



SWEDENCARE

Interim report Q1

January - March 2023

Our vision

is to establish ourselves as one of the leading companies 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 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 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.

Double-digit organic growth and half a billion in revenue

Summary of the period

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

First quarter: January 1st - March 31st, 2023

- Net revenue amounted to 523.2 MSEK (377.7 MSEK), corresponding to an increase of 39% (184%)
- Organic, currency-adjusted growth amounted to 10% (7%)
- Operational EBITDA amounted to 107.4 MSEK (94.7 MSEK), corresponding to an increase of 13%, and an EBITDA-margin of 20.5% (25.1%). The adjustments refer to an accounting adjustment of acquired inventory of 0.5 MSEK (4.4 MSEK) and acquisition costs of 0.1 MSEK (11.2 MSEK)
- Operational EBITA amounted to 89.4 MSEK (82.1 MSEK), corresponding to an increase of 9% and an EBITA-margin of 17.1% (21.7%)
- Operational EBIT amounted to 87.5 MSEK (81.7 MSEK), corresponding to an increase of 7% and an EBIT-margin of 16.7% (21.6%)
- Profit after tax amounted to 17.2 MSEK (14.7 MSEK)
- Earnings per share calculated on 158,731,900 shares (146,475,502 shares) 0.11 SEK (0.10 SEK)
- Cash flow from operating activities amounted to 99.8 MSEK (46.0 MSEK)
- As of March 31st, 2023, cash amounted to 232.2 MSEK (277.3 MSEK)

Significant events during the first quarter

Patterson Veterinary has acquired the exclusive rights to market and sell the Animal Pharmaceuticals® brand in the US.

Significant events after the first quarter

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

Words from the CEO

Over half a billion in sales for the first time and organic growth returns

The first quarter's net sales of 523.2 MSEK represented an increase of 39% compared to Q1 2022 and is our strongest quarter ever, while our operational EBITDA increased by 13% to 107.4 MSEK, corresponding to a margin of 20.5%. Our cash flow from operating activities also improved this quarter with a positive change in working capital.

Our organic growth (10%) is better than the market and this is how it should be when our synergy and business development projects show results. The inventory trimming that heavily affected us in 2022 are starting to fade away. For a few group companies, Q1 is still affected, but I expect Q2 to be the last quarter where our sales are affected by previous inventory levels. Our gross margin and EBITDA were somewhat lower than where we should be due to revenue mix, large sales campaigns, some postponement of this year's price increases to Q2 and marketing activities. I expect an improvement in margins already during the current quarter.

Market development for pets has been strong in our main markets. We see a trend that consumers continue to migrate to online and we see sales increases of over 30% in this channel on our major markets. It is gratifying to see export markets picking up again and not only in Asia, but a lot is also happening in South America and more countries will open up during the year.

In March, we announced the exclusive collaboration with Patterson for our Animal Pharmaceuticals® brand. It is an integrated collaboration between the parties, which will fundamentally change the marketing of veterinary clinics in the US, and we also have ongoing discussions about more geographies where Patterson operates. The first order under the new agreement will be delivered in Q2 and both organizations are working intensively for the new launch in May.

We have a clear strategy for our different veterinary brands, and you can expect other similar collaborations to take advantage of larger sales forces for some of our other brands.

Product and concept launches are the theme of the year and to name one, NaturVet's new product line "Scoopables" in the North American market is important. The line was launched at Global Pet Expo in March and during the current quarter we have started delivering to distributors. The large chains and online retailers will launch the line during the quarter. Demand has been high, and we look forward to feed back from our end customers during the year.



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ProDen PlaqueOff® continues its strong development and grew by 58% during the quarter compared to the corresponding period last year. I expect good growth in the future as well as parts of the range now will be launched at the three largest pet retailers in the US, where we previously did not exist, and that the export markets have come back to life.

As I said before, we have a unique organization with fantastically driven and competent employees. I am proud and grateful to be able to lead the group and hope that all shareholders appreciate our work to create a leading global animal health group.

A handwritten signature in black ink, appearing to read 'Håkan Lagerberg'. The signature is stylized with a large, sweeping underline.

Håkan Lagerberg, CEO
Malmö April 28th, 2023

Net revenue
523.2 MSEK

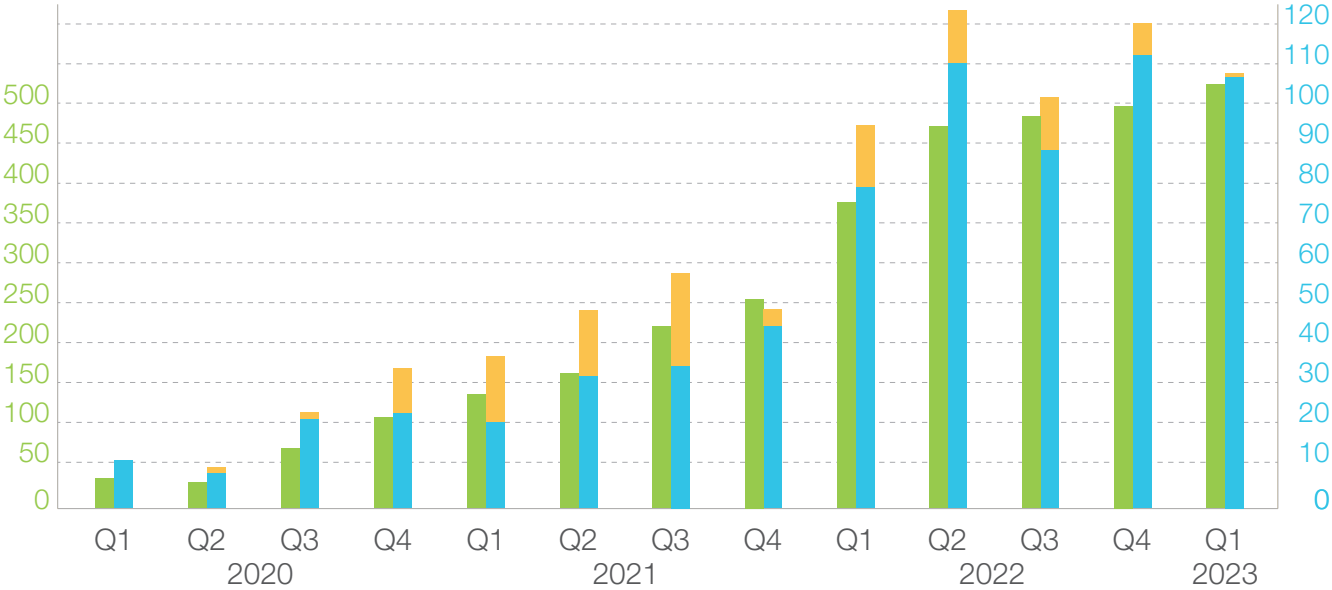
Change in
net revenue
39%

Operational
EBITDA
107.4 MSEK
Margin
20.5%

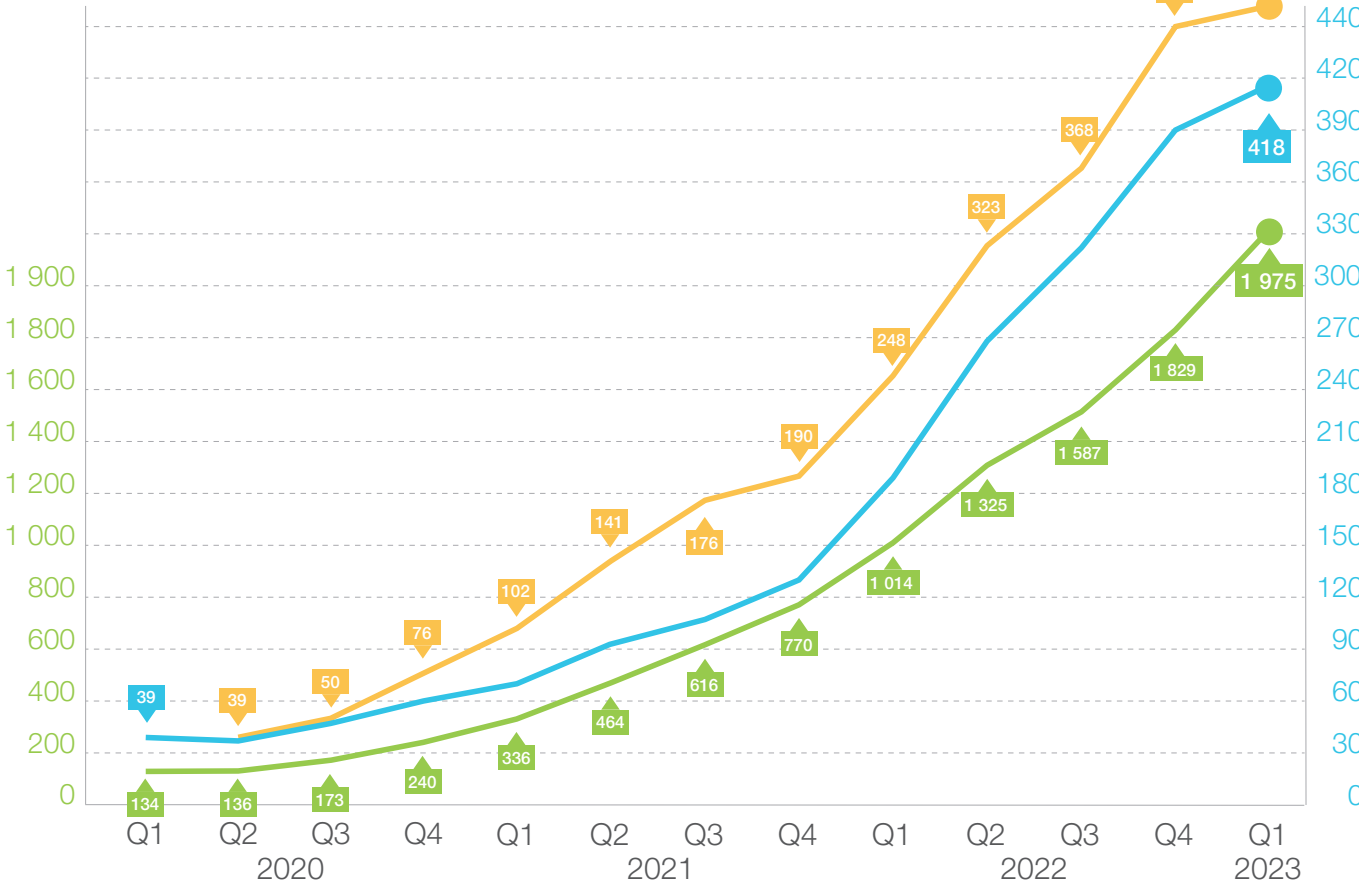
Cash
232.2 MSEK

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 18-20.

Comments - Financial development Q1 2023

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

Net revenue

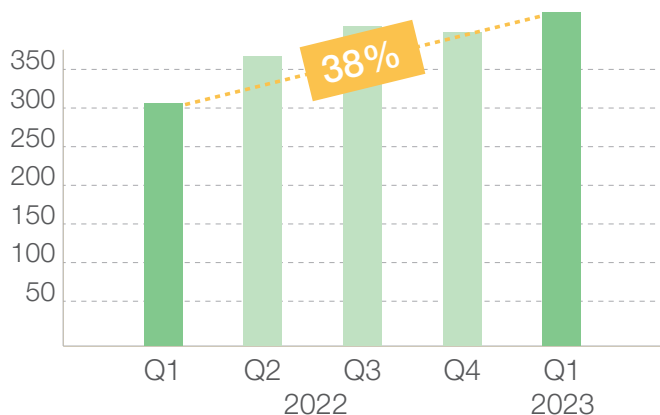
Net revenue amounted to 523.2 MSEK (377.7 MSEK), which corresponds to an increase of 39%. The growth is divided into 10% organic growth, 18% acquired growth and 11% currency impact. Net revenue continues to increase quarter by quarter, for this the increase was 5% compared to the previous quarter. This with an unchanged company structure, excluding CVP which was acquired on November 1st and contributed 4.8 MSEK during the quarter.

During the quarter, inventory adjustments at distributors have diminished and it is only Nutravet's growth that is still negatively affected as the corresponding quarter last year contained the last significant order from their largest customer. Export sales have also gained momentum during the quarter, while online sales remain to have strong growth. The new agreement with Patterson meant that a major order was brought forward to Q2.

Geographical distribution

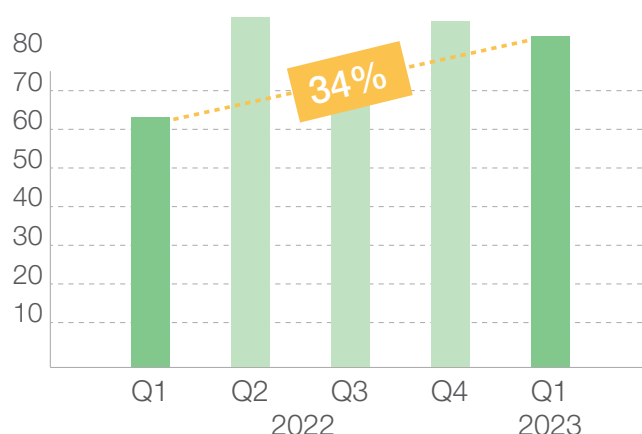
Despite a growth increase of 38% compared to the corresponding period last year, is the market share for the North American market unchanged in comparison with the same period last year and represents 81% (81%) of the group's net revenue. The acquisition of NaturVet was completed during Q1 2022, which accounts for part of the increase, but most of the North American companies have had good growth.

North America – 81% of total revenue



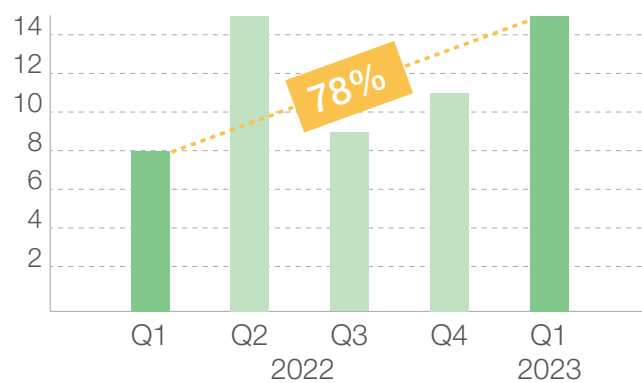
Growth in Europe is partially affected by the acquisition of Innovet, which took place in Q1 2022, but also by Swedencare UK, which sells to Amazon and recorded its best quarter ever.

Europe – 16% of total revenue



Rest of the World shows strong growth of 78%. The increase is mainly explained by strong ProDen PlaqueOff® sales to the export markets, which have begun to open up again, and by the Nutravet brand, which was launched in Thailand and Israel during the quarter.

Rest of the World – 3% of total revenue



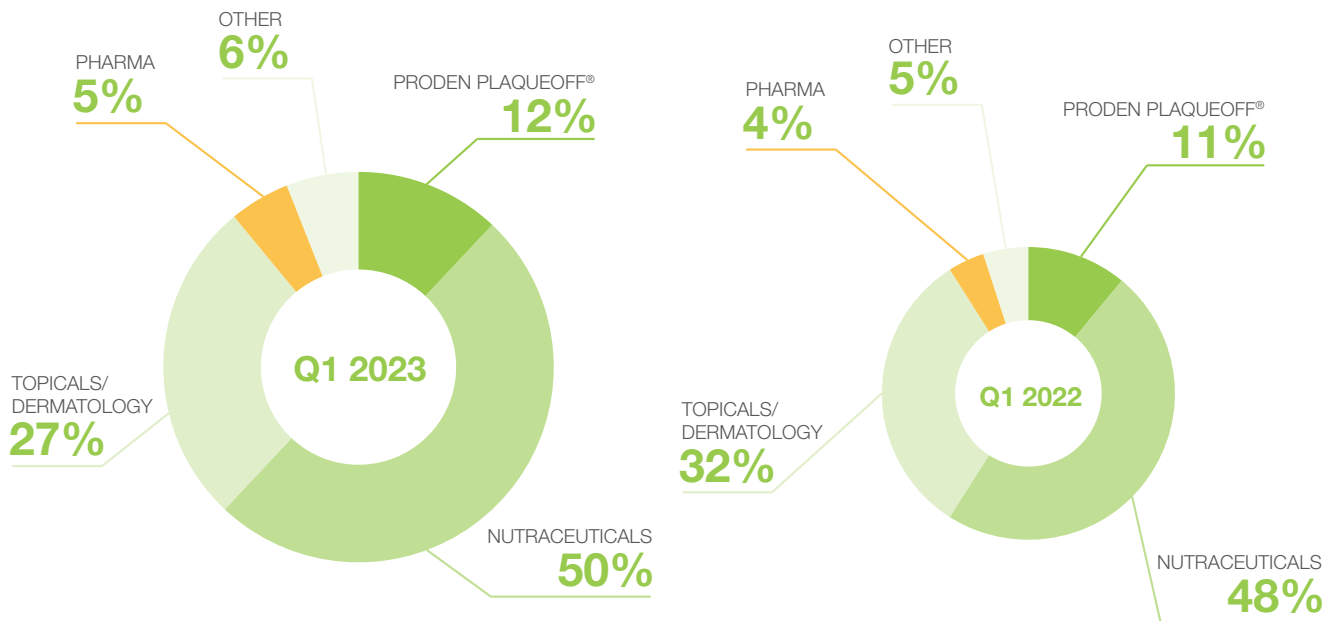
Product and brand distribution

All product groups have experienced growth during the quarter. The Nutraceuticals product group has presented growth of 45% compared to the corresponding period last year and represents the group's largest product group with half of the revenue. The increase is mainly attributed to Innovet and NaturVet, the companies that were acquired in Q1 of the previous year, which sell the most products in this category. Also, NaturVet's products which were launched under the Pet MD online brand during the quarter contributed to a positive effect on this product group.

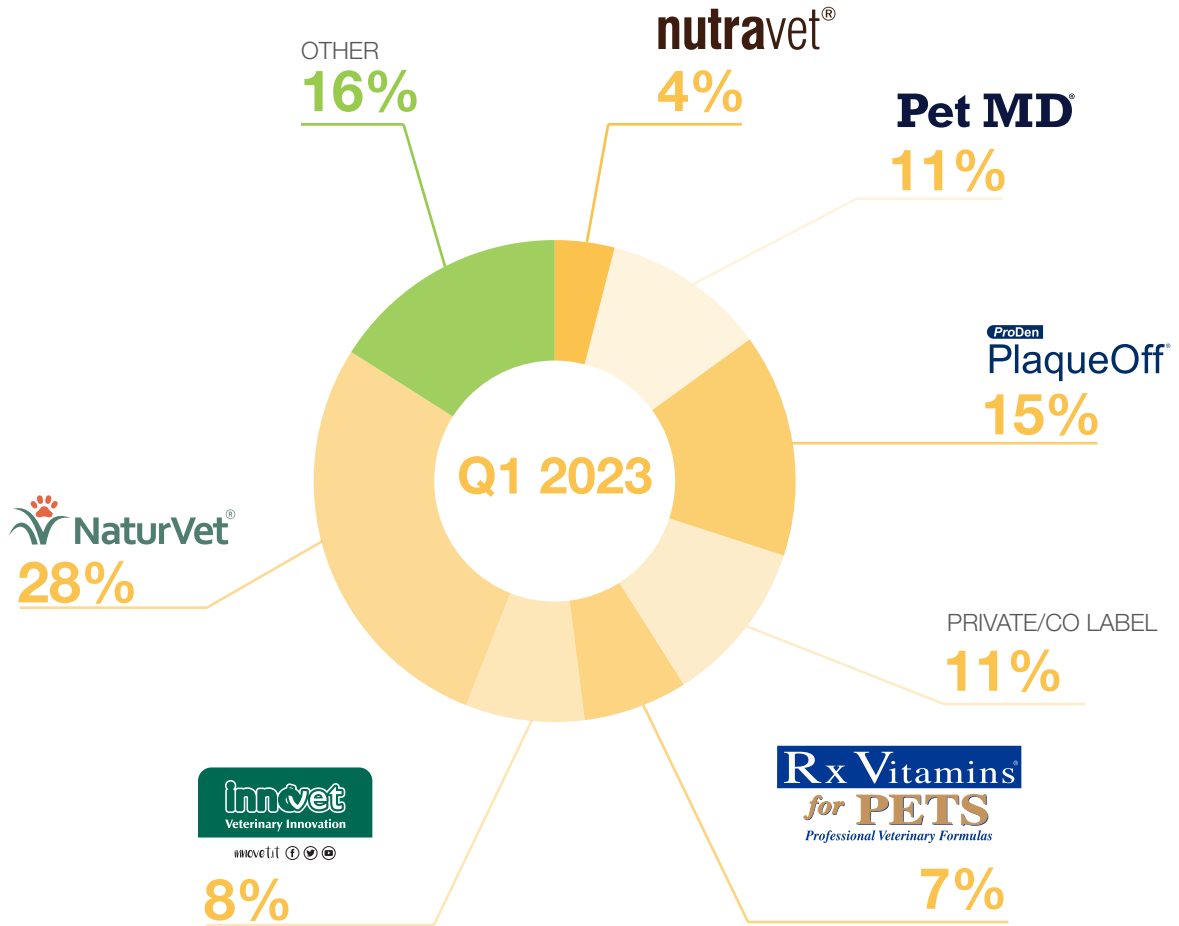
During the quarter, ProDen PlaqueOff® had a growth of 58% and represents 12% (11%) of the group's total revenue, where all subcategories of the product group have presented strong growth. It is primarily ProDen PlaqueOff® Powder that is behind the increase, but also Soft Chews, which were launched in Q4 2022, continue to show strong growth. Even NaturVet, which started delivering ProDen PlaqueOff® to its customers in Q3 2022, has shown continued positive development.

Pharma (development and manufacturing) sales have increased by 56% compared to the corresponding period last year when production began in H2 2022.

During Q1 2023 and Q1 2022 the geographic sales were distributed according to the graphics.



During Q1 2023 sales were distributed per brand according to the graphic.



*Does not include contract manufacturing

Profit

The operating gross margin during the quarter amounted to 54.7% (55.6%), mainly affected by delayed development projects with higher margins, production start-ups and higher shipping costs. Price adjustments that were implemented at the beginning of the year will first have a full effect on the gross margin during the current quarter.

The external costs are mainly affected by an expo-intensive quarter and higher costs for marketing linked to Amazon, but amount to 19% of the total revenue, which is in line with previous quarters.

The operational operating profit before amortization (EBITA) amounted to 89.4 MSEK (82.1 MSEK), which corresponds to an EBITA-margin of 17.1% (21.7%).

Exchange rate variations affected EBITA during Q1 with an exchange rate loss of -1.7 MSEK (-0.2 MSEK) due to the weaker USD currency. During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 17.0 MSEK (3.3 MSEK). The higher interest expense compared to the previous quarter (13.5 MSEK) is affected by the higher interest rate.

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 MUSD) which means 0% in tax cost. This meant a lower tax of 52.2 MSEK (5 MUSD) 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.

The net income amounted to 17.2 MSEK (14.7 MSEK) corresponding to a profit margin of 3.3% (3.9%). Earnings per share for the first quarter of 2023 amounted to 0.11 SEK (0.10 SEK) calculated on the weighted average number of shares, 158,731,900 (146,475,502) as of March 31st, 2023.

Cash Flow

Cash flow from current operations after changes in working capital amounted to 99.8 MSEK (46.0 MSEK) during the first quarter of 2023. The change in working capital during the quarter positively affected the cash flow from current operations by 16.8 MSEK (-31.6 MSEK). The lower working capital is affected mainly by an increase of payables and unchanged inventory and receivables despite a higher revenue during the quarter.

Investments in tangible and intangible assets during the quarter amounted to 11.2 MSEK (21.6 MSEK), which mainly contains investments in the two largest production facilities in California and Canada.

On January 11th, 2023, Swedencare paid 92.5 MSEK (8.9 MSUD) to the seller of NaturVet according to the acquisition agreement for the Section (338(h)(10) application. In connection with this, an acquisition credit of 25.0 MSEK was taken out. During the quarter Swedencare has amortized total interest-bearing liabilities of 25.0 MSEK.

During the first quarter of 2023, the cash flow amounted to -12.7 MSEK (140.7 MSEK).

Financial Position

Swedencare's equity amounted on March 31st, 2023, to 7,435.1 MSEK (6,486.6 MSEK), of which 1.6 MSEK (1.6 MSEK) was restricted equity.

Swedencare's cash and cash equivalents amounted to March 31st, 2023, to 232.2 MSEK (277.3 MSEK), the group had on the same date interest-bearing long-term and short-term liabilities of a total 1,891.8 MSEK (1,594.6 MSEK). As of March 31st, 2023, Swedencare had a net debt of 1,659.6 MSEK (1,317.3 MSEK).

Personal

As of March 31st, 2023, Swedencare had a total of 490 employees spread over Sweden (12), England (28), Italy (16), France (2), Greece (11), Ireland (15), Spain (2), the United States (347) and Canada (57). The gender distribution is 48% women and 52% men. As of March 31st, 2022, Swedencare had a total of 517 employees.

Financing

Swedencare's debts to credit institutions amounted to 1,643 MSEK as of March 31st, 2023. The group has a Revolving Credit Facility (RCF) of 1,000 MSEK, of which the utilized amount amounted to 825 MSEK as of March 31st, 2023. 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 weighted average interest rate as of March 31st was 4.36%. 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 March 31st, 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 weighted average interest rate as of March 31st was 4.29%.

The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. As of March 31st, 2023, the reported net debt amounted to in relation to EBITDA to 3.4. Swedencare has, for all reconciliations, fulfilled the covenants set by the bank in connection with loans.

Swedencares 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. 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 evaluate that we, as a producer of health care products for pets, have a direct or indirect impact and which can affect the development of the entire value chain: equality, fair working conditions and economic growth, sustainable consumption, and production, combating climate change and caring for oceans and marine resources.

During the first quarter, our sustainability work has meant that:

We have established a sustainability policy that indicates basic principles that characterize business and the relationship with the outside world. The policy also provides guidance to employees and subsidiaries within the group regarding how sustainability work should be conducted, and which values are governing.

We have updated our code of conduct for employees, which indicates guiding principles regarding ethics, anti-corruption, human rights, and social and environmental responsibility.

We have developed a new code of conduct for suppliers that states clear requirements regarding human rights, working environment and climate impact. We will work to ensure that our suppliers follow our code of conduct, alternatively have their own code of conduct and active sustainability work that meets Swedencare's ambitions. The work of following up and evaluating our suppliers takes place continuously.

The board has approved the sustainability policy and the code of conduct for employees and suppliers.

Our sustainability work is based on the UN's global goals, which is why we have contributed through a donation to the UN organization.

Motivated employees are our most important asset, we work with ongoing improvement on work environment issues to promote good health and safety, therefore we have produced an employee survey that will be sent to all employees within the group.

During the quarter, we also launched a whistleblower service to pick up early warning signals and thereby reduce risks. It is an important tool for promoting high ethical standards and maintaining a high level of trust in us as a company.

Stock

	31 Mar 2023	31 Mar 2022	31 Mar 2021	31 Mar 2020
Number of shares at the end of the period	158 731 900	158 111 805	105 422 375	79 009 900
Share price at the end of the period	25.5	120.5	83.8	15.2

The ten largest shareholders (the table summarizes Swedencare's ownership structure as of March 31st, 2023).

	Number of shares	Ownership
Symrise AG	47 617 318	30.0%
Håkan Svanberg & Co Health Care AB	23 052 775	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%
AMF Aktiefond Småbolag	6 006 500	3.8%
Mastan AB (<i>Håkan Lagerberg through company</i>)	5 663 820	3.6%
SEB Fonder	5 055 804	3.2%
Scott Garmon - MD NaturVet	3 722 691	2.3%
Grandeur Peak Global Advisors, LLC	2 797 999	1.8%
Aktia Asset Management	2 219 630	1.4%
Other	47 485 340	29.89%
Total	158 731 900	100.00%
Free Float*	66 669 240	42.00%

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 lockup agreement.

Partnerships within the Group

Internal partnerships between the subsidiaries in the Swedencare group is a powerful tool for driving success and achieving shared targets. By collaborating and pooling resources, we can achieve greater efficiency, reduce costs, and leverage each other's strengths to create new opportunities and growth. One of the key benefits of these partnerships is the ability to share knowledge and expertise across different companies and markets within the group. This can help to exploit the potential of our existing portfolio and to accelerate innovation and create new products and services that meet the needs of customers more effectively. Here we present just a few of our successful partnerships within the Group.



Garmon Corporation/ NaturVet

The Garmon Corporation/NaturVet is a leader in the pet supplement industry with an impressive legacy of innovation and product assortment. Today, NaturVet dominates Pet Specialty and can be purchased domestically across all major chains and the majority of independent pet shops; as well as internationally, achieving global distribution in more than 15 countries worldwide.

Since its acquisition by Swedencare in 2022, Garmon Corp. has partnered with several of its subsidiaries to add complementary SKUs and delivery methods to its ever-expanding portfolio. It all started with Swedencare USA and ProDen PlaqueOff®, a unique dental hygiene system that has led the market for years. Building on the success of the original ProDen PlaqueOff® powder supplement, Garmon Corp. developed ProDen PlaqueOff® Soft Chews, an innovative delivery method that made dental hygiene tastier and more convenient for pets and parents everywhere. Leveraging its established retail relationships, Garmon Corp. successfully secured ProDen PlaqueOff® products on store shelves in top U.S. pet chains, expanding its penetration and market share. Additionally, Garmon Corp. has provided various white-label products to Swedencare subsidiaries, such as Stratford, for use in the veterinarian market; and more recently, has begun offering Pet MD soft chew products, eliminating the need to outsource.

These collaborations contribute to healthy margins and expanded product assortment, ultimately increasing market share. NaturVet remains committed to exploring new partnerships and expanding its already impressive catalog. With a continued focus on innovation and quality, NaturVet is poised for even greater success in the coming year.

Pet MD®

Pet MD Brands

Pet MD Brands, a state-of-the-art company in online sales, has been a part of the Swedencare family since 2021 and has been committed to serving pet parents since 2002. The acquisition has given Swedencare strong online brands, a leading e-commerce team including unique Amazon expertise and a business with both strong growth and high profitability.

Pet MD has several successful partnerships within the group:

- Pet MD carries Rx Vitamins' products on Amazon and Chewy, and also private label selected products of theirs under the Pet MD brand.
- Historically Pet MD have carried a few products manufactured by Garmon Corporation but have increased that number significantly in the last few months by adding an entire new line of supplements made by Garmon Corp.
- The bulk of Pet MD's product line is made by Vetio and distributed to them via Stratford. Pet MD are just about to take possession of their first round of Ear Wipes directly from Vetio that was previously being sold to them via a 3rd party distributor. This product is Pet MD's top seller, with over 1,000 units sold per day. Its direct distribution from Vetio to Pet MD will result in a significant increase in Swedencare's internal company margins.



Fulfillment Advantage Ventures (FAV)

FAV distributes many of the Swedencare owned brands to retailers with whom they have established relationships. Through their expanded distribution they can reach retailers such as: Kroger.com, Target.com, Walmart.com, Home Shopping Network and QVC, Tractor Supply, PetSmart Canada and Amazon Canada, Lowes Home Improvement, Fingerhut, as well as Chewy and Amazon.com. FAV also distributes some 3rd party brands that are private label customers for Stratford. This allows FAV to capture sales revenue from brands created from Vetio and Garmon Corp. products. This extends the revenue stream vertically from Manufacturing through Sales to the retailer.

FAV's expanded distribution allows these brands to reach retailers that they would normally not be able to sell due to lack of time and resources. By having product on these additional sites, they expand product exposure and allow the consumer to have a choice in where they buy the product. Google searches will show multiple purchasing opportunities from various retailers, allowing consumers to select their favorite retailer from the front page of retail options. The fact that many retailers offer the product adds credibility to the item and the brand and push our competition to second or third pages in the search. FAV's goal is to eventually offer all product brands within Swedencare that fit into its channels to our retailers.



CUSTOM
VET PRODUCTS

Custom Vet Products (CVP)

The collaboration has been of great benefit to CVP since joining the Swedencare family, it has helped them to push the business onwards. Following Brexit, a major opportunity and challenge presented itself as businesses which had been built from the import of soft chew products from the United States run into problems importing these products into the UK and EU. This presents CVP with the opportunity to access high volume customers. Major challenges in satisfying this demand are around issues of capacity and ingredients. Vetio have been key in providing direction and advice in helping CVP to understand how to plan for increased capacity.

Another challenge was understanding the disparity in prices provided by US manufacturers and what can be provided in the EU and UK due to the need for animal feed ingredients and additives to be registered. This additional knowledge allowed CVP to better communicate challenges regarding ingredients to their customers, offering them a superior experience to our competitors and equipped them with an unrivalled ability to provide alternatives and solutions.

Internally, it has been very rewarding to work with colleagues who face the same challenges in product development and manufacturing, and to come up with solutions together to overcome them. CVP's ability to effectively collaborate with colleagues at Vetio gives CVP a significant competitive edge in the UK and EU, providing a customer experience that cannot be found with any of the competitors.

Financial overview

Consolidated profit and loss (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Rolling 12 mths
Net revenue	523.2	377.7	1,829.5	1,975.0
Other revenue	0.4	2.5	13.9	11.8
Total revenue	523.6	380.2	1,843.4	1,986.8
Cost of sales	-237.8	-171.9	-813.9	-879.8
Other external costs	-101.9	-71.8	-358.6	-388.7
Personnel costs	-77.1	-57.4	-281.1	-300.9
Operating profit before depreciation (EBITDA)	106.8	79.1	389.8	417.5
Depreciation and write-downs of tangible fixed assets	-18.0	-12.6	-63.5	-68.8
Operating profit before interest, taxes and amortization (EBITA)	88.8	66.5	326.3	348.6
Amortization of intangible fixed assets	-56.8	-41.5	-205.8	-221.1
Other costs	-1.7	-0.2	-0.5	-2.1
Operating profit (EBIT)	30.3	24.8	120.0	125.5
Financial costs	-20.1	-5.5	-39.7	-54.3
Results from shares in associated companies	-0.1	-	-0.2	-0.2
Profit after financial costs	10.2	19.3	80.1	70.9
Net income before tax	10.2	19.3	80.1	70.9
Tax on profit	-4.3	-5.2	-25.7	-24.8
Deferred tax	11.3	0.6	40.1	50.8
Net income	17.2	14.7	94.5	96.9
Earnings per share before dilution (SEK)	0.11	0.10	0.61	0.62
Earnings per share after dilution (SEK)	0.11	0.10	0.61	0.62

Consolidated statement of comprehensive income (MSEK)

Net income	17.2	14.7	94.5	96.9
Exchange difference foreign subs.	-42.8	11.0	909.7	855.9
TOTAL PROFIT	-25.6	25.8	1,004.2	952.8

Consolidated balance sheet (MSEK)

	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS			
Non-current assets			
Goodwill	4,050.6	4,067.5	3,605.3
Other intangible assets	4,222.3	4,301.9	3,949.4
Shares in associated companies	0.2	0.2	-
Buildings and land	150.3	150.9	126.4
Right of use according to IFRS - Buildings and land	238.2	248.7	219.4
Machinery and other tech assets	137.5	137.5	107.2
Right of use according to IFRS - Machinery and other tech assets	7.8	8.4	6.8
Tools, furniture, and fixtures	11.3	10.2	8.7
Other financial assets	0.6	0.8	0.7
Deferred tax asset	71.8	71.6	7.4
Total non-current assets	8,890.5	8,997.9	8,031.3
Current assets			
Inventory	443.0	441.5	356.2
Accounts receivables	228.8	228.8	199.7
Tax receivables	34.5	36.2	22.3
Other receivables	7.0	15.0	12.6
Prepaid costs and deferred revenue	56.1	40.3	35.5
Cash	232.2	245.1	277.3
Total current assets	1,001.7	1,006.8	903.6
TOTAL ASSETS	9,892.3	10,004.7	8,934.9

Consolidated balance sheet (MSEK) - cont.

	31 Mar 2023	31 Dec 2022	31 Mar 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	1,003.4	1,046.2	147.4
Other equity incl. full year profit	220.5	203.3	155.2
Total equity	7,435.1	7,460.7	6,486.6
Long term liabilities			
Debt to credit institutions	1,641.1	1,641.0	1,367.0
Other interest-bearing liabilities	211.3	221.4	196.1
Deferred tax liability	356.4	367.4	304.5
Debts to employees	4.4	4.2	4.5
Short term liabilities			
Accounts payable	95.0	66.9	88.0
Tax liabilities	48.1	49.5	27.2
Other interest-bearing liabilities	39.4	39.8	31.5
Other liabilities	14.1	106.3	389.5
Deferred costs and prepaid income	47.4	47.5	40.0
Total liabilities	2,457.2	2,544.0	2,448.3
TOTAL EQUITY AND LIABILITIES	9,892.3	10,004.7	8,934.9

Consolidated cash flow statement (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income before financial costs	30.3	24.8	120.0
Paid interest	-17.0	-3.3	-30.3
Depreciation	74.8	54.1	269.3
Paid tax	-4.4	-1.2	-30.9
Non-cash flow items	-0.7	3.1	22.9
Change in working capital	16.8	-31.6	-90.8
Cash flow from operating activities	99.8	46.0	260.2
<i>Investment activities</i>			
Aquisitions	-92.5	-3,923.4	-4,359.3
Aquisitions – payment of acquired debts	-	-239.8	-239.8
Purchases of intangible assets	-0.2	-0.6	-3.7
Sales of intangible assets	-	-	11.2
Purchases of buildings	-2.7	-6.0	-23.3
Purchases of machines	-6.3	-14.3	-48.0
Purchases of tools, furniture, and fixtures	-2.0	-0.6	-3.4
Cash flow from investment activities	-103.7	-4,184.7	-4,666.3
<i>Financial activities</i>			
New share issue	-	3,550.0	3,550.0
Warrants	-	-	1.1
Share issue costs	-	-17.5	-17.5
Paid dividend	-	-	-31.6
Loan	25.0	748.4	1,050.0
Amortization on interest-bearing loan	-25.0	-	-27.6
Amortization on lease	-8.8	-1.4	-29.8
Cash flow from financial activities	-8.8	4,279.4	4,494.6
Cash flow for the period	-12.7	140.7	88.5
Cash balance at beginning of period	245.1	136.1	136.1
Exchange difference in cash	-0.1	0.5	20.5
Cash balance at end of period	232.2	277.3	245.1

Consolidated change of equity (MSEK)

Beginning balance	7,460.7	2,419.8	2,419.8
New share issued	-	4,041.0	4,067.2
Warrants	-	-	1.1
Paid dividend	-	-	-31.6
Total profit	-25.6	25.8	1,004.2
Ending balance	7,435.1	6,486.6	7,460.7

Definition of KPI's

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

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

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

Consolidated KPI's

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Result measures (MSEK)			
Net revenue	523.2	377.7	1,829.5
Total revenue	523,6	380.2	1,843.4
Change of revenue (%)	38.5%	183.5%	137.2%
Gross margin (%)	54.6%	54.5%	55.5%
EBITA	88.8	66.5	326.3
EBITA-margin (%)	17.0%	17.6%	17.8%
EBIT	30.3	24.8	120.0
EBIT-margin (%)	5.8%	6.6%	6.6%
Net income	17.2	14.7	94.5
Net income margin (%)	3.3%	3.9%	5.2%
Share data (SEK)			
Outstanding shares at period close	158 731 900	158 111 805	158 731 900
Average outstanding shares	158 731 900	146 475 502	155 346 212
Earnings per share (SEK)	0.11	0.10	0.61
Equity per share (SEK)	46.84	41.03	47.00
Other information (MSEK)			
Cash	232.2	277.3	245.1
Interest-bearing net debt	1,659.6	1,317.3	1,657.1
Equity	7,435.1	6,486.6	7,460.7
Balance sheet total	9,892.3	8,934.9	10,004.7
Solvency (%)	75.2%	72.6%	74.6%

Consolidated Operational KPI's (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net revenue	523.2	377.7	1,829.5
Operational gross profit	285.9	210.1	1,051.3
<i>Operationell gross margin</i>	54.7%	55.6%	57.5%
Revaluation of aquisition stock to fair value	0.5	4.4	35.8
Gross profit	285.4	205.8	1,015.6
<i>Gross margin</i>	54.6%	54.5%	55.5%
Operational EBITDA	107.4	94.7	439.6
<i>Operational EBITDA-margin</i>	20.5%	25.1%	24.0%
Aquisition costs	0.1	11.2	14.0
Revaluation of aquisition stock to fair value	0.5	4.4	35.8
EBITDA	106.8	79.1	389.8
<i>EBITDA margin</i>	20.4%	20.9%	21.3%
Operational EBITA	89.4	82.1	376.1
<i>Operational EBITA-margin</i>	17.1%	21.7%	20.6%
Aquisition costs	0.1	11.2	14.0
Revaluation of aquisition stock to fair value	0.5	4.4	35.8
EBITA	88.8	66.5	326.3
<i>EBITA margin</i>	17.0%	17.6%	17.8%
Operational EBIT	87.5	81.7	373.8
<i>Operational EBIT-margin</i>	16.7%	21.6%	20.4%
Aquisitions costs	0.1	11.2	14.0
Revaluation of aquisition stock to fair value	0.5	4.4	35.8
Depreciation of aquisition-related intagible assets	56.6	41.3	204.1
EBIT	30.3	24.8	120.0
<i>EBIT margin</i>	5.8%	6.6%	6.6%

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.

Operating segment reporting (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 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.

The North American operating segment includes six 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 Custom Vet Products (UK).

	North America		Europe		Production		Other and group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Jan-Mar										
Net revenue external	334.6	238.6	71.4	55.1	106.4	77.8	10.8	6.2	523.2	377.7
Net revenue internal	18.4	11.9	0.5	0.3	17.1	22.7	-36.1	-34.8	-	-
Net sales	353.0	250.4	71.8	55.4	123.6	100.4	-25.3	-28.6	523.2	377.7
Other revenue external	-	-	0.4	2.5	-	-	-	-	0.4	2.5
Other revenue internal	-	0.2	-	0.1	0.0	0.6	-0.0	-0.9	-	-
Total revenue	353.0	250.7	72.2	57.9	123.6	101.0	-25.3	-29.5	523.6	380.2
Cost of sales	-173.9	-121.8	-22.5	-21.4	-77.5	-56.5	36.2	27.7	-237.8	-171.9
Other external costs	-72.6	-43.9	-19.6	-9.2	-16.1	-11.9	6.4	-6.8	-101.9	-71.8
Personnel costs	-44.3	-32.1	-9.7	-6.4	-17.8	-14.6	-5.4	-4.3	-77.1	-57.4
Operating profit before depreciation (EBITDA)	62.3	53.0	20.4	21.0	12.2	18.0	11.9	-12.9	106.8	79.1
Depreciation and write-downs of tangible fixed assets	-3.3	-2.4	-0.2	-0.1	-4.9	-3.5	-9.6	-6.6	-18.0	-12.6
Amortization of intangible fixed assets	-6.2	-5.5	-7.0	-2.2	-1.2	-1.1	-42.4	-32.8	-56.8	-41.5
Other costs	-0.0	-0.0	-0.2	-0.1	-1.6	-0.2	0.2	0.1	-1.7	-0.2
Operating profit (EBIT)	52.8	45.1	13.0	18.6	4.5	13.3	-40.0	-52.2	30.3	24.8
Financial costs	-0.1	-0.3	-	0.0	92.9	-0.1	-112.9	-5.1	-20.1	-5.5
Results from shares in associated companies	-	-	-	-	-	-	-0.1	-	-0.1	-
Profit after financial costs	52.7	44.8	13.0	18.6	97.4	13.2	-152.9	-57.3	10.2	19.3
Net income before tax	52.7	44.8	13.0	18.6	97.4	13.2	-152.9	-57.3	10.2	19.3
Tax on profit	-0.4	-1.2	-2.8	-3.3	-1.1	-0.8	-	-	-4.3	-5.2
Deferred tax	-	-	-	0.0	-0.1	-0.0	11.4	0.6	11.3	0.6
Net income	52.3	43.6	10.2	15.3	96.3	12.4	-141.5	-56.7	17.2	14.7

The Group's revenue breakdown (MSEK)

	Jan-Mar 2023	Jan-Mar 2022	Change %
Product areas			
ProDen PlaqueOff®	63.9	40.4	58%
Nutraceuticals	261.9	180.2	45%
Topicals/Dermatology	139.0	122.3	14%
Pharma	25.8	16.5	56%
Other	32.6	18.3	78%
Total	523.2	377.7	39%
Time of revenue recognition			
The performance commitment is met over time	95.9	72.9	32%
The performance commitment is met a certain time	427.3	304.8	40%
Total	523.2	377.7	39%
Geographic market			
North America	424.5	306.9	38%
Europe	84.1	62.6	34%
Rest of the World	14.6	8.2	78%
Total	523.2	377.7	39%

Other information

Risk factors

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 Company's Annual Report.

Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim reporting. The same accounting principles and calculation bases have been used as in the last annual report; however, exchange rate gains have not been reported in the operating profit in previous years. The margins are also from 2023 calculated as a percent of net revenue instead of a percent of total revenue. The comparison figures have therefore been adjusted to give a clearer picture.

Transactions with related parties

There have been no material transactions with related parties in 2023.

Board of directors

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

Malmö April 28th, 2023

Håkan Lagerberg
CEO

Håkan Svanberg
Board Chairman

Johan Bergdahl
Board member

Sara Brandt
Board member

Thomas Eklund
Board member

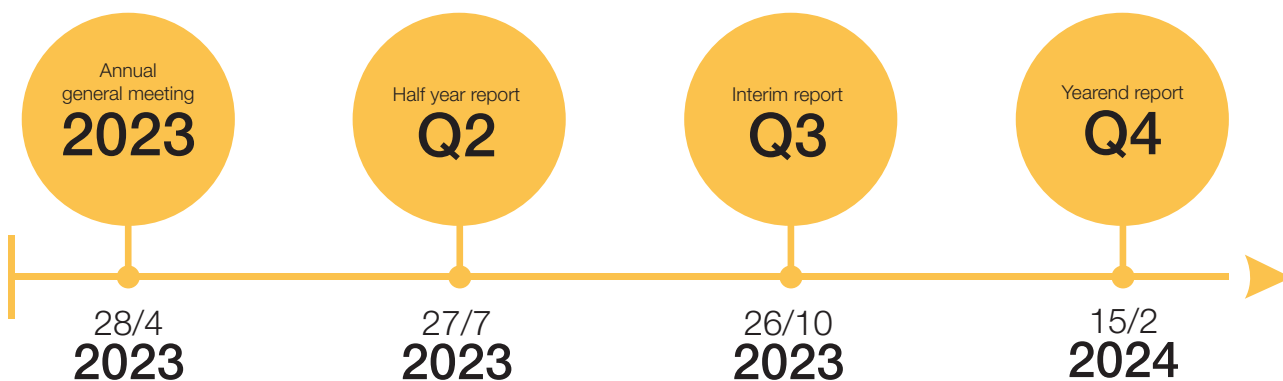
Jean-Yves Parisot
Board member

Ulrika Valassi
Board member

Auditor's review

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

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



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