takes into consideration the group's earnings performance and the need for consolidation, investments, liquidity, and financial position. The goal is to pay a dividend of 40 percent of profit after tax.

For 2022 the Board decided a dividend of 0.22 SEK (0.20 SEK) per share.



Mission

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

17% organic growth with strong cash flow

Summary of the period

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

Third quarter: July 1st – September 30th, 2023

- Net revenue amounted to 602.0 MSEK (483.5 MSEK), corresponding to an increase of 25% (119%)
- Organic, currency-adjusted, growth amounted to 17% (8%)
- Operational EBITDA* amounted to 137.0 MSEK (101.5 MSEK), corresponding to an increase of 35%, and a margin of 22.8% (21.0%)
- Operational EBITA* amounted to 116.7 MSEK (84.5 MSEK), corresponding to an increase of 38%, and a margin of 19.4% (17.5%)
- Operational EBIT amounted to 115.6 MSEK (84.3 MSEK), corresponding to an increase of 37%, and a margin of 19.2% (17.4%)
- Profit after tax amounted to 38.1 MSEK (3.8 MSEK)
- Earnings per share calculated on 158 731 900 shares (158 111 805 shares) amounted to 0.24 SEK (0.02 SEK)
- Cash flow from operating activities amounted to 135.6 MSEK (67.8 MSEK)
- 75.0 MSEK has been amortized on the debts to credit institutions
- As of September 30th, 2023, cash amounted to 243.2 MSEK (194.3 MSEK)

*During the quarter, no operational adjustments have been made to EBITDA or EBITA.

First 9 months: January 1st – September 30th, 2023

- Net revenue amounted to 1 697.3 MSEK (1 332.1 MSEK), corresponding to an increase of 27% (159%)
- Organic, currency-adjusted, growth amounted to 12% (7%)
- Operational EBITDA amounted to 363.8 MSEK (319.4 MSEK), corresponding to an increase of 14%, and a margin of 21.4% (24.0%).
- Operational EBITA amounted to 306.0 MSEK (274.1 MSEK), corresponding to an increase of 12%, and a margin of 18.0% (20.6%)
- Operational EBIT amounted to 301.5 MSEK (273.4 MSEK), corresponding to an increase of 10%, and a margin of 17.8% (20.5%)
- Profit after tax amounted to 71.6 MSEK (78.7 MSEK)
- Earnings per share calculated on 158 731 900 shares (154 275 661 shares) amounted to 0.45 SEK (0.51 SEK)
- Cash flow from operating activities amounted to 317.5 MSEK (133.7 MSEK)
- 125.6 MSEK has been amortized on the debts to credit institutions
- Exchange gains amounted to 1.7 MSEK (13.3 MSEK)

Significant events during the third quarter

There are no significant events to comment on during the third quarter.

Significant events after the third quarter

There are no significant events to comment on after the third quarter.

Words from the CEO

The third quarter's net sales of 602 MSEK corresponds to an increase of 25% compared to Q3 2022 and is thus our strongest quarter ever, while our EBITDA result was 137 MSEK, corresponding to a margin of 22.8%. Our very strong cash flow has resulted in that we are already below 3 in our net debt to EBITDA, which was our goal to reach after Q4. It has also enabled 75 MSEK in amortizations during the quarter.

Our organic growth of 17%, is, as I predicted in the last report, stronger than our first half, which is due to our customers' decreasing inventory levels and that the demand for our products continues to be strong among pet owners. Once again, the last month of the quarter became the strongest ever and for several subsidiaries Q3 has been the strongest quarter of the year. In the North American market, Online and Pet Retail have had a strong development, while the Vet channel is still somewhat tentative. However, I expect to see a change already during Q4 as both Vetio North and South look forward to once again contributing to the group with both growth and profitability going forward.

Strong growth and improved margin

We are growing faster than the market in all regions, but this quarter it is Europe and the export markets that stand out. All group companies in Europe contributed to the region's growth of 64% and those companies with exceptional growth figures were Nutravet, Spain, Greece and the Nordics. Also Italy have stronger growth than the local market with the help of, among other things, successful product launches. Our latest addition to the group, Vetio UK (formerly CVP), which is not yet included in our organic growth, had its best quarter ever and proves the eagerly growing demand for soft chews in Europe. Just as in the US, I expect this product category to already be the largest for dog supplements in Europe in 2-3 years.

Regarding the export markets, it is a combination of the fact that they recovered after Covid and that we are starting to see results from newer group companies making use of the skills and contacts which Swedencare has established over many years. Sales in China and the rest of Asia dominate, but Australia and South America also continue to increase. Mexico is a new country with a large and growing pet population that will be interesting to follow.

NaturVet®, ProDen PlaqueOff® and PetMD®

Our largest brand NaturVet® has had another record quarter from both Pet retail and Online. The growth we deliver would not have been possible without the investment we completed in 2022 with a third production line. The production line is not only used internally, but also for the increasing demand within contract manufacturing that we experienced from all production companies within the group. The increasing demand is derived from our market-leading competence and capacity regarding soft chew manufacturing for both dietary supplements and prescription products. During the quarter, our European trademark application was approved for NaturVet by Swedencare® and we are already planning to launch in the first half of 2024.

ProDen PlaqueOff® continues its strong development and grew by 54% during the quarter. It is our powder product that is growing the strongest together with our new soft chews, which so far has only been launched in North America. In Europe and other markets, they will be launched during the winter 23/24 and we expect high demand there as well.

We continue to build out our online team, and Pet MD, with its strongest quarter ever, is a great example of what we can achieve within our group. With more products, logistics, strategy work and other assistance from the group, the same management that sold the company to us in 2021 has managed to go from a revenue of 18 MUSD for the full year 2020 to 25 MUSD after three quarters in 2023 and probably well over 30 MUSD when the year is over. With the right support and tools, Swedencare can help entrepreneurs take their life's work to new heights and the team at Pet MD is a good example of this.



The global pet market and Swedencare

Despite geopolitical instability and financial challenges for the private economy, the pet market is standing firm. Products, such as beds and leashes, and some super premium brands on the feed side have seen a decline in demand but in the areas in which we operate it is still a good market. I expect that the part of the market in which we operate will show a growth of around 10% in the next years and considering all the business opportunities we have within the group, we should be able to grow faster. We have several internal and external projects that we expect will contribute to higher growth in the coming years.

We are well on our way and determined to deliver our long-term financial sales target of 4 BSEK in 2026, which will primarily come from organic growth. At the same time, we will activate our acquisition work in the coming years as there are still several interesting objects in a fragmented market worldwide.

Furthermore, we are carrying out some structural changes where we are moving RX Vitamins' operations from New York to our warehouse and logistics hub outside Tampa, which will result in lower overhead costs and higher efficiency and improvements in several areas. During the quarter, we completed the recruitment of a new CEO for NaturVet/Garmon, Geoff Granger. Geoff comes most recently from Petco and has a long experience of both the industry and NaturVet. Both myself and Scott Garmon, who is retiring, are confident that Geoff is the right person to continue to develop both the brand and the company to new heights of success.

Thank you for this time and I also want to especially thank the entire organization for the efforts during a strong quarter!



Håkan Lagerberg, CEO
Malmö October 25th, 2023

Net revenue
602.0 MSEK

Change in
net revenue
25%

Operational
EBITDA
137.0 MSEK

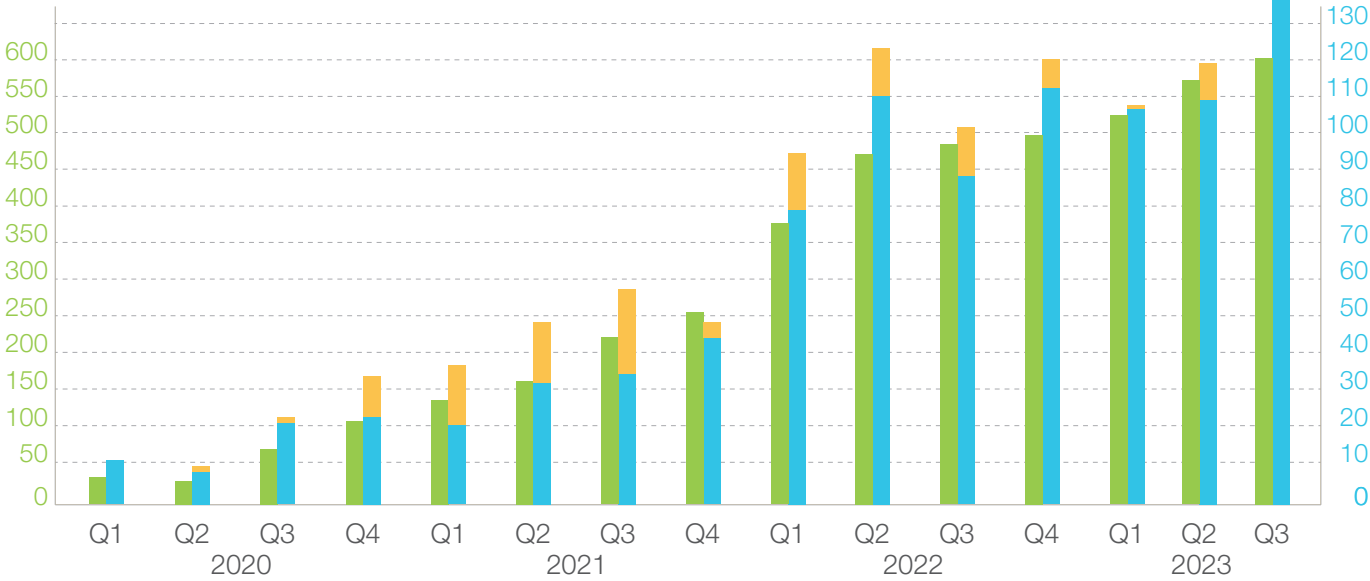
Margin
22.8%

Op. Cash flow
135.6 MSEK

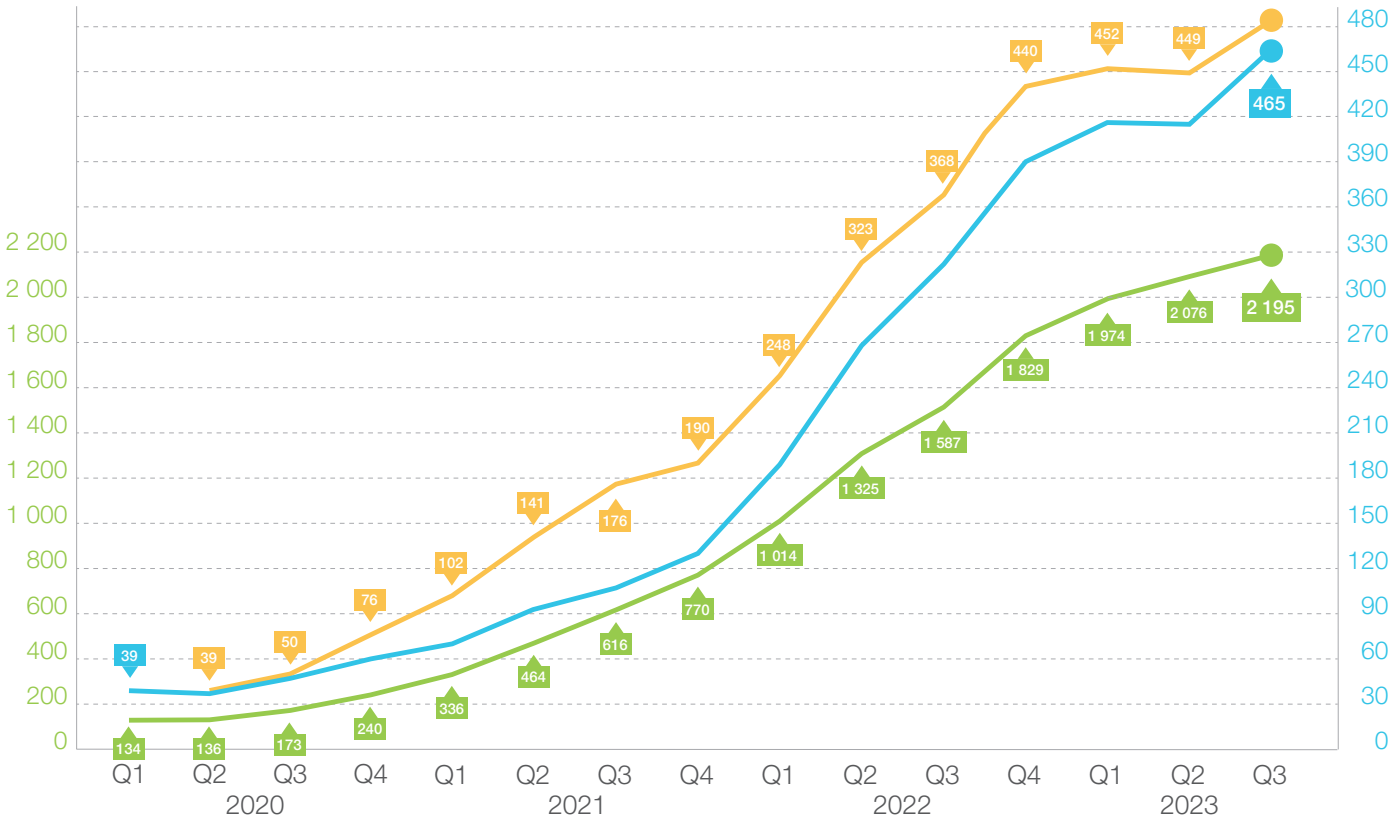
Cash
243.2 MSEK

Development 2020 - 2023

Quarterly history of net revenue and EBITDA (MSEK)



Rolling four quarters - net revenue and EBITDA (MSEK)



■ Net revenue
 ■ EBITDA
 ■ Operational EBITDA
 Additional KPI's and definitions can be found on page 25-27.



Comments

- Financial development

Q3 2023

Net revenue

Net revenue amounted to 602.0 MSEK (483.5 MSEK), which corresponds to an increase of 25%. The growth is divided into 17% organic growth, 2% acquired growth, and 6% positive currency impact. Net revenue continues to increase quarter by quarter, the increase was 5% compared to the previous quarter with an unchanged company structure. The acquired growth derive to Vetio UK (formerly CVP) and Vet Buyers Direct which were acquired on November 1st and on April 3rd and contributed with 8.2 MSEK during the quarter.

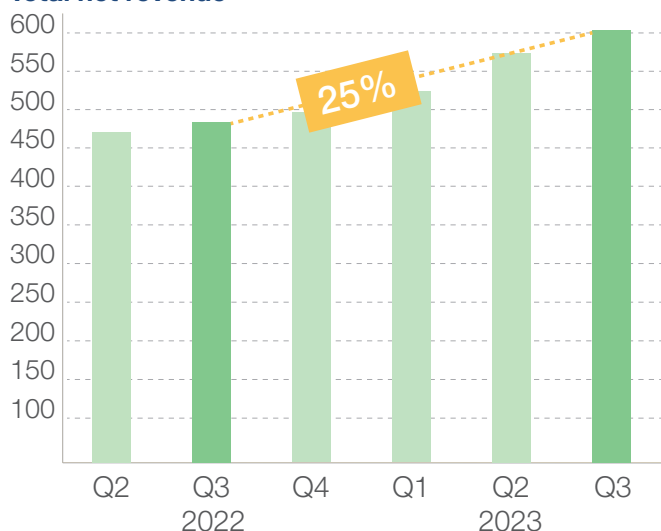
All geographic segments have shown growth where several collaborations and marketing initiatives have yielded results during the quarter.

Geographical distribution

Sales in North America amounted to 470.0 MSEK (406.4 MSEK), an increase of 16% compared to the corresponding period last year which represents 78% (84%) of the group's total net revenue. The growth is mainly explained of continued strong Online sales and Pet Retail sales where new products are launched continuously. The revenue has partly been affected by repurchase of sold products from a customer, less development projects as well as no growth for the production facilities in Florida and Montreal. On the other side the marketing initiatives, which were made during the first half year, for example where NaturVet placed out store displays, have been successful which contributed to NaturVet having its best quarter ever.

Growth on Amazon with both existing and new product launches as well as price adjustments has also had a positive impact on sales. During the quarter, solid work to raise the average online price for the majority of products has also yielded results, which is expected to have a positive impact going forward.

Total net revenue



First 9 months of 2023

Net revenue

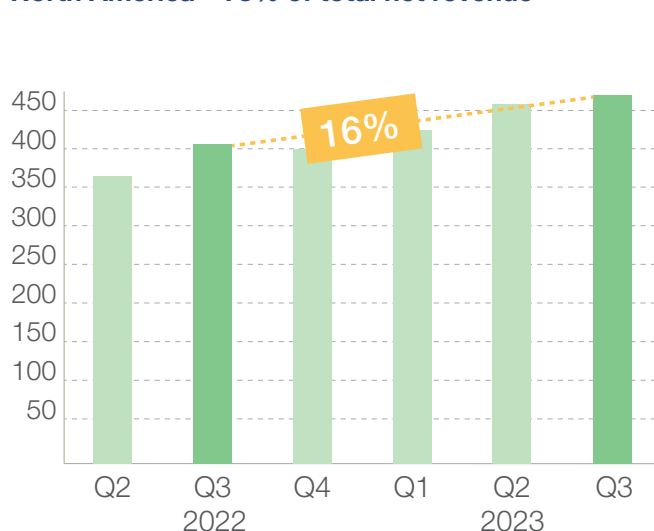
During the first nine months, the group's revenue amounted to 1,697.3 MSEK (1,332.1 MSEK), which corresponds to an increase of 27%. The growth is divided into 12% organic growth, 6% acquired growth and 9% positive currency impact.

During the first 9 months, all geographical segments have shown growth, partly organically and partly from the acquisitions carried out in the USA, Italy and England. Sales in North America, on the group's largest market, continue to grow, partly through NaturVet recovering from previous stock reductions at distributors as well as good growth in Pet Retail and the Online channel.

Geographical distribution

Despite growth of 25%, North America's share of the group's total net sales decreased by one percentage point compared to the corresponding period last year. The contributions in this segment is mainly attributed to NaturVet, which contributed with the launch of Scoopables, ProDen PlaqueOff® and good growth with private label sales.

North America – 78% of total net revenue



Q3 2023

Geographic distribution - cont.

Sales in Europe amounted to 111.5 MSEK (67.8 MSEK), an increase of 64% compared to the corresponding period last year which represents 19% (14%) of the group's total net revenue. Growth in the segment is primarily affected by a strong recovery in most markets. In the corresponding period last year, Nutravet had a retroactive adjustment linked to the agreement with one of the largest veterinary chains in Europe. The remaining subsidiaries in the segment have also shown good growth compared to the corresponding period last year and several entities had the year's strongest quarter. Spain has recorded its best quarter ever and has already surpassed full year 2022. Vetio UK which was acquired in November 2022, has, as expected, started to have a greater positive impact on the European segment during the quarter.

Sales in Rest of the World amounted to 20.5 MSEK (9.3 MSEK), an increase of 119% compared to the corresponding period last year and represents 3% (2%) of the group's total net revenue. The increase is partly explained by sales of ProDen PlaqueOff® to the export markets in South America and Asia, which have taken off, and by the fact that Vetio North has started selling to China.

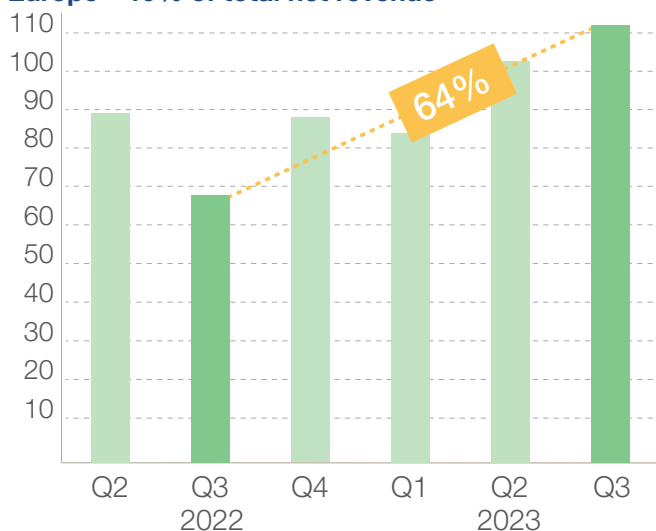
First 9 months of 2023

Geographic distribution - cont.

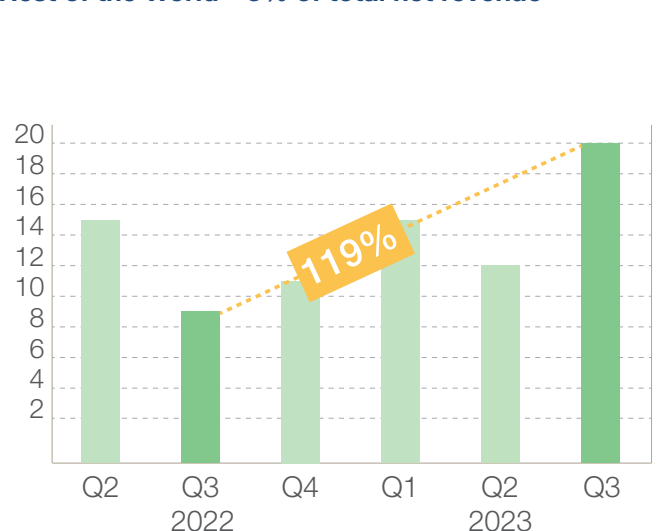
Growth in Europe is mainly influenced by good recovery and growth from the majority of markets. With the exception of Swedencare France, all subsidiaries in the segment have shown growth in the first nine months. NaturVet has also had a positive impact on the segment through increased sales to Europe compared to the corresponding period last year.

Rest of the World has presented a growth of 45% the first 9 months which is explained by the sale of ProDen PlaqueOff® to the export markets, the brand nutravet® whose sales to Asia have increased and that Vetio North has started selling to China.

Europe – 19% of total net revenue



Rest of the World – 3% of total net revenue



Q3 2023

Product and brand distribution

The Nutraceuticals product group has presented growth of 43% compared to the corresponding period last year and represents the group's largest product group with 55% (48%) of the group's total net revenue. The increase is mainly attributed to NaturVet, Nutravet and FAV that increased their sales in this category but also to Vetio UK and Vetio South soft chew production which falls under Nutraceuticals.

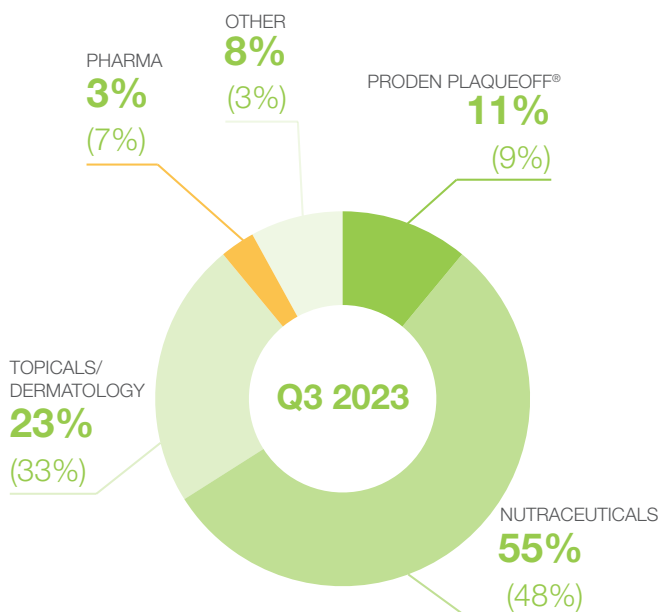
During the quarter, ProDen PlaqueOff® had a growth of 54% and represents 11% (9%) of the group's total net revenue where with the exception of the Dental Bones category, all categories presented strong growth. It is primarily ProDen PlaqueOff® Powder that is driving the increase as it is well suited for online trading, but also soft chews, whose sales during the quarter correspond to twice as much as sales in the full year 2022. Soft chews for the European market has begun to be produced in-house in our production facility in Ireland.

The product group Topicals/Dermatology has decreased by 15% compared to the corresponding period last year and represents 23% (33%) of the group's total net revenue. The decrease is mainly attributed to reclassification of products between categories and lower sales of contract manufacturing to the veterinary sector.

Pharma sales (contract development and manufacturing) decreased by 40% and represents 3% (7%) of the group's total net revenue. The reduction is explained by a lower amount of development projects.

During Q3 2023, net sales were distributed by product category according to the graphic.

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

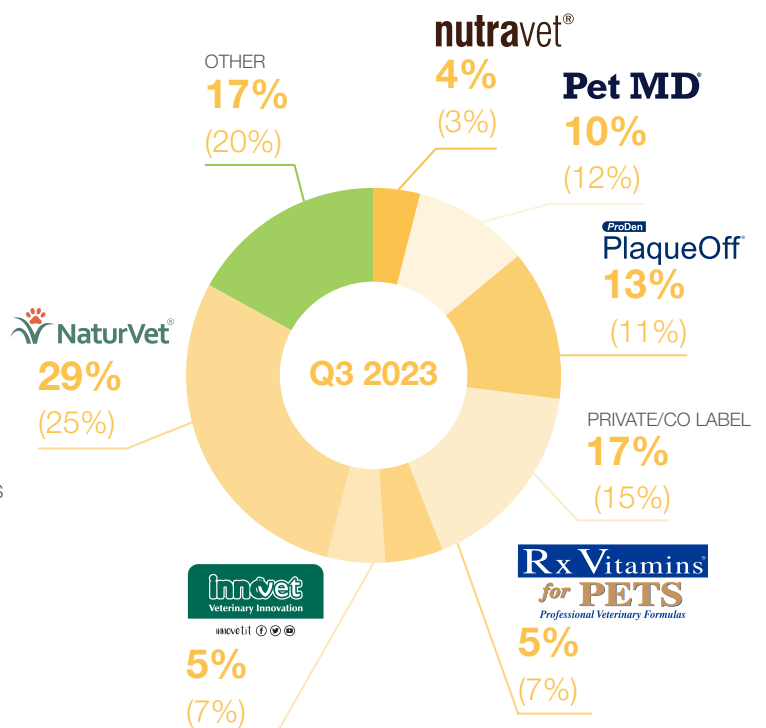


First 9 months of 2023

Product split

Swedencare has through the combined acquisitions created a broad product portfolio with several strong brands. Nutraceuticals represent the group's largest product category at 53% (47%) and has shown a growth of 43% compared to the corresponding period last year, which is mainly explained by the fact that the majority of NaturVet, Innovet and Vetio UK's sales are products in this category. ProDen PlaqueOff® increased by 52% during the first 9 months and represents 12% (10%) of the group's total net revenue.

During Q3 2023, net sales were distributed by brand according to the graphic.



*Does not include contract manufacturing

Q3 2023

Profit

The operational gross margin during the quarter amounted to 53.7% (55.8%), mainly affected by higher raw material costs where price adjustment towards the customer is coming into effect next year, lower productivity, fewer development projects and higher contract manufacturing revenue which has lower margins. The external costs amount to 112.0 MSEK (95.4 MSEK), corresponding to 19% of the total net sales, which is a decrease of 1% compared to the previous quarter and year.

The operational operating profit before amortization (EBITA) amounted to 116.7 MSEK (84.5 MSEK), corresponding to an operational EBITA margin of 19.4% (17.5%).

Exchange rate variations affected the period's profit with an exchange rate gain of 0.7 MSEK (6.1 MSEK). During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 22.1 MSEK (8.7 MSEK). Interest costs increased, despite lower indebtedness, as a consequence of higher interest rates compared to the previous quarter (20.8 MSEK).

The net income for the quarter amounted to 38.1 MSEK (3.8 MSEK) corresponding to a profit margin of 6.3% (0.8%). Earnings per share for the third quarter 2023 amounted to 0.24 SEK (0.02 SEK) calculated on the weighted average of shares, 158 731 900 (158 111 805) as of September 30th, 2023.

Cash flow

Cash flow from operating activities amounted to 135.6 MSEK (67.8 MSEK) as a result of a significantly stronger cash flow from changes in working capital, 33.5 MSEK (-17.3 MSEK). It is driven by lower working capital tied up in both operating receivables and inventories but also increased operating liabilities.

Investments in tangible and intangible fixed assets amounted to 7.0 MSEK (17.7 MSEK) during the third quarter. The total interest-bearing liabilities have been reduced through amortizations by 75.0 MSEK during the quarter.

During the quarter we have also received a tax refund from an earlier year of 7.9 MSEK which has had a positive effect on both profit and cash flow. During the third quarter of 2023, the cash flow amounted to 44.3 MSEK (-49.8 MSEK).

Re-examination of tax loss carry-forwards together with company structural change in the USA that was carried out in 2022 as well as tax write-offs on NaturVet's surplus values are expected to have a positive impact on the result also in 2023. In 2022 this resulted in utilized tax write-offs of 222.3 MSEK (21.3 MUS\$) which means 0% in tax cost. This meant a lower tax of 52.2 MSEK (5 MUS\$) for 2022 compared to an average tax rate of 23.75%. The assessment is that previous losses and deferred tax receivables from previous years will be able to be used and positively affect the result to the same extent for the next 14 years.

First 9 months of 2023

Profit

The operational gross margin of 54.3% for the period can be compared with 56.8% in the corresponding period last year and 57.5% for the full year 2022. The lower gross margin is mainly affected by product mix, productivity and raw material costs.

During the first 9 months, the external costs have been affected by intensive trade fair participation in the first and third quarters as well as marketing costs in connection with direct sales to the major online platforms, which represent a large portion of the total external costs.

The operational operating profit before amortization (EBITA) for the first 9 months amounted to 306.0 MSEK (274.1 MSEK), corresponding to an operational EBITA margin of 18.0% (20.6%). The adjustments include onetime costs in connection with change in inventory value estimates and judgments of 9.7 MSEK, Symrise AG's mandatory bid of 0.4 MSEK, acquisition costs of 0.3 MSEK, and a non-cash flow-affected inventory value adjustment of 0.5 MSEK.

Of the 57.8 MSEK (45.3 MSEK) in depreciation of tangible assets, 29.2 MSEK (23.7 MSEK) is attributable to IFRS16 (leasing assets). Exchange rate variations affected the period's profit with an exchange rate gain of 1.7 MSEK (13.3 MSEK). During the first 9 months, the interest costs for loans taken out in connection with the acquisitions amounted to 59.9 MSEK (17.1 MSEK).

The period's net income amounted to 71.6 MSEK (78.7 MSEK), corresponding to a profit margin of 4.2% (5.9%).

Cash Flow

For the first 9 months, cash flow from operating activities amounted to 317.5 MSEK (133.7 MSEK). The change in working capital had a positive effect on the cash flow by 48.8 MSEK (-138.4 MSEK). The improved change in working capital is primarily driven by a reduced capital tie-up in inventories and increased operating liabilities.

Investments in tangible and intangible assets amounted to 27.9 MSEK, which corresponds to less than half compared to the corresponding period previous year (61.2 MSEK) and amounts to 1.6% (4.6%) of the group's net sales. The total interest-bearing liabilities have decreased by 125.6 MSEK through amortization. For the first 9 months, the cash flow amounted to -11.9 MSEK (39.9 MSEK).

The dividend paid for 2022 affected the cash flow by 0.22 SEK per share or a total of 34.9 MSEK.

On April 3rd, 2023, the cash purchase price of 20.1 MSEK was paid, on a debt- and cash-free basis, for the acquisition of Vet Buyers Direct.

Other financial comments

Financial position

Swedencare's equity as of September 30th, 2023, amounted to 7,853.2 MSEK (7,916.7 MSEK), of which 1.6 MSEK (1.6 MSEK) is restricted equity. As of September 30th, 2023, Swedencare's cash and cash equivalents amounted to 243.2 MSEK (194.3 MSEK), as of the same date, the group had interest-bearing long-term and short-term liabilities of a total of 1,758.8 MSEK (1,828.0 MSEK). As of September 30th, 2023, Swedencare had a net debt of 1,515.6 MSEK (1,633.7 MSEK).

Personnel

As of September 30th, 2023, Swedencare had a total of 525 employees spread over Sweden (14), England (31), Italy (17), France (2), Greece (10), Ireland (17), Spain (2), the United States (376) and Canada (56). The gender distribution is 48% women and 52% men. As of September 30th, 2022, Swedencare had a total of 506 employees.

Financing

Swedencare's debts to credit institutions amounted to 1,518 MSEK as of September 30th, 2023. The group has a Revolving Credit Facility (RCF) of 1,000 MSEK, of which the utilized amount amounted to 700 MSEK as of September 30th, 2023. The amount used is divided into three withdrawals which fall due at 3-month intervals and run at variable interest (STIBOR+margin) linked to net debt. The weighted average interest rate as of September 30th was 5.64%. The revolving loan extends to September 2025 with the possibility of one extension option of one year at a time, which gives a possible final maturity in September 2026. As of September 30th, the group has unused credit facilities of 300 MSEK.

The remaining loan to credit institutions is a term loan of 818 MSEK. The agreement extends to September 2025 with the possibility of one extension option with one year at a time, which gives a possible final maturity in September 2026. The loan runs at a variable interest rate (STIBOR+margin). The weighted average interest rate as of September 30th was 5.68%.

The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. As of September 30th, 2023, the reported net debt amounted to in relation to EBITDA 2.9. Swedencare has, for all reconciliations, fulfilled the covenants set by the bank in connection with loans.



Swedencare's Sustainability Work

For Swedencare, sustainability means that we take long-term responsibility for the environmental, social, and financial impact that our operations have on our planet. We are working to implement a structure that ensures that we reduce our impact as far as possible. Swedencare closely follows the development of sustainability-related issues and risks. The risks are identified, managed, and analyzed systematically by management. Our sustainability work is clearly anchored in the global development goals adopted by the UN General Assembly with the aim of achieving a better and more sustainable future for everyone. We have chosen to focus on the five goals where we, as a producer of health care products for pets, have a direct or indirect impact and which can affect sustainability throughout the entire value chain: Gender equality, Decent working conditions and economic growth, Responsible consumption and production, Climate action and Life below water.

During the third quarter, some examples of our focus on sustainability are as follows:

We have implemented a sustainability platform whose purpose is to collect and analyze data from the entire group.

We have been working on a materiality analysis where we go through the most important sustainability priorities. The materiality analysis will be the basis for which areas data should be collected, analyzed and reported.

Motivated employees are our most important asset, we work continuously with work environment issues to promote good health and safety and ensure that development and improvement potential are identified, therefore an anonymous employee survey has been conducted with all our employees in the group. During this quarter, we have presented and analyzed the results of our employee survey that we conducted during the second quarter. These results provide a valuable insight into our organization and its employees. The analysis has been a key component of our commitment to understanding and improving the work environment for our employees. By identifying strengths and areas that need development, we can focus on creating an even more rewarding and productive workplace. Furthermore, we have also actively followed up on the results by implementing measures and initiatives aimed to address the specific areas that need improvement.

Three questions to...

Tim Bazley

Director of Inventory Management & Planning - Swedencare North America
A part of Swedencare since July 2023

What is your role and responsibilities within the organization?

As the Director of Inventory & Planning my focus is on developing, implementing, and monitoring a full inventory and planning strategy across vertically integrated group companies throughout North America. This involves creating transparency and accountability across the supply chain process as a whole. I closely collaborate with teams within each group, using business intelligence to drive data driven decision making around forecasting and planning and ensuring that the supply chain process runs smoothly, from start to finish.

What are your thoughts on being a part of Swedencare?

I always enjoy being part of a company whose mission and goals align with my own, and as the proud parent to two Goldendoodles, Swedencare's products and values are a perfect fit. I love making a difference for pets, and their owners all over the world. In the North American market, we have ample opportunities for rapid growth and create a successful portfolio, not only with Swedencare, but with other well-known brands such as NaturVet®, Stratford® and Pet MD® and it's exciting to be part of the team building this.



How can you personally contribute to Swedencare's future success?

I aim to create an open culture within the North American business that fosters communication, ownership and really provide a platform to recognize the talents of each individual contributor. Knowing that we have such a vast array of specialties across North America, I want to ensure that every part of the supply chain is aware of its contribution to the overall business and is thinking about how their actions impact up and down stream to drive efficiency and cost savings. Empowering people to make data driven decisions and think as a collective rather than a silo will really make a positive change here in the US.

Genie Trebus

Quality Risk Manager - Stratford Animal Care
A part of Swedencare since April 2023

What is your role and responsibilities within the organization?

As the Quality Risk Manager, my chief duty is to guarantee that our products consistently align with or surpass customer expectations. I oversee thorough inspections at various product phases, from the examination of incoming items to ensuring the validity of Certificates of Analysis. My role emphasizes catching and rectifying any oversights during the in-process checks, ensuring only top-quality products are dispatched. Collaborating closely with cross-functional team members, we identify and resolve quality challenges while maintaining regulatory compliance.

Furthermore, I'm in charge of label reviews and management, ensuring they comply with both company standards and external regulations. Safety, being an integral component of quality risk, is a priority. I'm committed to fostering a secure operational environment by pinpointing potential hazards in line with industry standards, and through the diligent application of our safety protocols, we aim to significantly reduce workplace incidents.

What are your thoughts on being a part of Swedencare?

Being a part of Swedencare fills me with immense excitement. The familial atmosphere ensures I feel valued, and witnessing my contributions yield tangible results is deeply fulfilling. I eagerly anticipate the impact I'll make on the growth and development of both Stratford USA and Swedencare as a group.

How can you personally contribute to Swedencare's future success?

In contributing to Swedencare's future success, I prioritize maintaining quality and ensuring compliance while consistently meeting customer expectations to achieve satisfaction. I firmly believe that as Stratford Care USA thrives, it will simultaneously bolster Swedencare's overall success.



Lynn Bowgren

Chief Operating Officer - Vet Buyers Direct
A part of Swedencare since April 2023

What is your role and responsibilities within the organization?

Vet Buyers Direct is a company with a membership concept where member clinics are offered favorable prices and access to high quality products for a monthly subscription fee. In my capacity as the Chief Operating Officer, my primary responsibility entails the design, planning, and execution of business strategies, plans, and procedures. I am entrusted with the task of establishing and supervising objectives aimed at fostering business expansion and goal achievement, while also formulating policies and procedures that support the company's culture and vision. Additionally, I am accountable for providing leadership, motivation, and support to our valued employees.

What are your thoughts on being a part of Swedencare?

I am pleased to be a part of a strong and innovative corporate culture that is dedicated to enhancing the health and welfare of animals, their owners, and the veterinary professionals who care for them. I take great pride in being employed by Swedencare, an organization that prioritizes sustainability and has effectively established itself as both a pioneer in innovation and one of the most dependable companies in the animal health industry.

How can you personally contribute to Swedencare's future success?

With an extensive background spanning more than 25 years in the fields of veterinary manufacturing, brand management, and distribution, I have acquired a deep understanding of our customer base and the industry at large. My previous professional experience highlights a significant emphasis on cultivating a sense of teamwork and encouraging collaboration within my team. I have consistently showcased my capacity for creative and strategic thinking, and adaptability coupled with the application of sound business acumen to effectively drive company initiatives forward.



Geoff Granger

CEO - NaturVet (The Garmon Corporation)
A part of Swedencare since August 2023

What is your role and responsibilities within the organization?

In partnership with our executive team, I establish and drive the strategic priorities and operations for the sales, manufacturing, and support teams at NaturVet. Our mission is to develop and manufacture natural wellness products across the NaturVet brand, including our private label division, in support of the superior quality of life that our pets deserve. My principal objective is to grow sales and profitability through assortment, and account expansion, supported by best-in-class innovation and manufacturing.

What are your thoughts on being a part of Swedencare?

I was drawn to the importance that Swedencare's leadership places on preserving an entrepreneurial spirit within its individual subsidiaries, while also being hyper focused on identifying and leveraging natural synergies across the larger group. During my brief time with Swedencare, I have had the pleasure of partnering with several Swedencare team members outside of NaturVet and I look forward to continuing to build collaborative relationships throughout the organization.

How can you personally contribute to Swedencare's future success?

My 28 years of big box retail experience, inclusive of 11 years of pet industry leadership, uniquely positions me to build upon existing partnerships and develop new collaborations with retailers outside of the traditional pet specialty space.



Stock

	30 Sep 2023	30 Sep 2022	30 Sep 2021	30 Sep 2020
Number of shares at the end of the period	158 731 900	158 111 805	118 038 475	96 509 900
Share price at the end of the period	40.9	44.9	145.2	40.8

The ten largest shareholders (the table summarizes Swedencare's ownership structure as of September 30th, 2023)

	Number of shares	Ownership
Symrise AG	53 577 371	33.8%
Håkan Svanberg & Co Health Care AB	23 077 775	14.5%
Första AP-fonden	7 583 268	4.8%
JCC Group Invest Sweden AB (<i>Johan Bergdahl through company</i>)	7 526 755	4.7%
Mastan AB (<i>Håkan Lagerberg through company</i>)	5 675 202	3.6%
AMF Pension och Fonder	5 366 500	3.4%
SEB Fonder	5 145 804	3.2%
Scott Garmon - VD NaturVet	3 722 691	2.3%
Grandeur Peak Global Advisors, LLC	3 386 624	2.1%
Deka Investments	2 300 000	1.4%
Other	41 369 910	26.2%
Total	158 731 900	100.00%
Free Float*	60 827 048	38.3%

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

Financial overview

Consolidated profit and loss (MSEK)

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 mths	Full year 2022
Net revenue	602.0	483.5	1 697.3	1 332.1	2 194.7	1 829.5
Other revenue	9.7	4.6	11.8	12.1	13.6	13.9
Total revenue	611.7	488.1	1 709.1	1 344.2	2 208.3	1 843.4
Cost of sales	-278.7	-227.1	-785.3	-605.7	-993.5	-813.9
Other external costs	-112.0	-95.4	-327.2	-254.2	-431.6	-358.6
Personnel costs	-84.0	-77.3	-243.7	-206.8	-318.0	-281.1
Operating profit before depreciation (EBITDA)	137.0	88.3	352.9	277.5	465.2	389.8
Depreciation and write-downs of tangible fixed assets	-20.3	-17.0	-57.8	-45.3	-76.0	-63.5
Operating profit before interest, taxes and amortization (EBITA)	116.7	71.3	295.1	232.2	389.2	326.3
Amortization of intangible fixed assets	-59.2	-49.6	-173.5	-147.3	-232.0	-205.8
Other costs	-0.8	-	-3.6	-0.2	-4.0	-0.5
Operating profit (EBIT)	56.7	21.7	118.0	84.7	153.2	120.0
Financial costs	-23.8	-10.4	-65.0	-22.2	-82.5	-39.7
Results from shares in associated companies	-0.1	-	-0.2	-	-0.4	-0.2
Profit after financial costs	32.8	11.3	52.8	62.5	70.3	80.1
Net income before tax	32.8	11.3	52.8	62.5	70.3	80.1
Tax on profit	-9.1	-3.8	-20.9	-15.3	-31.3	-25.7
Deferred tax	14.4	-3.7	39.7	31.5	48.3	40.1
Net income	38.1	3.8	71.6	78.7	87.3	94.5
Earnings per share before dilution (SEK)	0.24	0.02	0.45	0.51	0.55	0.61
Earnings per share after dilution (SEK)	0.24	0.02	0.45	0.51	0.55	0.61

Consolidated statement of comprehensive income (MSEK)

Net income	38.1	3.8	71.6	78.7	87.3	94.5
Exchange difference foreign subs.	-45.2	650.8	355.8	1 408.8	-143.3	909.7
TOTAL PROFIT	-7.1	654.6	427.4	1 487.5	-56.0	1 004.2

Consolidated balance sheet (MSEK)

	30 Sep 2023	31 Dec 2022	30 Sep 2022
ASSETS			
Non-current assets			
Goodwill	4 254.9	4 067.5	4 199.7
Other intangible assets	4 295.2	4 301.9	4 564.2
Shares in associated companies	-	0.2	0.4
Buildings and land	152.9	150.9	156.3
Right of use according to IFRS - Buildings and land	231.3	248.7	250.0
Machinery and other tech assets	143.3	137.5	139.8
Right of use according to IFRS - Machinery and other tech assets	5.6	8.4	9.3
Tools, furniture, and fixtures	10.9	10.2	10.2
Deposits	0.6	0.8	0.8
Deferred tax asset	81.9	71.6	51.9
Total non-current assets	9 176.6	8 997.9	9 382.7
Current assets			
Inventory	438.7	441.5	487.3
Accounts receivables	270.1	228.8	240.4
Tax receivables	34.6	36.2	4.5
Other receivables	7.1	15.0	8.7
Prepaid costs and deferred revenue	57.5	40.3	45.0
Cash	243.2	245.1	194.3
Total current assets	1 051.2	1 006.8	980.2
TOTAL ASSETS	10 227.8	10 004.7	10 362.9

Consolidated balance sheet (MSEK) - cont.

	30 Sep 2023	31 Dec 2022	30 Sep 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	1.6	1.6	1.6
Share premium	6 209.6	6 209.6	6 182.4
Conversion reserves	1 402.7	1 046.2	1 545.2
Retained earnings including net income	239.3	203.3	187.5
Total equity	7 853.2	7 460.7	7 916.7
Long term liabilities			
Debt to credit institutions	1 515.6	1 641.0	1 565.4
Other interest-bearing liabilities	202.5	221.4	224.0
Deferred tax liability	349.3	367.4	353.4
Debts to employees	4.7	4.2	4.0
Other long-term liabilities	5.4	-	-
Short term liabilities			
Accounts payable	89.8	66.9	72.2
Tax liabilities	47.6	49.5	27.0
Other interest-bearing liabilities	40.7	39.8	38.6
Other liabilities	19.7	106.3	112.0
Deferred costs and prepaid income	99.3	47.5	49.6
Total liabilities	2 374.6	2 544.0	2 446.2
TOTAL EQUITY AND LIABILITIES	10 227.8	10 004.7	10 362.9

Consolidated cash flow statement (MSEK)

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating income before financial costs	56.7	21.7	118.0	84.7	120.0
Paid interest	-22.0	-8.7	-51.8	-17.0	-30.3
Depreciation	79.5	66.6	231.3	192.6	269.3
Paid tax	-7.7	-2.8	-22.3	-12.8	-30.9
Non-cash flow items	-4.4	8.3	-6.5	24.6	22.9
Change in working capital	33.5	-17.3	48.8	-138.4	-90.8
Cash flow from operating activities	135.6	67.8	317.5	133.7	260.2
<i>Investment activities</i>					
Acquisitions	-	-290.4	-113.9	-4 254.9	-4 359.3
Acquisitions – payment of acquired debts	-	-	-	-204.4	-239.8
Purchases of intangible assets	-1.0	-1.6	-1.9	-2.8	-3.7
Sales of intangible assets	-	-	-	-	11.2
Purchases of buildings	-1.7	-2.8	-5.9	-20.1	-23.3
Purchases of machines	-4.3	-12.1	-16.3	-36.2	-48.0
Purchases of tools, furniture, and fixtures	-	-1.2	-3.8	-2.1	-3.4
Cash flow from investment activities	-7.0	-308.1	-141.8	-4 520.5	-4 666.3
<i>Financial activities</i>					
New share issue	-	-	-	3 550.0	3 550.0
Warrants	-	-	-	-	1.1
Share issue costs	-	-	-	-17.1	-17.5
Paid dividend	-	-	-34.9	-31.6	-31.6
Loan	-	200.0	25.0	950.0	1 050.0
Amortization on interest-bearing loan	-75.0	-1.4	-150.6	-3.2	-27.6
Amortization on lease	-9.3	-8.1	-27.1	-21.4	-29.8
Cash flow from financial activities	-84.3	190.5	-187.6	4 426.7	4 494.6
Cash flow for the period	44.3	-49.8	-11.9	39.9	88.5
Cash balance at beginning of period	197.6	235.5	245.1	136.1	136.1
Exchange difference in cash	1.3	8.6	10.0	18.3	20.5
Cash balance at end of period	243.2	194.3	243.2	194.3	245.1

Consolidated change of equity (MSEK)

Beginning balance	7 860.3	7 262.1	7 460.7	2 419.8	2 419.8
New share issued	-	-	-	4 041.0	4 067.2
Warrants	-	-	-	-	1.1
Paid dividend	-	-	-34.9	-31.6	-31.6
Total profit	-7.1	654.6	427.4	1 487.5	1 004.2
Ending balance	7 853.2	7 916.7	7 853.2	7 916.7	7 460.7

Note 1 Operating segment the Group (MSEK)

An operating segment is a component of the group that conducts operations from which it can generate revenues and incur costs, whose operating results are regularly reviewed by the Group's chief operating decision maker and for which discrete financial information is available. The Group's operations are reported per geographical area (North America, Europe) as well as per manufacturing units and the Parent Company. The operating segments are reported in a manner consistent with the internal

reporting provided to the chief operating decision maker, who is responsible for allocating resources and monitoring the operating segments' results. In the Swedencare group, this function has been identified as the CEO and CFO. The CEO and CFO use the same operating segments in their reporting of the group's financial development to the Board of Directors, which confirms that the external and internal reporting are consistent.

The North American operating segment includes seven sales companies in North America.

The European operating segment includes eight sales companies in Europe.

The Production operating segment includes Vetio (Canada and USA), Swedencare Tillverka (USA), Swedencare Ireland (Ireland) and Vetio UK (UK)

The period July-September	North America		Europe		Production		Parent Company		Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue external	417.8	331.0	93.2	62.1	82.0	85.0	9.0	5.4	-	-	602.0	483.5
Net revenue internal	23.2	14.2	0.4	0.2	34.8	26.0	10.8	4.7	-69.2	-45.1		-
Net sales	441.0	345.2	93.6	62.4	116.8	110.9	19.8	10.1	-69.2	-45.1	602.0	483.5
Other revenue external	8.7	-	0.8	0.1	-	1.8	0.2	2.7	-	-	9.7	4.6
Other revenue internal	1.0	-	-	-	0.1	0.1	-	-	-1.1	-0.1		-
Total revenue	450.7	345.2	94.4	62.4	116.9	112.8	20.0	12.8	-70.3	-45.2	611.7	488.1
Cost of sales	-228.0	-166.3	-30.3	-20.4	-73.1	-63.9	-7.0	-3.7	59.7	27.3	-278.7	-227.1
Other external costs	-85.5	-70.8	-18.9	-14.1	-15.8	-16.4	-4.1	-4.2	12.3	10.1	-112.0	-95.4
Personnel costs	-49.4	-44.7	-10.3	-9.0	-19.6	-19.1	-4.7	-4.5	-	-	-84.0	-77.3
Operating profit before depreciation (EBITDA)	87.8	63.4	34.9	18.9	8.4	13.4	4.2	0.4	1.7	-7.8	137.0	88.3
Depreciation and write-downs of tangible fixed assets	-5.0	-3.8	-0.1	-0.1	-5.4	-4.3	-	-	-9.8	-8.8	-20.3	-17.0
Amortization of intangible fixed assets	-6.4	-6.3	-7.5	-6.6	-1.3	-1.1	-0.2	-0.2	-43.8	-35.4	-59.2	-49.6
Other costs	-	-	-0.2	-0.1	-0.1	-	-0.4	-	-0.1	0.1	-0.8	-
Operating profit (EBIT)	76.4	53.4	27.1	12.0	1.6	8.0	3.6	0.2	-52.0	-51.9	56.7	21.7
Financial costs	-0.1	-	0.3	-	102.0	-0.1	81.1	50.4	-207.1	-60.7	-23.8	-10.4
Results from shares in associated companies	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-
Profit after financial costs	76.3	53.4	27.4	12.0	103.6	7.9	84.7	50.6	-259.1	-112.6	32.8	11.3
Net income before tax	76.3	53.4	27.4	12.0	103.6	7.9	84.7	50.6	-259.1	-112.6	32.8	11.3
Tax on profit	-0.4	-0.5	-7.1	-3.3	-0.9	-	-0.6	-	-0.1	-	-9.1	-3.8
Deferred tax	-	-	-	-	-	-	-	-	14.4	-3.7	14.4	-3.7
Net income	75.9	52.8	20.3	8.7	102.7	7.9	84.1	50.6	-244.8	-116.3	38.1	3.8

The period January-September	North America		Europe		Production		Parent Company		Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue external	1 138.7	875.3	252.4	196.3	276.2	239.4	30.0	21.1	-	-	1 697.3	1 332.1
Net revenue internal	66.3	45.4	1.5	0.7	94.1	75.1	26.7	14.1	-188.7	-135.4	-	-
Net sales	1 205.0	920.7	253.9	197.1	370.3	314.6	56.7	35.2	-188.7	-135.4	1 697.3	1 332.1
Other revenue external	8.7	-	1.5	3.0	0.3	1.8	1.4	7.3	-	-	11.8	12.1
Other revenue internal	1.0	-	-	-	0.2	0.5	-	-	-1.2	-0.5	-	-
Total revenue	1 214.7	920.7	255.4	200.1	370.8	316.8	58.1	42.5	-189.9	-135.9	1 709.1	1 344.2
Cost of sales	-624.0	-437.2	-79.7	-67.4	-233.5	-179.4	-18.3	-11.3	170.2	89.7	-785.3	-605.7
Other external costs	-238.1	-173.2	-60.6	-40.2	-48.4	-43.9	-13.8	-12.8	33.7	15.8	-327.2	-254.2
Personnel costs	-142.2	-118.4	-30.0	-24.9	-56.0	-48.9	-15.5	-14.6	-	-	-243.7	-206.8
Operating profit before depreciation (EBITDA)	210.4	191.9	85.1	67.5	32.9	44.6	10.5	3.9	14.0	-30.3	352.9	277.5
Depreciation and write-downs of tangible fixed assets	-12.8	-9.7	-0.5	-0.4	-15.4	-11.7	-	-	-29.1	-23.6	-57.8	-45.3
Amortization of intangible fixed assets	-18.9	-17.6	-21.6	-15.4	-3.7	-3.4	-0.7	-0.7	-128.6	-110.3	-173.5	-147.3
Other costs	-	-	-0.8	-0.2	-2.0	-	-0.8	-	-	-	-3.6	-0.2
Operating profit (EBIT)	178.7	164.6	62.2	51.6	11.8	29.6	9.0	3.2	-143.7	-164.2	118.0	84.7
Financial costs	-0.2	-0.4	0.3	-	278.2	-0.3	283.4	73.6	-626.7	-95.1	-65.0	-22.2
Results from shares in associated companies	-	-	-	-	-	-	-	-	-0.2	-	-0.2	-
Profit after financial costs	178.5	164.2	62.5	51.6	290.0	29.4	292.4	76.8	-770.4	-259.3	52.8	62.5
Net income before tax	178.5	164.2	62.5	51.6	290.0	29.4	292.4	76.8	-770.4	-259.3	52.8	62.5
Tax on profit	-1.2	-2.1	-15.9	-12.1	-3.3	-1.1	-0.6	-	0.1	-0.1	-20.9	-15.3
Deferred tax	-	-	-	-	-0.1	-	-	-	39.8	31.5	39.7	31.5
Net income	177.3	162.1	46.6	39.6	286.6	28.3	291.8	76.8	-730.5	-227.9	71.6	78.7

Not 2 Aquisitions completed during the year

Axiom Direct (Vet Buyers Direct) – Acquisition of an American company with a focus on memberships for veterinarians

On April 3rd, 2023, Swedencare acquired 100% of the American company Axiom Direct, Inc. (Vet Buyers Direct). Axiom uses a membership model where veterinary clinics and other customers pay a monthly fee to be a member and gain access to products, services, brands, and favorable prices.

The purchase price of a total of 25.6 MSEK (2.5 MUSD) is paid through a cash settlement, on a debt- and cash-free basis,

of 20.1 MSEK (2.0 MUSD) upon entry. A condition-based purchase price (earn-out) of a maximum of approximately 4.8 MSEK (0.5 MUSD) may be paid if certain conditions are met no later than April 3rd, 2026, this part of the purchase price is settled in cash. Axiom is a newly founded company from July 2022 with a fast growing program which will have a marginal impact in 2023 on Swedencare's revenue and results. Through the acquisition, Swedencare gets a new sales channel established by salesperson and entrepreneur Lynn Bowgren. Lynn, who will continue to run the company in the Swedencare group, has extensive experience in sales to the veterinary industry. No part of reported goodwill is expected to be deductible in income taxation.

Acquisition:	Axiom direct Inc.
<i>Purchase price:</i>	
Cash payment for this year's acquisition	20.8
Additional purchase price*	5.2
Present value calculation additional purchase price	-0.4
Total Purchase price	25.6
<i>Payments for acquisitions:</i>	
Payment for this year's acquisition	25.6
Acquired cash and bank balances	0.7
Transaction costs that are included in Net income as Other external costs	-0.3
Total paid	26.2
Contributions from acquired companies:	
<i>Contribution from the time when the controlling influence existed</i>	
Total revenue	0.7
Net income	-
<i>Contribution if the acquisition had been made January 1st, 2023</i>	
Total revenue	1.1
Net income	-
Final acquisition analysis	
Acquired assets and liabilities	
Accounts receivable	0.2
Cash	0.7
Total acquired net assets	0.9
Other current assets	-
Total acquired net liabilities	-
Goodwill	24.8
Total	25.6

Note 3 Material risks and uncertainties; the group and the parent company

The board and the managing director guarantee that the interim report provides a fair overview of the Company's operations, position, and results. When evaluating Swedencare's future development, it is important to consider risk factors in addition to potential revenue and profit growth. Swedencare's operations are affected by several risks that can have an effect on the company's results and financial position to varying extents. For a description of Swedencare's risks, refer to the management report on pages 61-67 and in note 34 in the annual report for 2022. It is deemed that there have been no significant changes in these risks and uncertainty factors as of September 30th, 2023.

Note 4 Accounting principles

This interim report is prepared for the group in accordance with IAS 34, Interim reporting and the Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act. The same accounting principles and basis of calculation have been used as in the last annual report; however, exchange rate gains have not been reported in the operating profit in previous years.

Note 5 Change in accounting estimates

Swedencare has made a change in accounting estimates for allocation and calculation of overheads included in the total inventory value of finished products in NaturVet. The change occurs due to changes in the circumstances which were the basis for the estimate as well as increased experience of the company's operations. The change means that the difference in the calculation of recorded inventory value of finished products is reported in the income statement during Q2 2023 when the implementation took place. Because the change is not recurring as part of the current business notes about the profit effects are included in Operational key figures

Note 6 Transactions with related parties

There have been no material transactions with related parties during 2023. The parent company's related party transactions refer only to transactions with related companies within the group and transactions in the form of dividends within the group.

Note 7 Fair value

Financial liabilities

Swedencare has a financial liability regarding to the additional purchase price (earn-out) in business acquisitions, which is valued at fair value through profit and loss. The additional purchase price is attributable to the acquisition of Axiom Direct and is based on Axiom Direct's sales until 2026.

The additional purchase price was valued at fair value in connection with the acquisition on April 3d, 2023 and was revalued at fair value as of September 30th, 2023. The valuation is based on expected future cash flows that are calculated at a present value using the discount rate. The discount rate (WACC) increased from 20.1% at the time of acquisition, to 23,2% as of September 30th, 2023. This is due to increased risk-free rate. Swedencare's assessment of the fair value of the financial liability regarding the additional purchase price as of September 30th, 2023 amounts to SEK 0.4 MSEK. The value adjustment is reported as a financial cost of 0.0 MSEK during the third quarter.

Definition of KPI's

In this report, Swedencare reports information that the company management uses to assess the group's development. Some of the key figures presented are not defined according to IFRS. The company believes that these measures provide valuable supplementary information to stakeholders and the company's management as they contribute to the evaluation of relevant trends and the company's performance. Since not all companies calculate KPI's in the same way, these are not always comparable to measures used by other companies. These key figures should therefore not be seen as a replacement for measures defined according to IFRS. ESMA's guidelines on "alternative performance measures" are applied, which means extended disclosure requirements regarding key figures that are not defined according to IFRS. Below is a reconciliation of the key figures that Swedencare considers relevant according to these guidelines. From 2023, margins are calculated as a percent of net sales instead of a percent of total revenue. The comparison figures have therefore been adjusted to give a fairer picture.

Net revenue

The main revenue of the Company

Change of revenue (%)

Net revenue in relation to the previous corresponding period

Gross profit

Sales revenue minus costs for raw materials, components, merchandise and transportation costs

Gross margin (%)

Gross profit as a percentage of net revenue

EBITDA

Operating profit before depreciation and other operating expenses

EBITDA-margin (%)

EBITDA as a percentage of net revenue

EBITA

Operating profit before amortization and other operating expenses

EBITA-margin (%)

Operating profit before amortization and other operating expenses as a percentage of net revenue

EBIT

Operating profit

EBIT-margin (%)

EBIT as a percentage of net revenue

Net income margin (%)

Profit after tax as a percentage of net 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

Profit for the period attributable to the parent company's shareholders in relation to the average number of shares (definition according to IFRS)

Equity per share

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

Organic Growth

Change in net sales during the current period, excluding acquisitions and exchange rate effects, in relation to the net sales corresponding period of the previous year. The acquisitions are included in organic net sales after a period of twelve months.

Definition of operational KPI's

Operational Gross Profit

Gross profit excluding items affecting comparability

Operational Gross-Margin (%)

Op. Gross profit as a percentage of net revenue

Operational EBITDA

EBITDA excluding items affecting comparability. The measure is relevant for showing the group's results generated by operating activities

Operational EBITDA-margin (%)

Op. EBITDA as a percentage of net revenue

Operational EBITA

EBITA excluding items affecting comparability. The measure is relevant for showing the group's results generated by operating activities

Operational EBITA-margin (%)

Op. EBITA as a percentage of net revenue

Operational EBIT

EBIT excluding items affecting comparability. The measure is relevant for showing the group's results generated by operating activities

Operational EBIT-margin (%)

Op. EBIT as a percentage of net revenue

Items affecting comparability

Items affecting comparability refer to events and transactions whose profit effects are important to pay attention to when the period's results are compared with previous periods and include items of a one-off nature that are not directly related to the ongoing operations, and which are adjusted due to specific events.

Items affecting comparison are a designation for items which excluded shows the group's earnings excluding items which by their nature are not recurring as part of its ongoing operations. In addition, peer comp analysis is facilitated of companies that do not make acquisitions, while analysis and assessment of acquisition objects becomes more clear and transparent then their EBIT contribution coincides with the actual contribution to the group after consolidation. It is also important to note that the effect of the acquisitions is reflected in the group's capital structure and net debt in accordance with accepted accounting rules.

Consolidated KPI's

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Result measures (MSEK)					
Net revenue	602.0	483.5	1 697.3	1 332.1	1 829.5
Total revenue	611.7	488.1	1 709.1	1 344.2	1 843.4
Change of revenue (%)	24.5%	116.6%	27.4%	157.9%	137.2%
Gross margin (%)	53.7%	53.0%	53.7%	54.5%	55.5%
EBITA	116.7	71.3	295.1	232.2	326.3
EBITA-margin (%)	19.4%	14.7%	17.4%	17.4%	17.8%
EBIT	56.7	21.7	118.0	84.7	120.0
EBIT-margin (%)	9.4%	4.5%	7.0%	6.4%	6.6%
Net income	38.1	3.8	71.6	78.7	94.5
Net income margin (%)	6.3%	0.8%	4.2%	5.9%	5.2%
Share data (SEK)					
Outstanding shares at period close	158 731 900	158 111 805	158 731 900	158 111 805	158 731 900
Average outstanding shares	158 731 900	158 111 805	158 731 900	154 275 661	155 346 212
Earnings per share (SEK)	0.24	0.02	0.45	0.51	0.61
Equity per share (SEK)	49.47	50.07	49.47	50.07	47.00
Other information (MSEK)					
Cash	243.2	194.3	243.2	194.3	245.1
Interest-bearing net debt	1 515.6	1 633.7	1 515.6	1 633.7	1 657.1
Equity	7 853.2	7 916.7	7 853.2	7 916.7	7 460.7
Balance sheet total	10 227.8	10 362.9	10 227.8	10 362.9	10 004.7
Solvency (%)	76.8%	76.4%	76.8%	76.4%	74.6%

*KPI's defined according to IFRS.

Consolidated Operational KPI's (MSEK)

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net revenue	602.0	483.5	1 697.3	1 332.1	1 829.5
Operational gross profit	323.3	269.6	922.3	757.1	1 051.3
<i>Operational gross margin</i>	53.7%	55.8%	54.3%	56.8%	57.5%
Revaluation of acquisition stock to fair value	-	13.2	0.5	30.7	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-	-
Gross profit	323.3	256.4	912.0	726.4	1 015.6
<i>Gross margin</i>	53.7%	53.0%	53.7%	54.5%	55.5%
Operational EBITDA	137.0	101.5	363.8	319.4	439.6
<i>Operational EBITDA-margin</i>	22.8%	21.0%	21.4%	24.0%	24.0%
Acquisition costs	-	-	0.3	11.2	14.0
Revaluation of acquisition stock to fair value	-	13.2	0.5	30.7	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-	-
EBITDA	137.0	88.3	352.9	277.5	389.8
<i>EBITDA margin</i>	22.8%	18.3%	20.8%	20.8%	21.3%
Operational EBITA	116.7	84.5	306.0	274.1	376.1
<i>Operational EBITA-margin</i>	19.4%	17.5%	18.0%	20.6%	20.6%
Acquisition costs	-	-	0.3	11.2	14.0
Revaluation of acquisition stock to fair value	-	13.2	0.5	30.7	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-	-
EBITA	116.7	71.3	295.1	232.2	326.3
<i>EBITA margin</i>	19.4%	14.7%	17.4%	17.4%	17.8%
Operational EBIT	115.6	84.3	301.5	273.4	373.8
<i>Operational EBIT-margin</i>	19.2%	17.4%	17.8%	20.5%	20.4%
Acquisitions costs	-	-	0.3	11.2	14.0
Revaluation of acquisition stock to fair value	-	13.2	0.5	30.7	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-	-
Depreciation of acquisition-related intangible assets	58.8	49.4	172.6	146.7	204.1
EBIT	56.7	21.7	118.0	84.7	120.0
<i>EBIT margin</i>	9.4%	4.5%	7.0%	6.4%	6.6%

The Group's revenue breakdown (MSEK)

	Jul-Sep 2023	Jul-Sep 2022	Change %
Product areas			
ProDen PlaqueOff®	67.4	43.9	54%
Nutraceuticals	329.3	230.1	43%
Topicals/Dermatology	136.1	160.5	-15%
Pharma	19.7	33.0	-40%
Other	49.5	16.0	209%
Total	602.0	483.5	25%
Time of revenue recognition			
The performance commitment is met over time	69.0	81.3	-15%
The performance commitment is met a certain time	533.0	402.2	33%
Total	602.0	483.5	25%
Geographic market			
North America	470.0	406.4	16%
Europe	111.5	67.8	64%
Rest of the World	20.5	9.3	119%
Total	602.0	483.5	25%
Product areas			
ProDen PlaqueOff®	196.4	129.2	52%
Nutraceuticals	901.9	630.7	43%
Topicals/Dermatology	404.9	432.1	-6%
Pharma	69.2	68.5	1%
Other	124.9	71.6	74%
Total	1 697.3	1 332.1	27%
Time of revenue recognition			
The performance commitment is met over time	241.9	227.3	6%
The performance commitment is met a certain time	1 455.4	1 104.8	32%
Total	1 697.3	1 332.1	27%
Geographic market			
North America	1 352.3	1 080.7	25%
Europe	297.9	218.9	36%
Rest of the World	47.1	32.5	45%
Total	1 697.3	1 332.1	27%

Malmö October 25th, 2023

Håkan Lagerberg
CEO

Håkan Svanberg
Board Chairman

Johan Bergdahl
Board member

Heinz-Jürgen Bertram
Board member

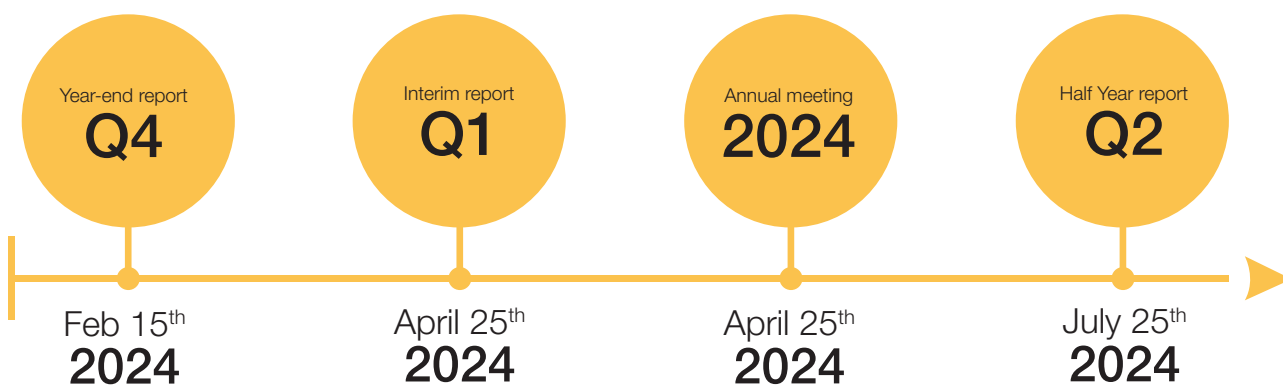
Sara Brandt
Board member

Thomas Eklund
Board member

Jean-Yves Parisot
Board member

Ulrika Valassi
Board member

Future reporting schedule



Contact

Swedencare AB (publ), Org.nr. 556470-3790
Medeon Science Park
Per Albin Hanssons väg 41
205 12 Malmö

Visit our website www.swedencare.com

Håkan Lagerberg, CEO Swedencare
Phone: +46 (0)73 517 0170
E-mail: hakan.lagerberg@swedencare.se

Jenny Grafliind, CFO Swedencare
Phone: +46 (0)73 944 8554
E-mail: jenny.grafliind@swedencare.se

Review Report

To the Board of Directors of Swedencare AB (publ)

Introduction

We have reviewed the interim report for Swedencare AB (publ), corporate identity no. 556470-3790, for the period January 1 - September 30, 2023. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, October 25th, 2023

Deloitte AB

Signature on Swedish original

Maria Ekelund
Authorized Public Accountant





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