



# YEAREND REPORT

January-December

# 2022



## Our vision

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



### **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 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 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 the leading company 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 must 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 proposes 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.

# A strong quarter despite challenges

Summary of the period

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

## **Fourth quarter: October 1<sup>st</sup> - December 31<sup>st</sup> 2022**

- Net revenue amounted to 497.4 MSEK (255.2 MSEK), corresponding to an increase of 95% (154%)
- Operational EBITDA amounted to 120.2 MSEK (48.3 MSEK), corresponding to an increase of 149%, and an EBITDA-margin of 24.1% (18.9%). The adjustments refer to costs in connection with the acquisition of CVP of 2.8 MSEK and an accounting adjustment of acquired inventory of 5.1 MSEK (2.9 MSEK)
- Organic, currency-adjusted growth amounted to -5% (10%)
- Operational EBITA amounted to 102.0 MSEK (40.6 MSEK), corresponding to an increase of 151% and an EBITA-margin of 20.4% (15.9%)
- Operational EBIT amounted to 100.5 MSEK (40.5 MSEK), corresponding to an increase of 148% and an EBIT-margin of 20.1% (15.8%)
- Profit after tax amounted to 15.8 MSEK (19.7 MSEK)
- Earnings per share calculated on 158,522,955 shares (118,150,028 shares) 0.10 SEK (0.17 SEK)
- As of December 31<sup>st</sup>, 2022, cash amounted to 245.1 MSEK (136.1 MSEK)

## **Full year 2022**

- Net revenue amounted to 1,829.5 MSEK (770.4 MSEK), corresponding to an increase of 137% (221%)
- Operational EBITDA amounted to 430.5 MSEK (190.2 MSEK), corresponding to an increase of 126% and an EBITDA-margin of 23.5% (24.6%). The adjustments refer to costs in connection with the acquisition of NaturVet, Innovet and CVP of 14.0 MSEK (17.2 MSEK) and an accounting adjustment of acquired inventory of 35.8 MSEK (43.3 MSEK).
- Organic, currency-adjusted growth amounted to 2% (17%)
- Operational EBITA amounted to 367.1 MSEK (171.9 MSEK), corresponding to an increase of 114% and an EBITA-margin of 20.0% (22.2%)
- Operational EBIT amounted to 373.8 MSEK (178.7 MSEK), corresponding to an increase of 109% and an EBIT-margin of 20.4% (23.1%)
- Profit after tax amounted to 94.5 MSEK (54.6 MSEK)
- Earnings per share calculated on 155,346,212 shares (111,951,297 shares) 0.61 SEK (0.49 SEK) \*
- Cash flow from operating activities amounted to 260.2 MSEK (125.8 MSEK)
- Exchange rate gains amounted to 8.5 MSEK (7.8 MSEK)
- The board proposes a dividend of 0.22 SEK (0.20 SEK) per share

*\*Converted to the number of shares after the share split 5:1 that took place in May 2021*

## **Significant events during the fourth quarter**

An extraordinary general meeting took place on October 19<sup>th</sup>, 2022. The extraordinary general meeting decided, in accordance with the board's proposal, on an incentive program for key employees in the Swedencare group, comprising a private placement of a maximum of 415,000 warrants to the company and transfer of the warrants to the participants in the incentive program. 415,000 warrants correspond to a dilution effect of a maximum of approximately 0.26 percent, based on the number of shares and votes in the Company after the utilization of the warrants. Employees in the Swedencare Group have acquired 251,500 warrants in the decided incentive program 2022/2026. The transfer of the warrants to the participants in the incentive program took place at market value.

Swedencare AB (publ) acquires UK-based Custom Vet Products (CVP), a manufacturer of soft chew products which was completed on November 1<sup>st</sup>, 2022. The purchase price of a total of 134.7 MSEK was paid through a cash payment of 108.2 MSEK and a new issue in kind of shares of 26.5 MSEK.

## **Significant events after the fourth quarter**

There are no significant events after the end of the fourth quarter to comment.

# Words from the CEO

Improved profitability but not expected growth numbers. With yet another acquisition in the last quarter we have added three new members to the Swedencare family during 2022.

The net revenue for the 4<sup>th</sup> quarter was 497 MSEK, which is an increase of 95% compared to Q4 2021 and it makes it our strongest quarter ever. Our operational EBITDA result increased by 149% to 120 MSEK, which equals a 24.1% margin. This level of margin is a clear improvement compared to both Q3 2022 but also Y-o-Y. The operational gross margin continues to strengthen (59.3% compared to 55.8% last quarter) mainly due to moving external manufacturing to internal, and this will continue this year as well. The operating cashflow has improved during the quarter due to a positive change of working capital. During 2022 we have made the substantial CapEx investments necessary to insure strong growth in the upcoming years. Fewer investments in upcoming years will allow cash utilization to reduce net debt.

Our organic growth (-5%) was slower than anticipated mainly due to the challenges faced by Vetio South, our manufacturing facility in Florida together with Stratford and Nutravet. The latter two are still affected by inventory trimming and enlarged co-operation agreements that's been concluded but will have a positive effect in 2023 and onwards. Despite several group companies having strong growth, several around or above 25%, the organic growth for the quarter was negative. As you know, we focus on long term growth and success with optimization within our group. The synergy projects are focused mainly on revenue opportunities within the group by having access to each other's sales- and communication channels and product portfolio.

## Pet market

The market development has been strong in our main markets. The number of dogs and cats continue to rise, contradictory to some experts who predicted a decline after Covid. Worth mentioning is that most of our products are used during the second half of the pet's lifetime, which means that the pets acquired during the pandemic have not yet become customers of pet health care products. The demand from from this group will be seen in a few years to come. An interesting comparison for the USA is also that approx. 73% of people use some kind of food supplement and the corresponding number for pets is 14%. There is thus much to suggest that we have many years of strong growth ahead of us.



## Europe

Several of our subsidiaries in Europe have had their best quarter of the year and this is hopefully an indication that customers have regained their willingness to consume. Nutravet had, as expected, a negative growth because their largest customer significantly trimmed down their stock in 2022, but the strong profitability returned and we foresee a strong increase in revenue in 2023, partially because customers stock are adjusted and since additional countries will be added to the cooperation. Innovet in Italy finished the year on a strong note and their new product (Oleea) which helps with immediate weight loss, had a flying start. This is a product that I expect to have a broad global demand in a few years. Our latest acquisition Custom Vet Products (CVP), which joined the group on November 1<sup>st</sup> has been busy finishing the installation of a new manufacturing facility. During 2023 several new volume customers are starting up and we will also initiate several internal projects, of which the most important will be the new ProDen PlaqueOff<sup>®</sup> soft chew for Europe. The CVP team is also responsible for initiating the manufacturing of soft chews at our Irish plant.

## North America

The North American market, the world's leading market, dominates our business and accounts for over 80% of our sales. The entities that had a negative effect on our growth during the quarter were Stratford and Vetio South. Stratford has, as I mentioned in the last report, a new strategy focusing on strong co-operations within the veterinary sector, which has taken longer time and this has had a negative impact on revenue during 2022 but will lead to strong growth in 2023 and in the following years. My hope is to be able to share information about at least one such cooperation in the next report. As for Vetio, the Canadian operations grew according to plan with 25% but Vetio South had a negative development. A large complex manufacturing agreement with a number of unique recipes and SKUs unfortunately impacted sales and profitability negatively. The sales were lower because we had to postpone a number of projects and profitability was affected by the complexity that we could not fully invoice alongside increased costs for raw material within the dermatological sector. The impact for raw material costs will be adjusted by January 2023, when price increases have been accepted in all major customer contracts. The end result of this complex project has been a success and we now have all processes ready for the next production, which will be made earlier due to consumer demand for the products having exceeded the expectations of our customer. During the quarter we have also strengthened our staffing and production capacity to ensure that we will be able to deliver in accordance with our high demands. For the other American companies, the quarter was positive.

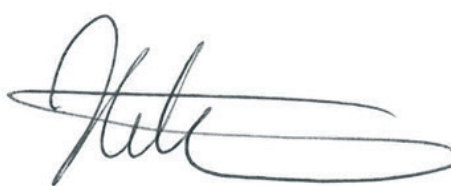
## NaturVet® and ProDen PlaqueOff®

Our largest brand NaturVet® closed the year with growth and it was noticeable, especially during December, that the sentiments of the buyers have altered considerably. For the quarter as a whole online sales are growing most rapidly and since the fall we have also been focusing on social media. NaturVet® now has over 85 000 followers on Facebook and are working purposefully to increase growth. Product- and concept development efforts have been intense and several innovations will be launched the upcoming year.

ProDen PlaqueOff® continues its strong sales development, with sales increasing by 22% this quarter. North America may be the core, but the brand continues its successful journey on basically all markets. We keep being a requested cooperation partner within pet food as well as for co-branding, both important factors for continued success.

Our strategy with contract manufacturing, private label solutions and strong brands along with sales both through distributor networks and partners as well as directly to consumers make us a fairly unique organization in our sector. We still see great interest from companies both wanting to cooperate and in M&A.

I summarize 2022 with mixed feelings. We fell short of ambitious growth targets, partly due to factors outside our control but not solely. Therefore, we have built a solid foundation and have identified several areas where we see potential for improvement. With a clear strategy and an organization that has been improved with a number of new key members, we are ready to deliver on high expectations. Our focus during the past year has been to identify and finalize bigger opportunities and this will materialize in 2023 while I am looking forward to deliver significantly higher growth this year. I thank You for the trust and look forward to sharing news of innovative products, customer contracts and strong sales with high profitability that should always be our trademark.



Håkan Lagerberg, VD  
Malmö February 16<sup>th</sup>, 2023

Net revenue  
**497.4 MSEK**

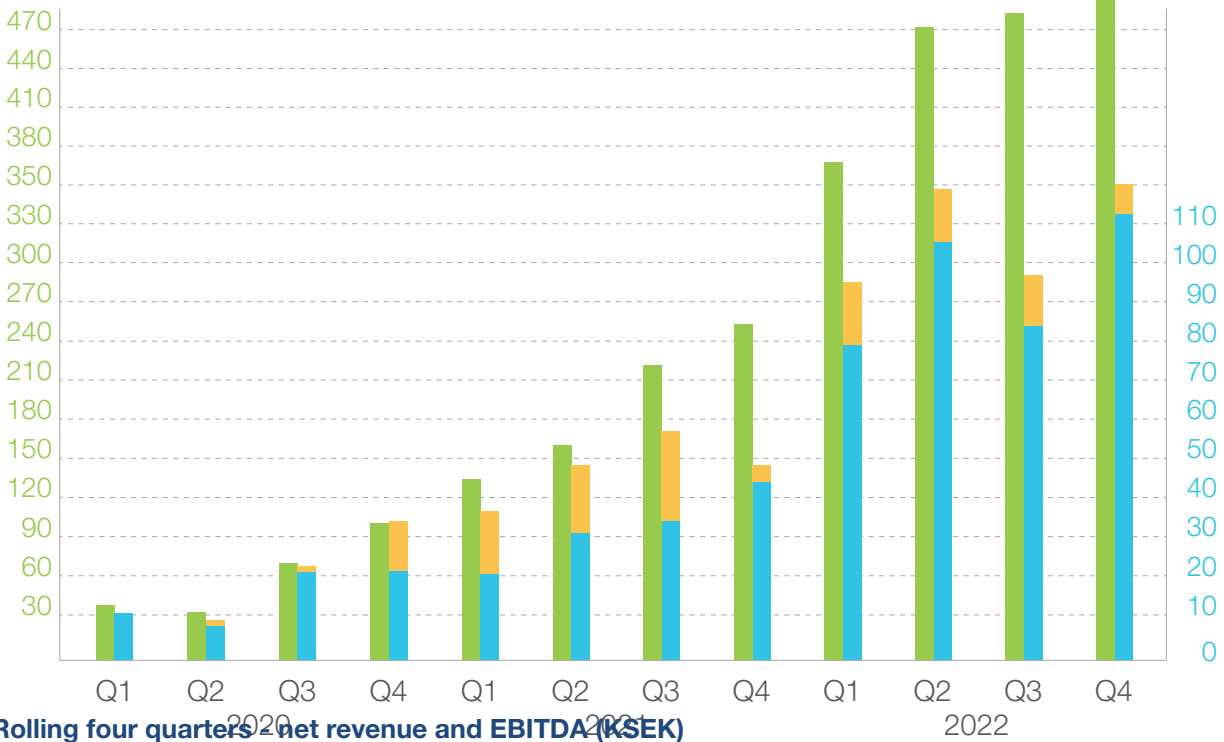
Change in  
net revenue  
**95%**

Operational  
EBITDA  
**120.2 MSEK**  
Margin  
**24.1%**

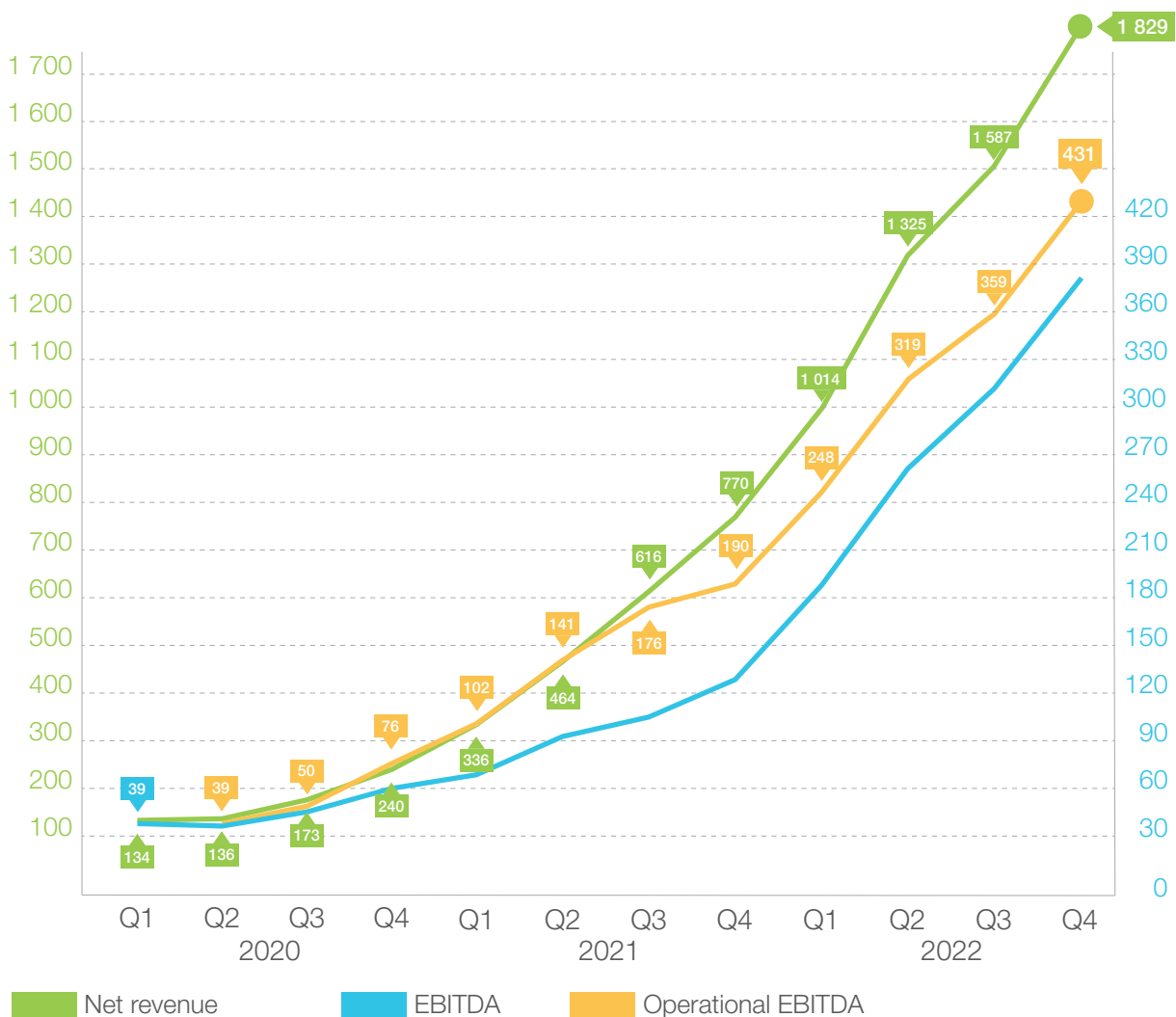
Cash  
**245.1 MSEK**

# Development 2020 - 2022

Quarterly history of net revenue and EBITDA (KSEK)



Rolling four quarters net revenue and EBITDA (KSEK)



Additional KPI's and definitions can be found on page 22-24.

# Comments on the financial development - Q4 2022

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

## Net revenue

Net revenue during the quarter amounted to 497.4 MSEK (255.2 MSEK). This represents a growth of 95% (154%) compared to the corresponding period last year. The net revenue was also the highest historically and means, excluding CVP which during the quarter contributed with 1.3 MSEK, an increase of 2% from the previous quarter and an increase of 4% from Q2 with the same company structure.

The growth is divided into -5% (10%) organic growth, 87% (145%) acquired growth and 13% (-1%) currency impact. NaturVet, which was acquired on February 1<sup>st</sup>, contributed with 183.6 MSEK, Innovet, which was acquired on March 1<sup>st</sup>, with 40.8 MSEK and CVP, which was acquired on November 1<sup>st</sup>, with 1.3 MSEK. As of this quarter, FAV, which was acquired on October 1<sup>st</sup>, 2021, is also included in the organic growth.

The negative organic growth is mainly affected by three companies that have significantly lower revenue during the quarter compared to the corresponding period last year. Reasons for this are partly the continued need to reduce stock at a distributor and partly influenced by ongoing negotiations with two major customers as well as challenges with a new complex manufacturing agreement.

At the same time, the online channel shows strong growth. Swedencare UK, which has Amazon UK as its largest customer, had its best quarter ever with 31% growth, and Pet MD Brands, which sells to the large online players in North America, showed a growth of 21% compared to the corresponding quarter last year.

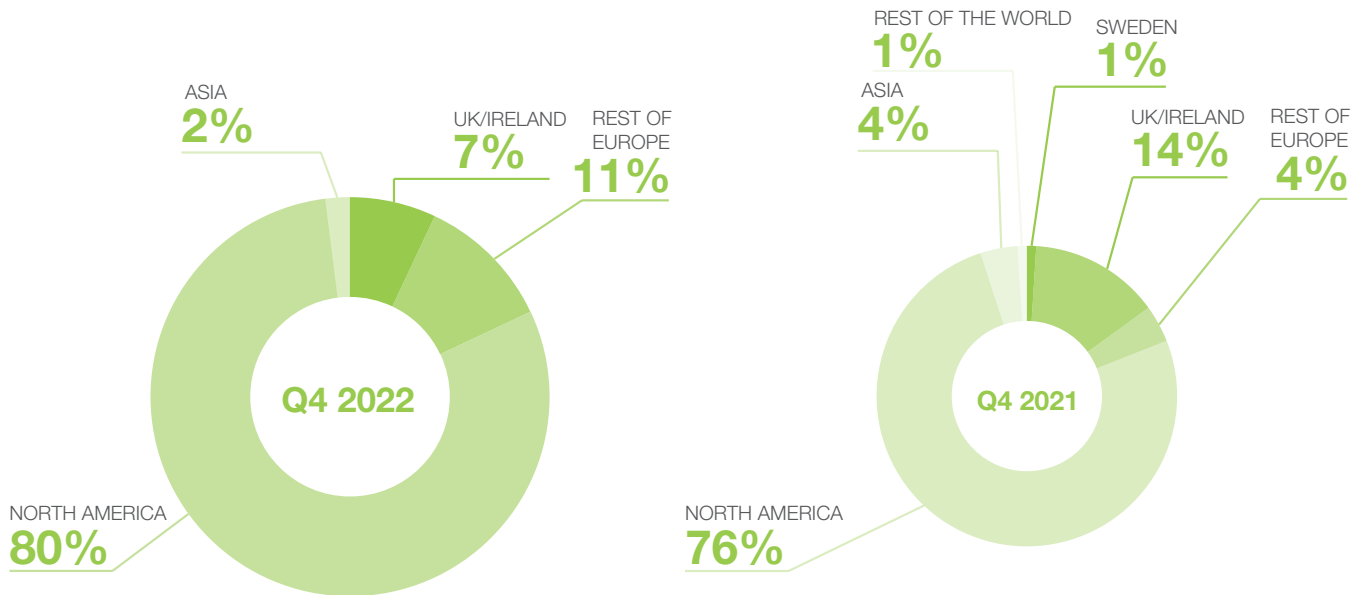
## Geographical distribution

After seven acquisitions since June 2020, The North American market showed a growth of 106% during the quarter and represented 80% of the group's total revenues compared to 76% in the corresponding period last year. It is mainly the acquisition of NaturVet that is behind the increase in the segment. Despite good growth with Amazon UK, the market share for UK/Ireland decreased by 5% during the quarter as a key customer continued to trim its inventory. UK/Ireland represents 7% of the group's total revenues compared to 14% in the corresponding period last year. The decrease in this market share is also explained by the acquisitions in North America, which greatly affected the geographical distribution.

Sales to Asia have decreased by 17% during the quarter, which is mainly explained by the continued weak sales to China.

Rest of Europe has had higher percentage growth than North America and the market share of the segment has increased by 7 percentage points from 4% to 11%. It is mainly the acquisition of Innovet that is behind the increase, but also sales to Poland and Switzerland have contributed to the increase in this segment during the quarter.

In Q4 2022 and Q4 2021 the geographical sales were distributed according to the graphic.



**Product and brand distribution**

The Nutraceuticals product group has had a growth of 303% compared to the corresponding quarter last year and represents 54% of the group's total revenue in comparison with 26% in the corresponding period last year. The increase is mainly explained by the acquisitions of NaturVet, Innovet and CVP that mostly sells products under this category. Also, Pet MD has increased its sales in Nutraceuticals.

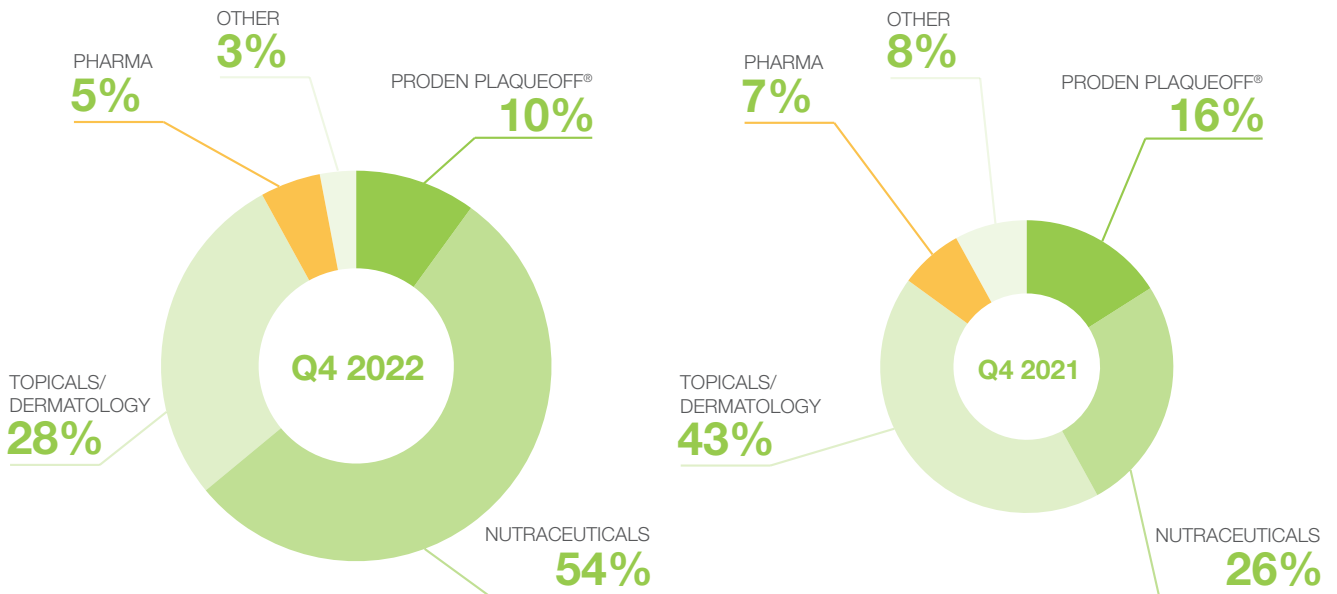
The product category Other, which includes human products, treats, toothpaste and dental wipes, has decreased by 33% mainly due to adjustments between product groups.

ProDen PlaqueOff® has increased by 22% during the quarter and represents 10% of the group's total revenue. It is mainly the sales of ProDen PlaqueOff® Dental Bones and newly launched Soft Chews which is causing the biggest increase compared to the corresponding period last year. NaturVet, which began to supply ProDen PlaqueOff® to its customers during Q3 2022, has shown continued positive development and we expect to see strong growth of PlaqueOff sales going forward as NaturVet continues to launch the assortment to its existing customers.

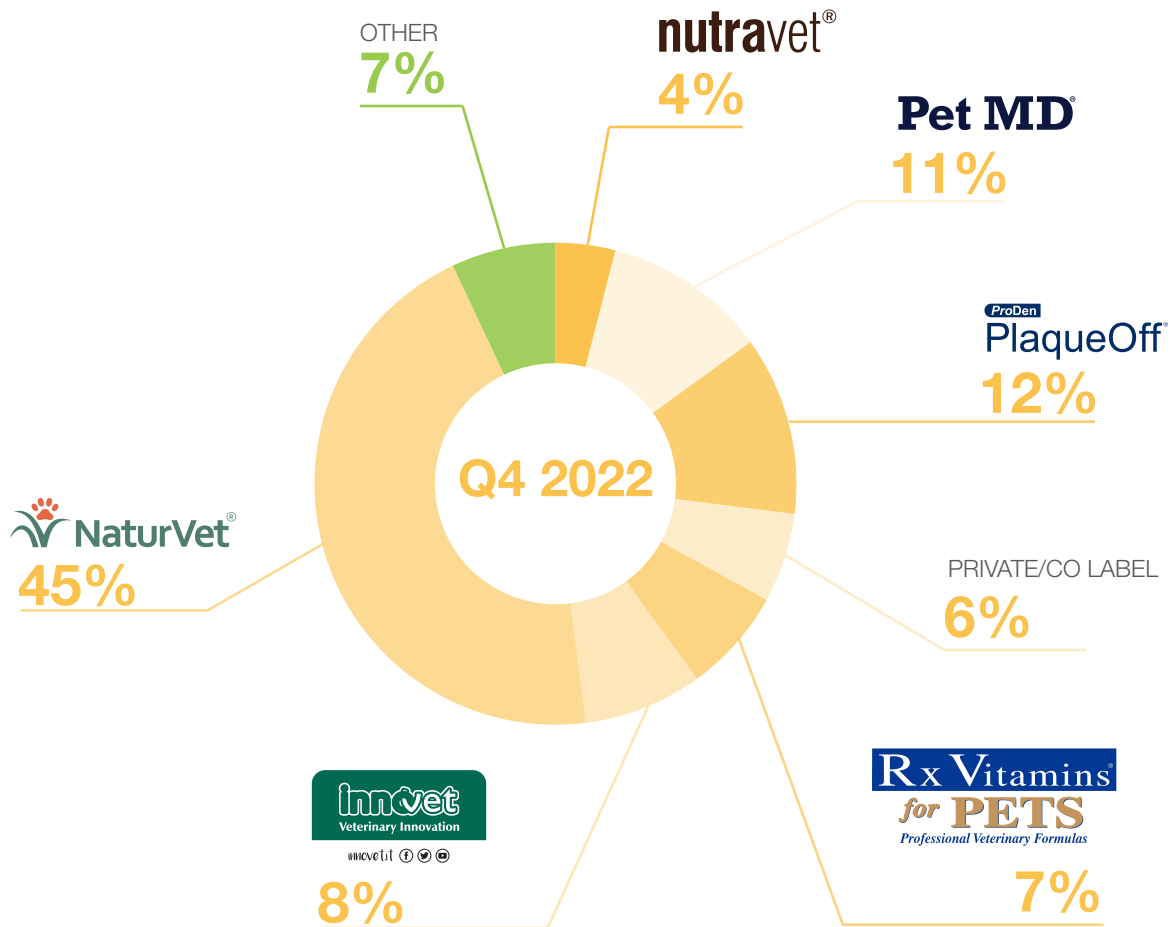
Pharma sales have increased by 42% compared to the corresponding period last year, since the production started during H2. However, the increase is not visible in the distribution due to the year's acquisitions which significantly affected it.



In Q4 2022 and Q4 2021 sales per product group were distributed according to the graphics.



In Q4 2022, sales\*, were distributed per brand according to the graphics.



\*Does not include contract manufacturing

### Profit

The operating gross margin during the quarter of 59.3% (52.1%) was the strongest of the year. Non-recurring items for inventory adjustments had a positive effect on the gross margin by 4.2 MSEK. Adjusted for this, the operating gross margin had amounted to 58.5%, which is in line with the average margin, 58%, since Q2 when the current company structure was formed.

The acquired inventory for Innovet and CVP affected the gross margin by 5.1 MSEK in Q4. As these refer to an accounting adjustment of acquired inventory. The amount includes the last adjustment for Innovet that took place in October. The inventory adjustment for CVP will affect gross margin until March 2023.

During the quarter, external costs, excluding acquisition costs, amount to 20% (18%) of total revenue. The average level of current company structure since Q2 is 19.5%. A higher proportion of online sales during the quarter means higher costs as cooperation costs are directly linked to total revenue. Several cost-saving projects have been started which are expected to yield results in 2023 and beyond.

The operational operating profit before amortization (EBITA) amounted to 102.0 MSEK (40.6 MSEK), which corresponds to an EBITA-margin of 20.4% (15.9%).

Exchange rate variations affected EBITA during Q4 with an exchange rate loss of 0.4 MSEK (-0.5 MSEK) due to the weaker USD currency.

The total depreciation during the quarter amounted to 76.6 MSEK (28.9 MSEK), of which 58.5 MSEK (21.2 MSEK) is attributable to intangible assets with a fixed useful life from completed company acquisitions. 18.2 MSEK (7.7 MSEK) of total depreciation for tangible assets is 9.3 MSEK (3.9 MSEK) attributable to IFRS16.

The operation profit (EBIT) for the period amounted to 35.3 MSEK (15.7 MSEK), which corresponds to a EBIT-margin of 7.1% (6.1%).

During the quarter, interest costs for loans taken out in connection with the acquisitions amount to 13.5 MSEK (2.0 MSEK). The higher interest expense compared to the previous quarter (8.7 MSEK) is affected by a higher loan amount and a higher interest rate.

At the beginning of 2022, an organizational change was carried out in the USA, which means, among other things, that from 2022 one consolidated tax return will be made for all American companies. This, along with the Section 338(h)(10) application for NaturVet, which is described in more detail on page 35, allows for tax depreciation of the excess values associated with the acquisition. For 2022, this resulted in utilized tax depreciation of 222.3 MSEK (21.3 MUSD), which means 0% in tax expense. This means a lower tax cost of 52.2 MSEK (5 MUSD) for 2022 compared to an average tax rate of 23.75%. These possible depreciations can positively affect the result to the same extent for 14 years to come. Since the consolidated tax calculation was completed for the yearend report, it meant an adjustment in the fourth quarter.

During 2022, Swedencare has re-examined the valuation allowance for deferred tax positions in the US. With the organizational change in the US together with tax write-offs linked to the NaturVet acquisition and the expected increase in revenues in 2023 and beyond it is expected that the consolidated group in the US will generate taxable income in the coming years and be able to use all deferred tax assets. The assessment is that previous losses and deferred tax receivables from previous years will be able to be utilized in future years.

The net income amounted to 15.8 MSEK (19.7 MSEK) corresponding to a profit margin of 3.2% (7.7%). Earnings per share for the fourth quarter of 2022 amounted to 0.10 SEK (0.17 SEK) calculated on the weighted average number of shares, 158,522,955 (118,150,028) as of December 31<sup>st</sup>, 2022.

# Comments on the financial development full year 2022

## Net revenue

Net revenue for the full year 2022 amounted to 1,829.5 MSEK (770.4 MSEK), which corresponds to an increase by 137% (221%) compared to the full year 2021. The growth is divided into 2% (17%) organic growth, 122% (208%) acquired growth and 13% (-4%) currency impact. The companies that were acquired at the beginning of 2022, and which are therefore not included in the organic growth, showed growth, NaturVet (6%) and Innovet (4%).

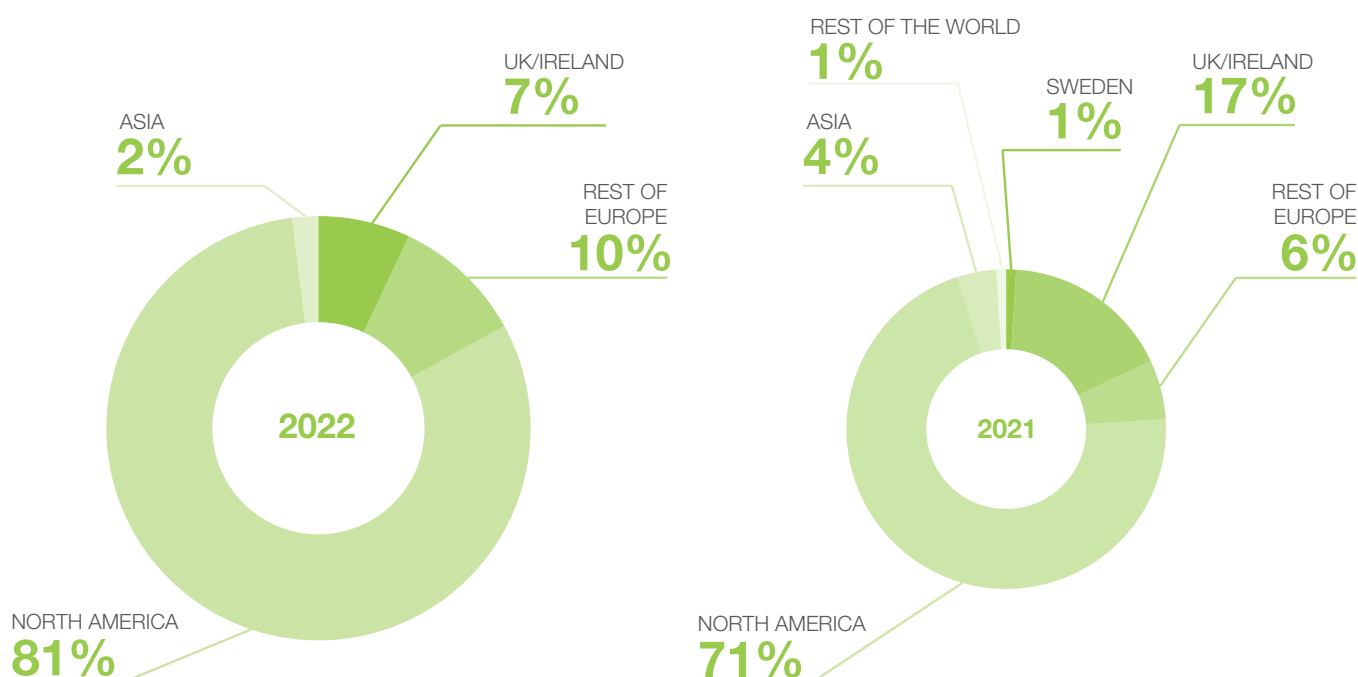
In 2022, including proforma for acquired companies, the group has net sales of 1,923 MSEK.

## Geographical distribution

After the acquisition of NaturVet in 2022 and the multiple previous acquisitions in the North American market, this market share represents 81% of the group's total net revenue compared to 71% the previous year. The negative growth for the UK, about -4%, is mainly impacted by their largest customer which has trimmed down its inventory during H2 2022 and reduced its purchases by 10% compared to 2021. Rest of Europe has more than tripled total net revenue during the year compared to 2021 and represents 10% of the group's total net revenue compared to 6% the previous year. The increase is mainly derived from the acquisition of Innovet, but also sales to Ireland and Spain has been strong. The North American companies RX and Vetio North have also created good international growth in Europe.

Apart from China, where sales have declined with 70% in 2022 compared to 2021, the remaining Asian market has increased by 75%. Also, Rest of the World has shown strong growth, partly driven by launches of Nutravet in the market.

During 2022 and 2021 the geographical sales were distributed according to the graphics.

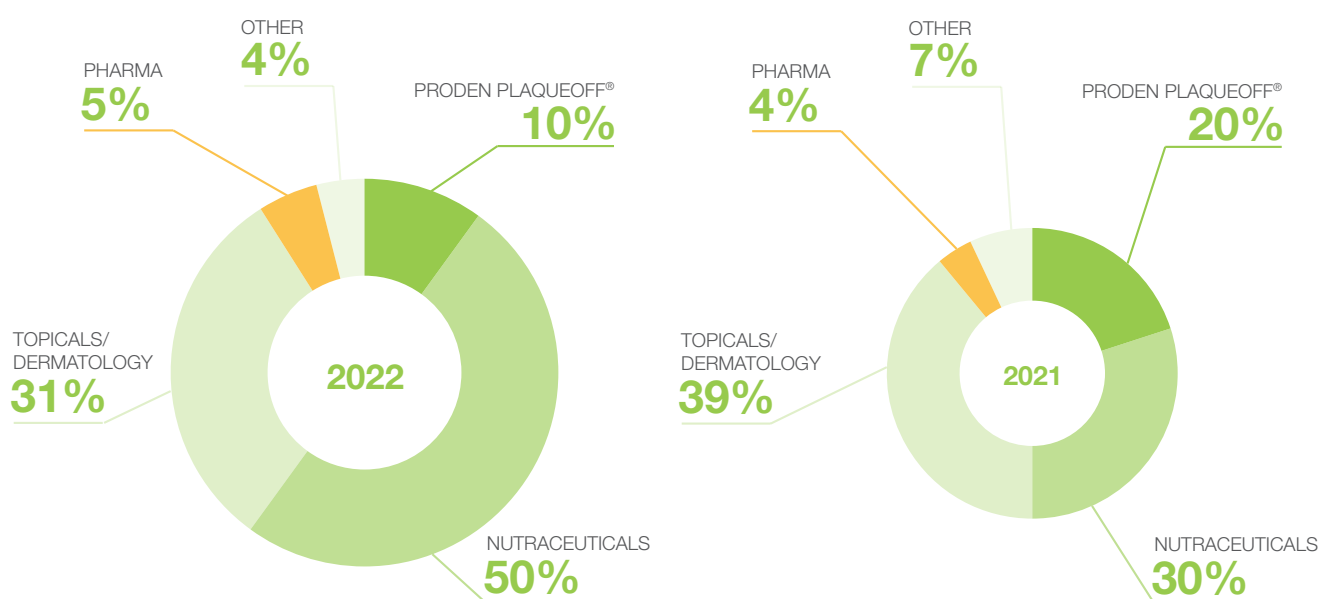


### Product distribution

It is pleasing to see that all product groups have seen growth during the year. Swedencare has through the acquisitions created a broad product portfolio of several strong trademarks. Nutraceuticals represents the group's largest product category at 50% and has shown a growth of 292% in comparison with the full year 2021 which is mainly explained by the acquired

companies; NaturVet, Innovet and CVP which sell most of their products under this category. ProDen PlaqueOff®, Swedencare's original product, has had a growth of 16% (20%) for the whole year. According to what we have previously communicated has the production of Pharma products begun during H2 in Vetio North, which in accordance with our expectations, increases growth in the product group.

During 2022 and 2021 sales per product group were distributed according to the graphics.



### Profit

The operating gross margin of 57.6% for 2022 can be compared with 55.9% for the full year 2021. The higher gross margin is attributable to the higher gross margin in the companies that were acquired during the year.

The external and personnel costs, adjusted for acquisition costs, have increased in connection with the growth and amounts for the period to 625.7 MSEK (241.7 MSEK), corresponds to 35% of total revenues which is at a similar level to the average since Q2 since company structure is similar. A higher proportion online sales affect the external costs, as these cooperation costs are directly linked to total revenue. Operational EBITA amounted in 2022 to 367.1 MSEK (171.9 MSEK), which corresponds to a margin of 20.0% (22.2%).

The depreciation, which amounted to 269.3 MSEK (72.9 MSEK), are mainly attributable to the executed company acquisitions where parts of the surplus value are distributed to intangible assets with a definite useful life. Of the total depreciation, 205.8 MSEK (54.6 MSEK) consist of intangible assets. Of the 63.5 MSEK (18.3 MSEK) in total tangible assets is 32.9 MSEK (10.3 MSEK) attributable to IFRS16.

The operation profit (EBIT) for the 2022 amounted to 120.0 MSEK (64.6 MSEK), which corresponds to a EBIT-margin of 6.5% (8.3%).

Exchange rate changes affected EBITA by an exchange rate gain of 8.5 MSEK (7.8 MSEK) and the interest costs for loans taken out in connection with the acquisitions amounts to 30.6 MSEK (7.3 MSEK) for 2022.

At the beginning of 2022, an organizational change was carried out in the USA, which means, among other things, that from 2022 a consolidated tax return will be made for all American companies. This, along with the Section 338(h)(10) application for NaturVet, which is described in more detail on page 35, allows for tax depreciation of the excess values associated with the acquisition. For 2022, this resulted in utilized tax depreciation of 222.3 MSEK (21.3 MUSD), which means 0% in tax expense. This means a lower tax cost of 52.2 MSEK (5 MUSD) for 2022 compared to an average tax rate of 23.75%. These possible depreciations can positively affect the result to the same extent for 14 years to come.

During 2022, Swedencare has re-examined the valuation allowance for deferred tax positions in the US. With the organizational change in the US together with tax write-offs linked to the NaturVet acquisition and the expected increase in revenues in 2023 and beyond it is expected that the consolidated group in the US will generate taxable income in the coming years and be able to use all deferred tax assets. The assessment is that previous losses and deferred tax receivables from previous years will be able to be utilized in future years.

The net income amounted to 94.5 MSEK (54.6 MSEK) corresponding to a profit margin of 5.1% (7.1%). Earnings per share for the full year increased to 0.61 SEK (0.49 SEK) calculated by weight average number of shares, 155,346,212 (111,951,297) as of December 31<sup>st</sup>, 2022. In May 2021, a share split was completed whereby an existing share was divided into 5 shares (share split 5:1).

# Other financial comments

## Cash flow

Cash flow from current operations after changes in working capital amounted to 96.0 MSEK (36.8 MSEK) during the fourth quarter respectively 260.2 MSEK (125.8 MSEK) for the full year 2022. A reduced working capital of 14.6 MSEK for the quarter is a result of lower capital tied up in inventory and accounts receivable despite a strong end to the year.

During Q4 2022, the acquisition of CVP has been completed. The purchase price of 134.7 MSEK was financed through a non-cash share issue of 26.5 MSEK, and the cash part of the purchase price amounts to 108.2 MSEK. In connection with the acquisition, 100 MSEK has been drawn by the company's Revolving Credit Facility (RCF). During the quarter, 25 MSEK was also amortized on the company's interest-bearing loan.

Investments in tangible and intangible assets during the quarter amounted to 6.1 MSEK (12.5 MSEK), respectively 67.2 MSEK (27.8 MSEK) for the full year 2022, which also includes the sale of intangible assets. The majority of the investments took place in the three major manufacturing facilities in California, Florida and Canada. During 2022, Swedencare has invested in total 4,599.0 MSEK in company acquisitions. These have been financed by new share issues of 3,533.6 MSEK and loans of 1,050.0 MSEK. Net loans, including amortization, amounts to 1,025.0 MSEK.

During the quarter key employees have acquired warrants to market value which impacted the cashflow with 1.1 MSEK.

During the fourth quarter of 2022, the cash flow amounted to 48.6 MSEK (-4.2 MSEK). For the full year 2022, the cash flow amounted to 88.5 MSEK (-155.0 MSEK).

## Financial position

Swedencare's equity amounted on December 31<sup>st</sup>, 2022, to 7,460.7 MSEK (2,419.8 MSEK), of which 1.6 MSEK (1.2 MSEK) was restricted equity. The increase is mainly explained by the directed new share issues of a total of 4,068.3 MSEK that were made during the year to finance the acquisitions of NaturVet, Innovet and Custom Vet Products.

At the extraordinary general meeting on October 19<sup>th</sup>, 2022, an incentive program was decided, including a directed new share of warrants to the company for onward transfer to employees within the Swedencare group at market value. Each warrant entitles during the period from and including December 1<sup>st</sup>, 2025, to and including February 28<sup>th</sup>, 2026, to subscribe for one (1) new share in Swedencare at a subscription price of 57.86 SEK. During the quarter, 251,500 warrants were transferred to participants in the incentive program, which has increased equity by 1.1 MSEK.

Swedencare's cash and cash equivalents amounted to December 31<sup>st</sup>, 2022, to 245.1 MSEK (136.1 MSEK), the group had on the same date interest-bearing long-term and short-term liabilities of a total 1,902.2 MSEK (721.5 MSEK). As of December 31<sup>st</sup>, 2022, Swedencare had a net debt of 1,657.1 MSEK (585.4 MSEK).

### Personnel

As of December 31<sup>st</sup>, 2022, Swedencare had a total of 486 employees spread over Sweden (13), England (31), Italy (16), France (2), Greece (10), Ireland (13), Spain (2) and the United States (399). The gender distribution is 49% women and 51% men. As of December 31<sup>st</sup>, 2021, Swedencare had a total of 280 employees. The increase in the number of employees is mainly due to the acquisitions of NaturVet (161), Innovet (16) and CVP (5) employees.

### Financing

Swedencare's debts to credit institutions amounted to 1,643 MSEK as of December 31<sup>st</sup>, 2022. The group has a Revolving Credit Facility (RCF) of 1,000 MSEK, of which the utilized amount amounted to 825 MSEK as of December 31<sup>st</sup>, 2022. In connection with the financing of the CVP acquisition, which was completed during the quarter, the utilized amount of the RCF increased by 100 MSEK. The amount used is divided into four withdrawals which fall due at 3-month intervals and run at variable interest (STIBOR+margin) linked to net debt. The average interest rate as of December 31<sup>st</sup> was 3.46%. The revolving loan extends to September

2024 with the possibility of two extension options of one year at a time, which gives a possible final maturity in September 2026. As of December 31<sup>st</sup>, the group has unused credit facilities of 175 MSEK.

The remaining loan to credit institutions is a term loan of 818 MSEK. The agreement extends to September 2024 with the possibility of two extension options 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 average interest rate as of December 30<sup>th</sup> was 2.34%.

The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. During the year, Swedencare complied with the financial covenants per the loan agreements.

### New share issues

On January 26<sup>th</sup>, 2022, Swedencare carried out a directed new share issue of 35.5 million shares and thereby added approximately 3.6 BSEK to partially finance the acquisitions of NaturVet and Innovet. All completed acquisitions in 2022 (NaturVet, Innovet and CVP) were partly financed by share issues in kind.



# Stock

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Number of shares* at the end of the period	158 731 900	118 150 028	104 423 715	79 009 900
Share price* at the end of the period	30.8	153.9	65.0	18.5

\*Converted to the number of shares after the share split 5:1 that took place in May 2021

**Shareholders** (the table summarizes Swedencare's ownership structure as of December 31<sup>st</sup>, 2022).

	Number of shares	Ownership
Symrise AG	47 117 318	29.7%
Håkan Svanberg & Co Health Care AB	23 052 775	14.5%
JCC Group Invest Sweden AB ( <i>Johan Bergdahl through company</i> )	7 526 755	4.7%
AMF Aktiefond Småbolag	6 006 500	3.8%
Mastan AB ( <i>Håkan Lagerberg through company</i> )	5 643 820	3.6%
Första AP-fonden	5 424 596	3.4%
SEB Fonder	4 980 804	3.1%
Scott Garmon - MD NaturVet	3 854 978	2.4%
Grandeur Peak Global Advisors, LLC	2 792 272	1.8%
DNCA Finance S.A	2 697 248	1.7%
Aktia Asset Management	2 219 630	1.4%
Handelsbanken Fonder	2 172 003	1.4%
Berenberg Funds	1 997 978	1.3%
Matthew Shaw - MD Nutravet	1 935 897	1.2%
Martin Shimko - MD SwedencareUSA	1 400 000	0.9%
Other	39 909 326	25.14%
<b>Total</b>	<b>158 731 900</b>	<b>100.00%</b>
Free Float*	65 772 368	41.44%

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. Current lockup agreements give the seller of acquired companies the right to dispose a third of the shares received in connection with the sale of the company, on the anniversary of the time of acquisition for the next three years.

# Strategic partnerships

*Through strategic agreements, market-specific expertise, and innovative products Swedencare has achieved extensive partnerships on numerous markets. We cooperate with partners to grow our markets, and the internal partnerships within our group are equally as important to lead to greater success. Here we present some of our successful partnerships around the world.*



## Shinki

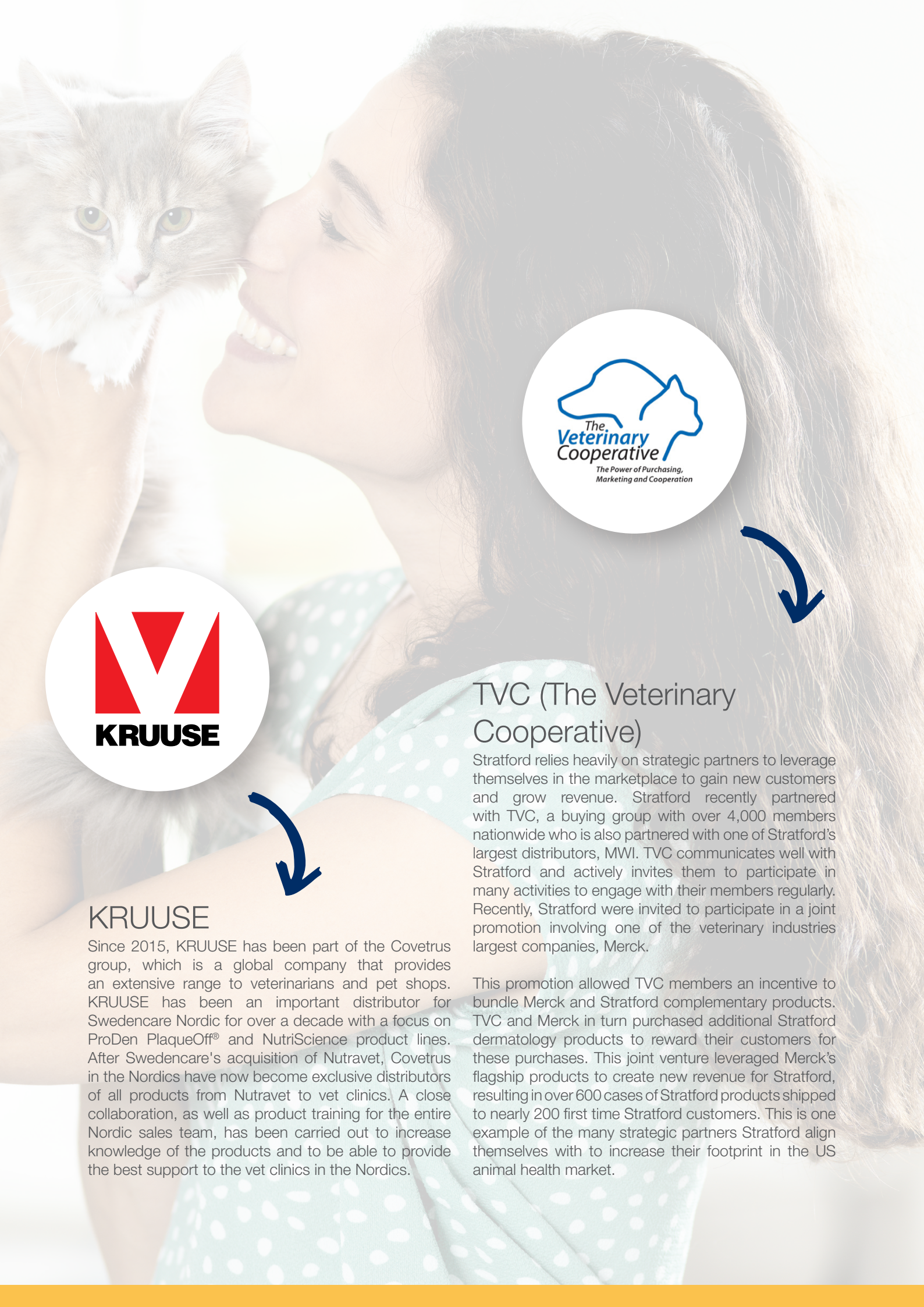
Shinki has been an important distributor to Swedencare since 2015 and have a distribution network all over South Korea. They are constantly expanding their markets and establishments and has increased their sales every year with both volumes and adding new products from our product portfolio. Their focus so far has been our ProDen PlaqueOff® and NutriScience product lines. Through Swedencare's acquisitions in US & UK, Shinki sees opportunities to expand their distribution network and add new products, especially within the derma line and chews.



## IVC Evidensia

IVC Evidensia is a global leader in veterinary care, with an expansive network of over 2,600 clinics, hospitals and out-of-hour centres across 20 countries. Nutravet and IVC Evidensia have built a fantastic relationship since the launch of Vetpro in 2017, IVC Evidensia's own label in the nutraceutical range exclusively supplied by Nutravet. The collaboration has led to consistent double digit annual growth, exciting new product launches, and more recently opportunities in new territories. Between IVC Evidensia's practices and Nutravet Authorised Stockists, Nutravet retain a high percentage of the UK veterinary market, and the long-term partnership with IVC Evidensia is likely to create more opportunities for other Swedencare subsidiaries.





## TVC (The Veterinary Cooperative)

Stratford relies heavily on strategic partners to leverage themselves in the marketplace to gain new customers and grow revenue. Stratford recently partnered with TVC, a buying group with over 4,000 members nationwide who is also partnered with one of Stratford's largest distributors, MWI. TVC communicates well with Stratford and actively invites them to participate in many activities to engage with their members regularly. Recently, Stratford were invited to participate in a joint promotion involving one of the veterinary industries largest companies, Merck.

This promotion allowed TVC members an incentive to bundle Merck and Stratford complementary products. TVC and Merck in turn purchased additional Stratford dermatology products to reward their customers for these purchases. This joint venture leveraged Merck's flagship products to create new revenue for Stratford, resulting in over 600 cases of Stratford products shipped to nearly 200 first time Stratford customers. This is one example of the many strategic partners Stratford align themselves with to increase their footprint in the US animal health market.

## KRUUSE

Since 2015, KRUUSE has been part of the Covetrus group, which is a global company that provides an extensive range to veterinarians and pet shops. KRUUSE has been an important distributor for Swedencare Nordic for over a decade with a focus on ProDen PlaqueOff® and NutriScience product lines. After Swedencare's acquisition of Nutravet, Covetrus in the Nordics have now become exclusive distributors of all products from Nutravet to vet clinics. A close collaboration, as well as product training for the entire Nordic sales team, has been carried out to increase knowledge of the products and to be able to provide the best support to the vet clinics in the Nordics.

# Financial overview

## Consolidated profit and loss (KSEK)

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue	497 351	255 204	1 829 457	770 441
Other revenue	1 862	331	4 861	2 767
<b>Total revenue</b>	<b>499 213</b>	<b>255 535</b>	<b>1 834 318</b>	<b>773 208</b>
Cost of sales	-208 204	-125 390	-813 882	-384 569
<b>Gross margin</b>	<b>291 009</b>	<b>130 145</b>	<b>1 020 436</b>	<b>388 639</b>
Other external costs	-104 324	-47 714	-358 560	-149 846
Personnel costs	-74 376	-38 350	-281 144	-109 085
<b>Operating profit before depreciation (EBITDA)</b>	<b>112 309</b>	<b>44 081</b>	<b>380 732</b>	<b>129 708</b>
Depreciation and write-offs of tangible fixed assets	-18 153	-7 701	-63 451	-18 320
<b>Operating profit before interest, taxes and amortization (EBITA)</b>	<b>94 156</b>	<b>36 380</b>	<b>317 281</b>	<b>111 388</b>
Amortization of intangible fixed assets	-58 485	-21 222	-205 801	-54 622
Other costs	-396	504	8 490	7 789
<b>Operating profit (EBIT)</b>	<b>35 275</b>	<b>15 662</b>	<b>119 970</b>	<b>64 555</b>
Financial costs	-17 399	-2 522	-39 698	-7 654
Results from shares in associated companies	-183	-	-183	-
<b>Profit after financial costs</b>	<b>17 693</b>	<b>13 140</b>	<b>80 089</b>	<b>56 901</b>
<b>Net income before tax</b>	<b>17 693</b>	<b>13 140</b>	<b>80 089</b>	<b>56 901</b>
Tax on profit	-10 482	1 307	-25 734	-23 465
Deferred tax	8 572	5 230	40 096	21 186
<b>Net income</b>	<b>15 783</b>	<b>19 677</b>	<b>94 451</b>	<b>54 622</b>
Earnings per share before dilution (SEK)	0.10	0.17	0.61	0.49
Earnings per share after dilution (SEK)	0.10	0.17	0.61	0.49

## Consolidated statement of comprehensive income (KSEK)

Net income	15 783	19 677	94 451	54 622
Exchange difference foreign subs.	-499 007	81 864	909 751	186 857
<b>TOTAL PROFIT</b>	<b>-483 224</b>	<b>101 541</b>	<b>1 004 202</b>	<b>241 479</b>

## Consolidated balance sheet (KSEK)

	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	4 067 474	1 464 390
Other intangible assets	4 301 947	1 302 843
Shares in associated companies	244	-
Buildings and land	150 896	74 481
Right of use according to IFRS - Buildings and land	248 719	97 329
Machinery and other tech assets	137 496	61 024
Right of use according to IFRS - Machinery and other tech assets	8 434	6 428
Tools, furniture, and fixtures	10 222	8 035
Other financial assets	815	273
Deferred tax asset	71 603	4 580
<b>Total non-current assets</b>	<b>8 997 850</b>	<b>3 019 383</b>
<b>Current assets</b>		
Inventory	441 532	158 299
Accounts receivables	228 768	110 271
Tax receivables	36 161	6 521
Other receivables	15 021	8 555
Prepaid costs and deferred revenue	40 262	32 004
Cash	245 068	136 086
<b>Total current assets</b>	<b>1 006 812</b>	<b>451 736</b>
<b>TOTAL ASSETS</b>	<b>10 004 662</b>	<b>3 471 119</b>

## Consolidated balance sheet (KSEK) cont.

	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 587	1 182
Reserve fund	22	22
Share premium	6 209 628	2 141 723
Conversion reserves	1 046 151	136 400
Other equity incl. full year profit	203 303	140 473
<b>Total equity</b>	<b>7 460 691</b>	<b>2 419 800</b>
<b>Long term liabilities</b>		
Debt to credit institutions	1 640 968	616 970
Other interest-bearing liabilities	221 366	86 749
Deferred tax liability	367 413	232 818
Debts to employees	4 188	-
<b>Short term liabilities</b>		
Accounts payable	66 890	36 262
Tax liabilities	49 543	14 100
Other interest-bearing liabilities	39 840	17 814
Other liabilities	106 312	10 231
Deferred costs and prepaid income	47 451	36 375
<b>Total liabilities</b>	<b>2 543 971</b>	<b>1 051 319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 004 662</b>	<b>3 471 119</b>

## Consolidated cash flow statement (KSEK)

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating income before financial costs	35 275	15 662	119 970	64 555
Paid interest	-13 225	-2 056	-30 290	-7 312
Depreciation	76 638	28 923	269 252	72 942
Paid tax	-18 085	-5 060	-30 881	-20 423
Non-cash flow items	778	-1 133	22 931	37 261
Change in working capital	14 617	468	-90 780	-21 177
<b>Cash flow from operating activities</b>	<b>95 998</b>	<b>36 804</b>	<b>260 202</b>	<b>125 846</b>
<i>Investment activities excl. Leasing</i>				
Acquisitions	-109 122	-24 997	-4 359 289	-1 840 963
Acquisitions – payment of acquired debts	-	-	-239 752	-
Purchases of intangible assets	-896	-847	-3 699	-2 194
Sales of intangible assets	11 178	-	11 178	-
Purchases of buildings	-3 229	-393	-23 295	-10 064
Purchases of machines	-11 853	-9 735	-48 045	-13 048
Purchases of tools, furniture, and fixtures	-1 289	-1 483	-3 350	-2 476
<b>Cash flow from investments</b>	<b>-19 213</b>	<b>-651</b>	<b>-4 406 050</b>	<b>-1 742 899</b>
<i>Financial activities</i>				
New share issue	-	-	3 550 000	1 150 449
Warrants	1 124	-	1 124	-
Share issue costs	-492	-	-17 541	-1 142
Paid dividend	-	-	-31 622	-16 944
Loan	100 000	-	1 050 000	478 000
Amortization on interest-bearing loan	-24 350	-	-27 576	-13 000
Amortization on lease	-8 466	-3 598	-29 830	-9 514
<b>Cash flow for the period</b>	<b>48 603</b>	<b>-4 249</b>	<b>88 505</b>	<b>-155 050</b>
Cash balance at beginning of period	194 335	138 070	136 086	284 081
Exchange difference in cash	2 130	2 265	20 477	7 055
<b>Cash balance at end of period</b>	<b>245 068</b>	<b>136 086</b>	<b>245 068</b>	<b>136 086</b>

## Consolidated change of equity (KSEK)

Beginning balance	7 916 726	2 301 961	2 419 800	918 351
New share issued*	26 065	16 298	4 067 187	1 276 914
Warrants	1 124	-	1 124	-
Paid dividend	-	-	-31 622	-16 944
Total profit	-483 224	101 541	1 004 202	241 479
<b>Ending balance</b>	<b>7 460 691</b>	<b>2 419 800</b>	<b>7 460 691</b>	<b>2 419 800</b>

\* New share issued has decreased with share issue costs amounting to 17,541 MSEK for full year 2022 and 1,142 MSEK for full year 2021.

## 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, components, merchandise and transportation costs

### **Gross margin (%)**

Gross profit as a percentage of total revenue

### **EBITDA**

Operating profit before depreciation and other operating expenses

### **EBITDA-margin (%)**

EBITDA as a percentage of total revenue

### **EBITA**

Operating profit before amortization and other operating expenses

### **EBITA-margin (%)**

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

### **EBIT**

Operating profit

### **EBIT-margin (%)**

EBIT 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

### **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 Margin**

Gross margin excluding items affecting comparability

### **Operational Gross Margin (%)**

Op. Gross profit as a percentage of total 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 total 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 total 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 total revenue

## Consolidated KPI's (KSEK)

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue	497 351	255 204	1 829 457	770 441
Total revenue	499 213	255 535	1 834 318	773 208
EBIT	35 275	15 662	119 970	64 555
Net income	15 783	19 677	94 451	54 622
Balance sheet total	10 004 662	3 471 119	10 004 662	3 471 119
Equity	7 460 691	2 419 800	7 460 691	2 419 800
Change of revenue (%)	95.4%	153.6%	137.2%	221.8%
Gross margin (%)	58.3%	50.9%	55.6%	50.3%
Operational gross margin (%)	59.3%	52.1%	57.6%	55.9%
Operational EBITDA-margin (%)	24.1%	18.9%	23.5%	24.6%
EBITA-margin (%)	18.9%	14.2%	17.3%	14.4%
EBIT-margin (%)	7.1%	6.1%	6.5%	8.3%
Operational EBIT-margin (%)	20.1%	15.8%	20.4%	23.1%
Net income margin (%)	3.2%	7.7%	5.1%	7.1%
Solvency (%)	74.6%	69.7%	74.6%	69.7%
Interest-bearing net debt	1 657 106	585 447	1 657 106	585 447
Cash	245 068	136 086	245 068	136 086
Outstanding shares at period close	158 731 900	118 150 028	158 731 900	118 150 028
Average outstanding shares	158 522 955	118 150 028	155 346 212	111 951 297
Earnings per share (SEK)	0.10	0.17	0.61	0.49
Equity per share (SEK)	47.00	20.48	47.00	20.48

## Consolidated Operational KPI's (KSEK)

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Total revenue	499 213	255 535	1 834 318	773 208
<b>Operational gross profit</b>	<b>296 071</b>	<b>133 021</b>	<b>1 056 201</b>	<b>431 934</b>
<i>Operational gross margin</i>	59.3%	52.1%	57.6%	55.9%
Accounting adjustment of acquired inventory to fair value	5 062	2 876	35 765	43 295
<b>Gross profit</b>	<b>291 009</b>	<b>130 145</b>	<b>1 020 436</b>	<b>388 639</b>
<i>Gross margin</i>	58.3%	50.9%	55.6%	50.3%
<b>Operational EBITDA</b>	<b>120 180</b>	<b>48 345</b>	<b>430 534</b>	<b>190 245</b>
<i>Operational EBITDA-margin</i>	24.1%	18.9%	23.5%	24.6%
Acquisition costs	2 809	1 388	14 037	17 241
Accounting adjustment of acquired inventory to fair value	5 062	2 876	35 765	43 295
<b>EBITDA</b>	<b>112 309</b>	<b>44 081</b>	<b>380 732</b>	<b>129 709</b>
<i>EBITDA margin</i>	22.5%	17.3%	20.8%	16.8%
<b>Operational EBITA</b>	<b>102 027</b>	<b>40 644</b>	<b>367 083</b>	<b>171 924</b>
<i>Operational EBITA-margin</i>	20.4%	15.9%	20.0%	22.2%
Acquisition costs	2 809	1 388	14 037	17 241
Accounting adjustment of acquired inventory to fair value	5 062	2 876	35 765	43 295
<b>EBITA</b>	<b>94 156</b>	<b>36 380</b>	<b>317 281</b>	<b>111 388</b>
<i>EBITA margin</i>	18.9%	14.2%	17.3%	14.4%
<b>Operational EBIT</b>	<b>100 471</b>	<b>40 486</b>	<b>373 831</b>	<b>178 678</b>
<i>Operational EBIT-margin</i>	20.1%	15.8%	20.4%	23.1%
Acquisitions costs	2 809	1 388	14 037	17 241
Accounting adjustment of acquired inventory to fair value	5 062	2 876	35 765	43 295
Depreciation of acquisition-related intangible assets	57 325	20 560	204 058	53 587
<b>EBIT</b>	<b>35 275</b>	<b>15 662</b>	<b>119 970</b>	<b>64 555</b>
<i>EBIT margin</i>	7.1%	6.1%	6.5%	8.3%

### Items affecting comparability

Items affecting comparability refer to events and transactions whose earnings effects are important to pay attention to when the period's earnings are compared with previous periods and include; amortization of acquisition-related intangible assets, cost of goods that arose as a technical accounting consequence of allocation of acquisition purchase consideration and acquisition costs. Acquisition costs does mainly include legal expenses, warranty insurance and tax consultations.

Items affecting comparability are a designation of items which excluded show the group's earnings excluding items which by their nature are not recurring as part of current operations. In addition, peer comp analysis of companies that do not make acquisitions is facilitated, at the same time as analysis and assessment of acquisition objects becomes clearer and more transparent as their EBIT contribution coincides with the actual contribution to the group after consolidation. At the same time, it is 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 principles.



## Revenue breakdown - Q4 (KSEK)

Group (KSEK)	Oct-Dec 2022	Oct-Dec 2021	Change %
<b>Product areas</b>			
ProDen PlaqueOff®	50 012	41 090	22%
Nutraceuticals	271 557	67 370	303%
Topicals/Dermatology	139 177	110 661	26%
Pharma	23 401	16 494	42%
Other	13 204	19 589	-33%
<b>Total</b>	<b>497 351</b>	<b>255 204</b>	<b>95%</b>
<b>Time of revenue recognition</b>			
The performance commitment is met over time	75 953	75 398	1%
The performance commitment is met a certain time	421 398	179 806	134%
<b>Total</b>	<b>497 351</b>	<b>255 204</b>	<b>95%</b>
<b>Geografic market</b>			
Sweden	2 145	2 261	-5%
UK/Ireland	33 005	34 605	-5%
Rest of Europe	52 779	10 967	381%
North America	398 721	193 676	106%
Asia	9 028	10 879	-17%
Rest of the World	1 673	2 816	-41%
<b>Total</b>	<b>497 351</b>	<b>255 204</b>	<b>95%</b>

## Revenue breakdown - full year 2022 (KSEK)

Group (KSEK)	Jan-Dec 2022	Jan-Dec 2021	Change %
<b>Product areas</b>			
ProDen PlaqueOff®	179 128	154 642	16%
Nutraceuticals	916 612	233 733	292%
Topicals/Dermatology	563 169	298 878	88%
Pharma	91 934	33 100	178%
Other	78 614	50 088	57%
<b>Total</b>	<b>1 829 457</b>	<b>770 441</b>	<b>137%</b>
<b>Time of revenue recognition</b>			
The performance commitment is met over time	303 278	132 535	129%
The performance commitment is met a certain time	1 526 179	637 906	139%
<b>Total</b>	<b>1 829 457</b>	<b>770 441</b>	<b>137%</b>
<b>Geografic market</b>			
Sweden	6 894	8 000	-14%
UK/Ireland	126 744	132 068	-4%
Rest of Europe	173 219	46 866	270%
North America	1 479 396	544 041	172%
Asia	35 927	33 070	9%
Rest of the World	7 277	6 396	14%
<b>Total</b>	<b>1 829 457</b>	<b>770 441</b>	<b>137%</b>

## Operating segment reporting

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 and Other), and per production unit. 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 Directors, which confirms that the external and internal reporting are consistent.

## Operating segment the Group - Sales North America

The operating segment includes six sale companies in North America.

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue external	320 992	121 404	1 196 267	420 969
Net revenue internal	15 524	10 086	60 914	27 550
<b>Net revenue</b>	<b>336 516</b>	<b>131 490</b>	<b>1 257 181</b>	<b>448 519</b>
Other revenue external	-	-	-	-
Other revenue internal	-	636	-	636
<b>Total revenue</b>	<b>336 516</b>	<b>132 126</b>	<b>1 257 181</b>	<b>449 155</b>
Cost of sales	-152 198	-71 241	-589 419	-235 036
<b>Gross margin</b>	<b>184 318</b>	<b>60 885</b>	<b>667 762</b>	<b>214 119</b>
Other external costs	-77 430	-28 030	-250 631	-85 569
Personnel costs	-44 134	-16 329	-162 533	-51 020
<b>Operating profit before depreciation (EBITDA)</b>	<b>62 754</b>	<b>16 526</b>	<b>254 598</b>	<b>77 530</b>
Amortization of intangible fixed assets	-6 377	-5 195	-24 020	-19 852
Depreciation and write-offs of tangible fixed assets	-3 525	-397	-13 174	-1 398
Other costs	100	14	96	-35
<b>Operating profit (EBIT)</b>	<b>52 952</b>	<b>10 948</b>	<b>217 500</b>	<b>56 245</b>
Financial costs	-47	-78	-449	-386
<b>Profit after financial costs</b>	<b>52 905</b>	<b>10 870</b>	<b>217 051</b>	<b>55 859</b>
<b>Net income before tax</b>	<b>52 905</b>	<b>10 870</b>	<b>217 051</b>	<b>55 859</b>
Tax on profit	21 887	-740	19 813	-12 761
Deferred tax	-70 713	-158	-70 713	-158
<b>Net income</b>	<b>4 079</b>	<b>9 972</b>	<b>166 151</b>	<b>42 940</b>

## Operating segment the Group - Sales Europe

The operating segment includes eight sale companies in Europe.

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue external	82 096	44 005	278 412	168 169
Net revenue internal	338	173	1 072	708
<b>Net revenue</b>	<b>82 434</b>	<b>44 178</b>	<b>279 484</b>	<b>168 877</b>
Other revenue external	1 928	3	4 795	103
Other revenue internal	-	-	-	-
<b>Total revenue</b>	<b>84 362</b>	<b>44 181</b>	<b>284 279</b>	<b>168 980</b>
Cost of sales	-23 960	-17 359	-91 367	-67 767
<b>Gross margin</b>	<b>60 402</b>	<b>26 822</b>	<b>192 912</b>	<b>101 213</b>
Other external costs	-16 680	-7 981	-56 899	-23 051
Personnel costs	-7 915	-5 337	-32 806	-17 961
<b>Operating profit before depreciation (EBITDA)</b>	<b>35 807</b>	<b>13 504</b>	<b>103 207</b>	<b>60 201</b>
Amortization of intangible fixed assets	-6 784	-47	-22 140	-232
Depreciation and write-offs of tangible fixed assets	-193	-63	-572	-290
Other costs	-644	24	-827	94
<b>Operating profit (EBIT)</b>	<b>28 186</b>	<b>13 418</b>	<b>79 668</b>	<b>59 773</b>
Financial costs	-2 719	-3 004	-2 724	-3 022
<b>Profit after financial costs</b>	<b>25 467</b>	<b>10 414</b>	<b>76 944</b>	<b>56 751</b>
<b>Net income before tax</b>	<b>25 467</b>	<b>10 414</b>	<b>76 944</b>	<b>56 751</b>
Tax on profit	-6 096	-2 003	-18 156	-11 248
Deferred tax	391	298	393	298
<b>Net income</b>	<b>19 762</b>	<b>8 709</b>	<b>59 181</b>	<b>45 801</b>

## Operating segment the Group - Production

Production – including Vetio (Canada and USA), Swedencare Tillverka (USA), Swedencare Ireland (Ireland) and Custom Vet Products (UK).

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue external	80 494	75 707	319 914	143 222
Net revenue internal	13 771	11 748	88 902	46 063
<b>Net revenue</b>	<b>94 265</b>	<b>87 455</b>	<b>408 816</b>	<b>189 285</b>
Other revenue external	66	137	66	1 985
Other revenue internal	25	1 882	476	2 096
<b>Total revenue</b>	<b>94 356</b>	<b>89 474</b>	<b>409 358</b>	<b>193 366</b>
Cost of sales	-58 572	-51 522	-237 967	-106 068
<b>Gross margin</b>	<b>35 784</b>	<b>37 952</b>	<b>171 391</b>	<b>87 298</b>
Other external costs	-14 772	-14 919	-58 629	-25 788
Personnel costs	-16 277	-12 501	-65 207	-25 473
<b>Operating profit before depreciation (EBITDA)</b>	<b>4 735</b>	<b>10 532</b>	<b>47 555</b>	<b>36 037</b>
Amortization of intangible fixed assets	-1 231	-1 043	-4 594	-2 023
Depreciation and write-offs of tangible fixed assets	-4 946	-3 131	-16 588	-6 151
Other costs	475	29	2 278	117
<b>Operating profit (EBIT)</b>	<b>-967</b>	<b>6 387</b>	<b>28 651</b>	<b>27 980</b>
Financial costs	-156	-106	-434	-323
<b>Profit after financial costs</b>	<b>-1 123</b>	<b>6 281</b>	<b>28 217</b>	<b>27 657</b>
<b>Net income before tax</b>	<b>-1 123</b>	<b>6 281</b>	<b>28 217</b>	<b>27 657</b>
Tax on profit	-25 853	4 567	-26 956	2 960
Deferred tax	54 818	-9	54 803	-39
<b>Net income</b>	<b>27 842</b>	<b>10 839</b>	<b>56 064</b>	<b>30 578</b>

## Operating segment the Group - Other and group adjustments

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue external	13 769	14 088	34 864	38 081
Net revenue internal	-29 633	-22 007	-150 888	-74 321
<b>Net revenue</b>	<b>-15 864</b>	<b>-7 919</b>	<b>-116 024</b>	<b>-36 240</b>
Other revenue external	-132	191	-	679
Other revenue internal	-25	-2 518	-476	-2 732
<b>Total revenue</b>	<b>-16 021</b>	<b>-10 246</b>	<b>-116 500</b>	<b>-38 293</b>
Cost of sales	26 526	14 732	104 871	24 302
<b>Gross margin</b>	<b>10 505</b>	<b>4 486</b>	<b>-11 629</b>	<b>-13 991</b>
Other external costs	4 558	3 216	7 599	-15 438
Personnel costs	-6 050	-4 183	-20 598	-14 631
<b>Operating profit before depreciation (EBITDA)</b>	<b>9 013</b>	<b>3 519</b>	<b>-24 628</b>	<b>-44 060</b>
Amortization of intangible fixed assets	-44 093	-14 937	-155 047	-32 515
Depreciation and write-offs of tangible fixed assets	-9 489	-4 110	-33 117	-10 481
Other costs	-327	437	6 943	7 613
<b>Operating profit (EBIT)</b>	<b>-44 896</b>	<b>-15 091</b>	<b>-205 849</b>	<b>-79 443</b>
Financial costs	-14 477	666	-36 091	-3 923
<b>Profit after financial costs</b>	<b>-59 373</b>	<b>-14 425</b>	<b>-241 940</b>	<b>-83 366</b>
<b>Net income before tax</b>	<b>-59 373</b>	<b>-14 425</b>	<b>-241 940</b>	<b>-83 366</b>
Tax on profit	-420	-517	-435	-2 416
Deferred tax	24 076	5 099	55 613	21 085
<b>Net income</b>	<b>-35 717</b>	<b>-9 843</b>	<b>-186 762</b>	<b>-64 697</b>

## Parent company profit and loss (KSEK)

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue	13 516	13 193	48 758	49 424
Other revenue	5 074	2 844	5 074	3 332
<b>Total revenue</b>	<b>18 590</b>	<b>16 037</b>	<b>53 832</b>	<b>52 756</b>
Cost of sales	-4 200	-3 294	-15 530	-12 922
<b>Gross margin</b>	<b>14 390</b>	<b>12 743</b>	<b>38 302</b>	<b>39 834</b>
Other external costs	-6 657	-5 196	-19 405	-15 690
Personnel costs	-5 327	-3 697	-19 875	-14 145
<b>Operating profit before depreciation (EBITDA)</b>	<b>2 406</b>	<b>3 850</b>	<b>-978</b>	<b>9 999</b>
Amortization of intangible fixed assets	-238	-224	-953	-724
Depreciation and write-offs of tangible fixed assets	-7	-9	-30	-26
Other costs	-328	434	6 942	7 611
<b>Operating profit (EBIT)</b>	<b>1 833</b>	<b>4 051</b>	<b>4 981</b>	<b>16 860</b>
Financial costs	71 703	11 200	145 301	61 146
<b>Profit after financial costs</b>	<b>73 536</b>	<b>15 251</b>	<b>150 282</b>	<b>78 006</b>
<b>Net income before tax</b>	<b>73 536</b>	<b>15 251</b>	<b>150 282</b>	<b>78 006</b>
Tax on profit	-	-583	-15	-2 481
<b>Net income</b>	<b>73 536</b>	<b>14 668</b>	<b>150 267</b>	<b>75 525</b>

## Parent company balance sheet (KSEK)

	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
<b>Non current-assets</b>		
Other intangible assets	2 596	3 523
Tools, furniture and fixtures	123	103
Shares in subsidiaries	8 065 548	2 817 938
Shares in associated companies	427	-
<b>Total non current assets</b>	<b>8 068 694</b>	<b>2 821 564</b>
<b>Current assets</b>		
Inventory	4 890	2 209
Accounts receivable	5 171	5 105
Tax claims	2 408	77
Intercompany receivables	30 759	21 751
Other receivables	1 061	1 373
Prepaid costs and deferred revenue	1 468	4 061
Cash and bank balances	85 255	34 260
<b>Total current assets</b>	<b>131 012</b>	<b>68 836</b>
<b>TOTAL ASSETS</b>	<b>8 199 706</b>	<b>2 890 400</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 587	1 182
Reserves	22	22
Retained earnings incl. NI	6 449 301	2 262 751
<b>Total equity</b>	<b>6 450 910</b>	<b>2 263 955</b>
<b>Long term liabilities</b>		
Debt to credit institutions	1 640 424	616 970
<b>Short term liabilities</b>		
Accounts payable	1 893	2 985
Intercompany payables	94 112	498
Other liabilities	1 095	952
Deferred costs and prepaid income	11 272	5 040
<b>Total liabilities</b>	<b>1 748 796</b>	<b>626 445</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 199 706</b>	<b>2 890 400</b>



## Note 1 Accounting principles

This yearend 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.

### Estimates and assessments

During 2022, Swedencare has re-examined the valuation allowance for deferred tax positions in the US. With the organizational change in the US together with tax write-offs linked to the NaturVet acquisition and the expected increase in revenues in 2023 and beyond it is expected that the consolidated group in the US will generate taxable income in the coming years and be able to use all deferred tax assets. The assessment is that previous losses and deferred tax receivables from previous years will be able to be utilized in future years.

### Segment reporting

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 and Other), and per production unit. 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 Directors, which confirms that the external and internal reporting are consistent.

### Warrants

The price per warrant corresponds to the warrant's market value estimated through application of the customary valuation model (the Black-Scholes model) based on the share price of the listed share and other market conditions prevailing on the date of assignment. The market value is set at 4,47 SEK per option. Under the fourth quarter of 2022 key employees acquired 251,500 warrants which increased cash and equity by 1,1 MSEK.

Each warrant entitles the holder, during the period from 1 December 2025 to 28 February 2026, to subscribe for one (1) new share in the Company at a subscription

price amounting to 135 percent of the volume-weighted average price (VWAP) paid for the Company's share on Nasdaq First North Growth during the period from 12 October 2022 to 18 October 2022. VWAP is set at 42,86 SEK and the subscription price, amounting to 135 percent of VWAP, is set at 57,86 SEK.

Warrants only give rise to a dilutive effect when the average price of ordinary shares during the period exceeds the exercise price of the warrants, that is, when they have a real value. Per the balance sheet date, the warrants do not have a real value and thus there is no dilutive effect.

## Note 2 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

### Risk management - The war in Ukraine

The war in Ukraine has created great uncertainty and volatility in the global market, which has had a clear impact on commodity prices, freight costs and energy. Higher gas and oil prices can lead to larger costs for companies, which can result in higher final prices for consumers, which can affect their purchasing power. The imbalances that have arisen due to the war have contributed to increased inflation, which has weakened purchasing power. Increased inflation also leads to increased interest rates, which leads to higher borrowing costs. The indirect effects of the war may affect Swedencare's operations, financial position, and results.

Swedencare has taken a position against higher prices by continuously analyzing price changes and by implementing price increases, which compensates for increased prices of raw materials in the current situation. We closely follow the development of inflation and the key interest rate in order to be able to act quickly and reduce the impact that changed conditions have on the group. A sensitivity analysis is done continuously on loan costs to analyze possible outcomes. The uncertainty surrounding the unstable situation in Ukraine and the continued effects on us, our customers and supply chains are highly uncertain and impossible to predict.

### Risk management - Rising interest rates

Swedencare's debts to credit institutions amounted to 1,643 MSEK as of December 31st, 2022. Average interest for the group's RCF of 825 MSEK amounted to 3.46% as of December 31st, 2022. Average interest for the group's term loan of 818 MSEK amounted to 2.34% as of December 31st, 2022.

Reported value for the loans taken out ( 1,643 MSEK) and interest (30.6 MSEK) as of the balance sheet date amount to a total of 1,673.6 MSEK. Fair value for loans taken out and interest as of the balance sheet date amounts to 1,706.5 MSEK.

The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. During the year, Swedencare complied with the financial covenants per the loan agreements.

*Sensitivity analysis RCF and loan per December 31<sup>st</sup> (MSEK)*

	Debt to credit institutions	Average interest rate (AIR)	AIR +1%	AIR +2%	AIR +3%
RCF*	825	<b>3.46%</b>	<b>4.46%</b>	<b>5.46%</b>	<b>6.46%</b>
Interest charge RCF		28.6	36.8	45.1	53.3
Loan	818	<b>2.34%</b>	<b>3.34%</b>	<b>4.34%</b>	<b>5.34%</b>
Interest charge term-loan		19.1	27.3	35.5	43.6
<b>Total</b>	<b>1 643</b>	<b>47.7</b>	<b>64.1</b>	<b>80.5</b>	<b>97.0</b>

\* Not used RCF amounted to 175 MSEK

For a description of Swedencare's risks including exchange rate, reference is made to the Company's Annual Report.

## Note 3 Related party transactions

It was decided on the extra ordinary General Meeting on October 19th, 2022 on an incentive program, comprising a private placement of warrants to the company and transfer of the warrants to key employees within the Swedencare group at market value. During the quarter key employees in the Swedencare group have acquired 251,500 warrants in the incentive program 2022/2026.

## Note 4 Completed acquisition analyzes and adjustments

During the yearend report work, changes have occurred in the initial acquisition analyzes for NaturVet and Innovet after they were stated to be determined in Q3 2022. The reason for this is that the accounting was prepared too soon after the acquisition and that new information was added in connection with the final tax calculation.

### Changes NaturVet

Swedencare, together with the seller of NaturVet, has made a joint application for Section 338(h)(10) in the USA, which treats the acquisition transaction for tax purposes as an asset acquisition and thus all excess values are tax deductible. The acquisition tax analysis was approved in December 2022 and thus the cost of the Section 338(h)(10) application was determined by agreement. Swedencare paid USD 8.9 million to the seller of NaturVet on January 11th, 2023, according to the agreement for the Section 338(h)(10) application.

The taxable distribution of the excess values meant that there is no longer any tax liability linked to brands and customer relationships as presented in previous reports. This change also affects the goodwill value.

### Changes Innovet

In connection with the final tax calculation, a revaluation of deferred tax liability has arisen. The taxable distribution of the surplus values meant that there is no tax liability linked to trademarks. This change reduced the value of goodwill.

Previous periods have been adjusted regarding the revised acquisition analyses, see pages 35-37 for the final acquisition analyzes and pages 38-46 for the group's profit and loss statement and balance sheet for January 2022-September 2022.

# Acquisitions completed during the year

## **NaturVet – Acquisition of the leading American pet supplement company**

On February 1<sup>st</sup>, 2022, Swedencare acquired 100% of the American company NaturVet, one of America's largest and most profitable companies in the premium segment of food supplements for the pet market. The purchase price of a total of 4,365 MSEK (456.9 USD) is paid through a cash settlement of 3,553 MSEK (409.4 MUSD) and a non-cash issue of a total of 3,854,978 shares in Swedencare, 431 MSEK (47.5 MUSD) upon entry. A conditionbased purchase price (earn-out) of 290.4 MSEK (27.5 MUSD) was paid on July 15<sup>th</sup>, 2022. The result for fiscal year 2021 shows revenue of 65.0 MUSD and an EBITDA of approximately 20.7 MUSD, corresponding to an EBITDA-margin of 28.7%. Through the acquisition, Swedencare gains a very strong position within premium products on the American pet market, while NaturVet's products can gradually be offered within Swedencare's global distribution network.

## **Innovet – Acquisition of an Italian company with a focus on the veterinary segment**

On March 1<sup>st</sup>, 2022, Swedencare acquired 100% of Innovet, one of Italy's leading and most profitable food supplement companies focused on the veterinary segment. The purchase price of a total of 524 MSEK (50 MEUR) is paid through a cash settlement

of 447 MSEK (42.5 MEUR) and an issue in kind of shares of a total of 606,799 shares in Swedencare, 77.2 MSEK (7.5 MEUR) upon entry. Innovet had revenues of 13.1 MEUR during the financial year 2021 with an EBITDA of 4.5 MEUR, corresponding to an EBITDA-margin of 34.4%. Through the acquisition, Swedencare gains a strong position within dietary supplements on the Italian pet market, while Innovet's internationalization gains increased resources through Swedencare's global distribution network.

## **Custom Vet Products – Acquisition of a British company with a focus on manufacturing soft chew products for pets**

On November 1<sup>st</sup>, 2022, Swedencare acquired 100% of the British company Custom Vet Products (CVP). CVP is a manufacturer of soft chew products for pets sold mainly in the UK and in some European countries. The total purchase price 134.7 MSEK (10.6 MGBP) is paid through a cash settlement of 108.2 MSEK (8.5 MGBP) and an issue in kind of shares of a total of 620,095 shares in Swedencare, 26.5 MSEK (2.1 GBP), upon entry. CVP had a total net revenue of 31.4 MSEK (2.4 MGBP) during the last financial year (April 2021 – March 2022) with an EBIT of 13.1 MSEK (1.0 MGBP), corresponding to an EBIT-margin of 44%. Through the acquisition, Swedencare gains a strong presence in the manufacturing and development of premium soft chews for the pet market in UK and Europe.

## Acquisitions completed during the year

<b>Acquisition:</b>	<b>NaturVet</b>	<b>Innovet</b>	<b>Custom Vet Products</b>
<b>Purchase price:</b>			
Cash payment for this year's acquisition	3 553 020	446 579	108 194
Issue in kind of shares	430 987	77 185	26 556
Transferred compensation to seller, paid in Jan 2023	92 890	-	-
Additional purchase price*	288 128	-	-
<b>Total purchase price</b>	<b>4 365 025</b>	<b>523 764</b>	<b>134 750</b>

\*Additional purchase price has been paid and no further regulation can take place. Additional purchase price has been calculated at fair value at the time of acquisition.

Shareholder contributions in connection with acquisitions	204 428	-	-
<b>Total disbursed cash</b>	<b>4 569 453</b>	<b>-</b>	<b>-</b>

	<b>NaturVet</b>	<b>Innovet</b>	<b>Custom Vet Products</b>
<b>Payments for acquisitions:</b>			
Payment for this year's acquisition	4 365 025	523 764	134 750
Acquired cash and bank balances	530	35 223	3 499
Issuance costs that are deductible items in equity	-8 717	-8 332	-289
Transaction costs that are included in Net income as Other external costs	-8 160	-3 189	-2 688
<b>Total paid</b>	<b>4 348 678</b>	<b>547 466</b>	<b>135 272</b>

<b>Contributions from acquired companies:</b>	<b>NaturVet</b>	<b>Innovet</b>	<b>Custom Vet Products</b>
<b>Contribution from the time when the controlling influence existed</b>			
Total revenue	637 095	125 171	1 305
<b>Net income</b>	<b>128 256</b>	<b>24 978</b>	<b>-86</b>

	<b>NaturVet</b>	<b>Innovet</b>	<b>Custom Vet Products</b>
<b>Contribution if the acquisition had been made January 1<sup>st</sup>, 2022</b>			
Total revenue	695 993	144 544	19 804
<b>Net income</b>	<b>143 983</b>	<b>25 893</b>	<b>4 813</b>

The shareprice of 111.8 SEK for NaturVet is calculated as the volume-weighted average price per Parent company share for the latest 10 trading days immediately preceding January 25<sup>th</sup>, 2022, and calculated on the average USD/SEK exchange rate for the same period amounting to 9,0734.

The shareprice of 127.2 SEK for Innovet is calculated as the volume-weighted average price per Parent company share for the latest 30 trading days

immediately preceding January 25<sup>th</sup>, 2022, and calculated on the average USD/SEK exchange rate for the same period amounting to 10,2913.

The shareprice of 42.80 SEK for CVP is calculated as the volume-weighted average price per Parent company share for the latest 20 trading days immediately preceding October 31<sup>st</sup>, 2022, and calculated on the average GBP/SEK exchange rate for the same period amounting to 12,5740.

	NaturVet	Innovet	Custom Vet Products
Exchange rate	9.07	10.29	12.57
Share price	111.80	127.20	42.80
Number of shares	3 854 978	606 799	620 095

Goodwill is attributable to the strategic and transformative acquisitions of NaturVet, Innovet and CVP. Naturvet has a proprietary portfolio of premium products in several categories produced in their own manufacturing facility in California, Innovet has a patent-protected portfolio of science-based products in several categories and CVP manufactures premium soft chews for the pet market in the UK and Europe. The acquisitions contribute to the expansion of the product portfolio within Swedencare's group and to the acceleration of the soft chew launch in Europe, at the same time as Swedencare's market position in the US and in Europe is further strengthened. Swedencare's existing customer coverage in the USA

of approximately 15,000 veterinary clinics is increased with the same number of petshops, while the online share also increases significantly. Innovet's products are mainly sold in Italy but with great potential for internationalization, which Swedencare will help with by speeding up the process significantly. Several synergy projects have been identified with all acquired companies. Through the acquisition of NaturVet, a goodwill of 1,860 MSEK arises which is tax deductible and is intended to be written off over 15 years.

The fair value of the receivables is consistent with the reported value and all receivables are expected to be collected.

The table below summarizes final acquisition analyses.

Acquired assets and liabilities	NaturVet	Innovet	Custom Vet Products	Total
<b><i>Immateriella anläggningstillgångar</i></b>				
-Brands	1 148 150	77 495	-	1 225 645
-Customer relationships	1 278 218	197 732	46 696	1 522 646
-Intellectual property	-	-	6 129	6 129
-Other intangible assets	9 167	67	476	9 710
Tangible assets	80 127	567	2 214	82 908
Inventory	168 217	62 700	4 886	235 803
Accounts receivable	56 243	26 459	2 486	85 188
Other current receivables	2 353	4 781	28	7 162
Cash	530	35 223	3 499	39 252
<b>Total acquired net assets</b>	<b>2 743 005</b>	<b>405 024</b>	<b>66 414</b>	<b>3 214 443</b>
Accounts payable	-23 273	-21 743	-499	-45 515
Other current liabilities	-9 861	-55 567	-4 159	-69 587
Deferred tax liability	-	-65 762	-10 197	-75 959
<b>Total acquired net liabilities</b>	<b>-33 134</b>	<b>-143 072</b>	<b>-14 855</b>	<b>-191 061</b>
Goodwill	1 859 582	261 812	83 191	2 204 585
<b>Total</b>	<b>4 569 453</b>	<b>523 764</b>	<b>134 750</b>	<b>5 227 967</b>

## Q1 2022 - Adjusted profit and loss - The group (KSEK)

	According to previous interim report	Adjustment	After adjustment
	Jan-Mar 2022		Jan-Mar 2022
Net revenue	377 666	-	377 666
Other revenue	2 487	-	2 487
<b>Total revenue</b>	<b>380 153</b>	<b>-</b>	<b>380 153</b>
Cost of sales	-171 895	-	-171 895
<b>Gross margin</b>	<b>208 258</b>	<b>-</b>	<b>208 258</b>
Other external costs	-71 776	-	-71 776
Personnel costs	-57 389	-	-57 389
<b>Operating profit before depreciation (EBITDA)</b>	<b>79 093</b>	<b>-</b>	<b>79 093</b>
Amortization of intangible fixed assets	-12 590	-	-12 590
Depreciation and write-offs of tangible fixed assets	-41 537	-	-41 537
Other costs	-153	-	-153
<b>Operating profit (EBIT)</b>	<b>24 813</b>	<b>-</b>	<b>24 813</b>
Financial costs	-4 729	-758	-5 487
<b>Profit after financial costs</b>	<b>20 084</b>	<b>-758</b>	<b>19 326</b>
<b>Net income before tax</b>	<b>20 084</b>	<b>-758</b>	<b>19 326</b>
Tax on profit	-5 207	-	-5 207
Deferred tax	10 456	-9 843	613
<b>Net income</b>	<b>25 333</b>	<b>-10 601</b>	<b>14 732</b>
Earnings per share (SEK)	0.17	-0.07	0.10
Net income margin %	6.7%	-2.8%	3.9%

## March 31<sup>st</sup>, 2022 - Adjusted balance sheet - The group (KSEK)

	According to previous interim report	Adjustment	After adjustment
	31 Mar 2022		31 Mar 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4 045 604	-440 298	3 605 306
Other intangible assets	3 949 438	-	3 949 438
Buildings and land	126 369	-	126 369
Right of use according to IFRS - Buildings and land	219 376	-	219 376
Machinery and other tech assets	107 162	-	107 162
Right of use according to IFRS - Machinery and other tech assets	6 765	-	6 765
Tools, furniture, and fixtures	8 736	-	8 736
Other financial assets	738	-	738
Deferred tax asset	6 294	1 135	7 429
<b>Total non-current assets</b>	<b>8 470 482</b>	<b>-439 163</b>	<b>8 031 319</b>
<b>Current assets</b>			
Inventory	356 205	-	356 205
Accounts receivables	199 672	-	199 672
Tax receivables	22 340	-	22 340
Other receivables	12 573	-	12 573
Prepaid costs and deferred revenue	35 450	-	35 450
Cash	277 340	-	277 340
<b>Total current assets</b>	<b>903 580</b>	<b>-</b>	<b>903 580</b>
<b>TOTAL ASSETS</b>	<b>9 374 062</b>	<b>-439 163</b>	<b>8 934 899</b>

## March 31<sup>st</sup>, 2022 - Adjusted balance sheet - The group (KSEK)- cont.

	According to previous interim report	Adjustment	After adjustment
	31 Mar 2022		31 Mar 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 581	-	1 581
Reserve fund	22	-	22
Share premium	6 182 374	-	6 182 374
Conversion reserves	147 343	84	147 427
Other equity incl. full year profit	165 808	-10 601	155 207
<b>Total equity</b>	<b>6 497 128</b>	<b>-10 517</b>	<b>6 486 611</b>
<b>Long term liabilities</b>			
Debt to credit institutions	1 366 977	-	1 366 977
Other interest-bearing liabilities	196 100	-	196 100
Deferred tax liability	814 062	-509 591	304 471
Debts to employees	4 454	-	4 454
<b>Short term liabilities</b>			
Accounts payable	87 991	-	87 991
Tax liabilities	27 194	-	27 194
Other interest-bearing liabilities	31 541	-	31 541
Other liabilities	308 583	80 945	389 528
Deferred costs and prepaid income	40 032	-	40 032
<b>Total liabilities</b>	<b>2 876 934</b>	<b>-428 646</b>	<b>2 448 288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9 374 062</b>	<b>-439 163</b>	<b>8 934 899</b>



## Q2 2022 - Adjusted profit and loss - The group (KSEK)

	According to previous interim report	Adj.	After adj.	According to previous interim report	Adj.	After adj.
	Apr-Jun 2022			Apr-Jun 2022		
Net revenue	470 894	-	470 894	848 560	-	848 560
Other revenue	442	-	442	2 928	-	2 928
<b>Total revenue</b>	<b>471 336</b>	<b>-</b>	<b>471 336</b>	<b>851 488</b>	<b>-</b>	<b>851 488</b>
Cost of sales	-206 725	-	-206 725	-378 619	-	-378 619
<b>Gross margin</b>	<b>264 611</b>	<b>-</b>	<b>264 611</b>	<b>472 869</b>	<b>-</b>	<b>472 869</b>
Other external costs	-87 032	-	-87 032	-158 808	-	-158 808
Personnel costs	-72 057	-	-72 057	-129 446	-	-129 446
<b>Operating profit before depreciation (EBITDA)</b>	<b>105 522</b>	<b>-</b>	<b>105 522</b>	<b>184 615</b>	<b>-</b>	<b>184 615</b>
Amortization of intangible fixed assets	-15 675	-	-15 675	-97 701	-	-97 701
Depreciation and write-offs of tangible fixed assets	-56 164	-	-56 164	-28 265	-	-28 265
Other costs	4 560	-	4 560	4 407	-	4 407
<b>Operating profit (EBIT)</b>	<b>38 243</b>	<b>-</b>	<b>38 243</b>	<b>63 056</b>	<b>-</b>	<b>63 056</b>
Financial costs	-5 311	-1 188	-6 499	-10 041	-1 945	-11 986
<b>Profit after financial costs</b>	<b>32 932</b>	<b>-1 188</b>	<b>31 744</b>	<b>53 015</b>	<b>-1 945</b>	<b>51 070</b>
<b>Net income before tax</b>	<b>32 932</b>	<b>-1 188</b>	<b>31 744</b>	<b>53 015</b>	<b>-1 945</b>	<b>51 070</b>
Tax on profit	-6 236	-	-6 236	-11 443	-	-11 443
Deferred tax	50 931	-16 284	34 647	61 388	-26 128	35 260
<b>Net income</b>	<b>77 627</b>	<b>-17 472</b>	<b>60 155</b>	<b>102 960</b>	<b>-28 073</b>	<b>74 887</b>
Earnings per share (SEK)	0.49	-0.11	0.38	0.68	-0.18	0.49
Net income margin %	16.5%	-3.7%	12.8%	12.1%	-3.3%	8.8%

## June 30<sup>th</sup>, 2022 - Adjusted balance sheet - The group (KSEK)

	According to previous interim report	Adjustment	After adjustment
	30 Jun 2022		30 Jun 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4 385 620	-484 272	3 901 348
Other intangible assets	4 267 993	-	4 267 993
Shares in associated companies	427	-	427
Buildings and land	147 610	-	147 610
Right of use according to IFRS - Buildings and land	235 766	-	235 766
Machinery and other tech assets	121 962	-	121 962
Right of use according to IFRS - Machinery and other tech assets	8 557	-	8 557
Tools, furniture, and fixtures	9 073	-	9 073
Other financial assets	787	-	787
Deferred tax asset	44 481	3 130	47 611
<b>Total non-current assets</b>	<b>9 222 276</b>	<b>-481 142</b>	<b>8 741 134</b>
<b>Current assets</b>			
Inventory	443 966	-	443 966
Accounts receivables	240 335	-	240 335
Tax receivables	8 875	-	8 875
Other receivables	8 697	-	8 697
Prepaid costs and deferred revenue	46 397	-	46 397
Cash	235 491	-	235 491
<b>Total current assets</b>	<b>983 761</b>	<b>-</b>	<b>983 761</b>
<b>TOTAL ASSETS</b>	<b>10 206 037</b>	<b>-481 142</b>	<b>9 724 895</b>

## June 30<sup>th</sup>, 2022 - Adjusted balance sheet - The group (KSEK)- cont.

	According to previous interim report	Adjustment	After adjustment
	30 Jun 2022		30 Jun 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 581	-	1 581
Reserve fund	22	-	22
Share premium	6 182 445	-	6 182 445
Conversion reserves	896 105	-1 752	894 353
Other equity incl. full year profit	211 813	-28 073	183 740
<b>Total equity</b>	<b>7 291 966</b>	<b>-29 825</b>	<b>7 262 141</b>
<b>Long term liabilities</b>			
Debt to credit institutions	1 366 750	-	1 366 750
Other interest-bearing liabilities	211 095	-	211 095
Deferred tax liability	872 924	-541 857	331 067
Debts to employees	3 932	-	3 932
<b>Short term liabilities</b>			
Accounts payable	79 379	-	79 379
Tax liabilities	24 592	-	24 592
Other interest-bearing liabilities	35 692	-	35 692
Other liabilities	16 304	90 540	106 844
Deferred costs and prepaid income	303 403	-	303 403
<b>Total liabilities</b>	<b>2 914 071</b>	<b>-451 317</b>	<b>2 462 754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 206 037</b>	<b>-481 142</b>	<b>9 724 895</b>

## Q3 2022 - Adjusted profit and loss - The group (KSEK)

	According to previous interim report	Adj.	After adj.	According to previous interim report	Adj.	After adj.
	Jul-Sep 2022			Jan-Sep 2022		
Net revenue	483 546	-	483 546	1 332 106	-	1 332 106
Other revenue	71	-	71	3 000	-	3 000
<b>Total revenue</b>	<b>483 617</b>	<b>-</b>	<b>483 617</b>	<b>1 335 106</b>	<b>-</b>	<b>1 335 106</b>
Cost of sales	-227 059	-	-227 059	-605 679	-	-605 679
<b>Gross margin</b>	<b>256 558</b>	<b>-</b>	<b>256 558</b>	<b>729 427</b>	<b>-</b>	<b>729 427</b>
Other external costs	-95 427	-	-95 427	-254 236	-	-254 236
Personnel costs	-77 322	-	-77 322	-206 768	-	-206 768
<b>Operating profit before depreciation (EBITDA)</b>	<b>83 809</b>	<b>-</b>	<b>83 809</b>	<b>268 423</b>	<b>-</b>	<b>268 423</b>
Amortization of intangible fixed assets	-49 614	-	-49 614	-147 316	-	-147 316
Depreciation and write-offs of tangible fixed assets	-17 034	-	-17 034	-45 298	-	-45 298
Other costs	4 479	-	4 479	8 886	-	8 886
<b>Operating profit (EBIT)</b>	<b>21 640</b>	<b>-</b>	<b>21 640</b>	<b>84 695</b>	<b>-</b>	<b>84 695</b>
Financial costs	-9 845	-468	-10 313	-19 885	-2 413	-22 298
<b>Profit after financial costs</b>	<b>11 795</b>	<b>-468</b>	<b>11 327</b>	<b>64 810</b>	<b>-2 413</b>	<b>62 397</b>
<b>Net income before tax</b>	<b>11 795</b>	<b>-468</b>	<b>11 327</b>	<b>64 810</b>	<b>-2 413</b>	<b>62 397</b>
Tax on profit	-3 809	-	-3 809	-15 253	-	-15 253
Deferred tax	16 301	-20 036	-3 735	77 690	-46 166	31 524
<b>Net income</b>	<b>24 287</b>	<b>-20 504</b>	<b>3 783</b>	<b>127 247</b>	<b>-48 579</b>	<b>78 668</b>
Earnings per share (SEK)	0.15	-0.13	0.02	0.82	-0.31	0.51
Net income margin %	5.0%	-4.2%	0.8%	9.5%	-3.6%	5.9%

## September 30<sup>th</sup>, 2022 - Adjusted balance sheet - The group (KSEK)

	According to previous interim report	Adjustment	After adjustment
	30 Sep 2022		30 Sep 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4 725 422	-525 687	4 199 735
Other intangible assets	4 564 227	-	4 564 227
Shares in associated companies	427	-	427
Buildings and land	156 305	-	156 305
Right of use according to IFRS - Buildings and land	250 013	-	250 013
Machinery and other tech assets	139 803	-	139 803
Right of use according to IFRS - Machinery and other tech assets	9 196	-	9 196
Tools, furniture, and fixtures	10 231	-	10 231
Other financial assets	831	-	831
Deferred tax asset	49 206	2 724	51 930
<b>Total non-current assets</b>	<b>9 905 661</b>	<b>-522 963</b>	<b>9 382 698</b>
<b>Current assets</b>			
Inventory	487 333	-	487 333
Accounts receivables	240 296	-	240 296
Tax receivables	4 510	-	4 510
Other receivables	8 740	-	8 740
Prepaid costs and deferred revenue	44 992	-	44 992
Cash	194 335	-	194 335
<b>Total current assets</b>	<b>980 206</b>	<b>-</b>	<b>980 206</b>
<b>TOTAL ASSETS</b>	<b>10 885 867</b>	<b>-522 963</b>	<b>10 362 904</b>

## September 30<sup>th</sup>, 2022 - Adjusted balance sheet - The group (KSEK)- cont.

	According to previous interim report	Adjustment	After adjustment
	30 Sep 2022		30 Sep 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 581	-	1 581
Reserve fund	22	-	22
Share premium	6 182 445	-	6 182 445
Conversion reserves	1 550 771	-5 613	1 545 158
Other equity incl. full year profit	236 099	-48 579	187 520
<b>Total equity</b>	<b>7 970 918</b>	<b>-54 192</b>	<b>7 916 726</b>
<b>Long term liabilities</b>			
Debt to credit institutions	1 565 360	-	1 565 360
Other interest-bearing liabilities	223 993	-	223 993
Deferred tax liability	921 200	-567 762	353 438
Debts to employees	3 989	-	3 989
<b>Short term liabilities</b>			
Accounts payable	72 159	-	72 159
Tax liabilities	26 945	-	26 945
Other interest-bearing liabilities	38 682	-	38 682
Other liabilities	13 027	98 991	112 018
Deferred costs and prepaid income	49 594	-	49 594
<b>Total liabilities</b>	<b>2 914 949</b>	<b>-468 771</b>	<b>2 446 178</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 885 867</b>	<b>-522 963</b>	<b>10 362 904</b>

## Board of directors

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

### Malmö February 16<sup>th</sup>, 2023

Håkan Lagerberg  
CEO

Håkan Svanberg  
Board Chairman

Johan Bergdahl  
Board Member

Sara Brandt  
Board Member

Thomas Eklund  
Board Member

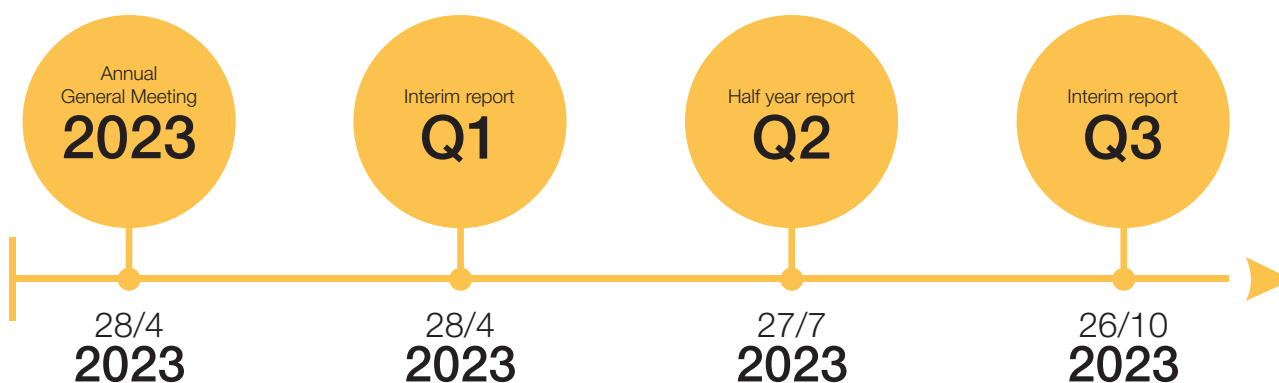
Jean-Yves Parisot  
Board Member

Ulrika Valassi  
Board Member

## Auditor's review

This yearend report has not been reviewed by the company's auditor.

## Future reporting schedule



The annual reports for 2022 will tentatively be published on April 6<sup>th</sup>, 2023 on [www.swedencare.com](http://www.swedencare.com)

## Contact

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