



Half year report

April - June 2024



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

Our vision

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



This is Swedencare

Swedencare, listed on the NASDAQ First North Growth Market, develops, produces, and sells premium products in the global and rapidly growing market for healthcare products for cats, dogs, and horses. The company has an extensive product portfolio with strong brands such as NaturVet®, Innovet, Pet MD®, Rx Vitamins®, nutravet®, and ProDen PlaqueOff®, the original for good oral health. Swedencare has its head office in Malmö and the company's products are currently sold in approximately 65 countries to veterinarians, pet stores, and online through a distribution network comprising subsidiaries in nine countries as well as an international network of retailers. Swedencare's revenue has seen significant growth over several years while maintaining high profitability.

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 propose a dividend that takes into account the group's profit as well as its consolidation and investment needs, liquidity, and financial position. The aim is to distribute a dividend equivalent to 40 percent of the profit after tax.

For 2023, the Annual General Meeting decided a dividend of 0.23 SEK (0.22 SEK) per share.



Mission

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

Sales record with 10% organic growth

Summary of the period

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

Second quarter: April 1st - June 30th, 2024

- Net revenue amounted to **630.5 MSEK** (572.1 MSEK), corresponding to an increase of 10% (21%)
- Organic, currency-adjusted growth amounted to **10%** (9%)
- Operational EBITDA amounted to **140.9 MSEK** (118.3 MSEK), corresponding to an increase of 19%, and an EBITDA-margin of **22.3%** (20.7%). The operational adjustments totaling 2.2 MSEK concern M&A costs, a post-revision adjustment from 2022, and non-cash flow-impacted evaluation of acquisition stock to fair value
- Operational EBITA amounted to **119.9 MSEK** (98.7 MSEK), corresponding to an increase of 21% and an EBITA-margin of **19.0%** (17.3%)
- Operational EBIT amounted to **119.6 MSEK** (98.5 MSEK), corresponding to an increase of 21% and an EBIT-margin of **19.0%** (17.2%)
- Exchange gains amounted to **0.1 MSEK** (2.8 MSEK)
- Profit after tax amounted to **20.9 MSEK** (16.3 MSEK)
- Earnings per share calculated on **158,731,900 shares** (158,731,900 shares) amounted to **0.13 SEK** (0.10 SEK)
- Cash flow from operating activities amounted to **81.2 MSEK** (81.4 MSEK)
- **50.0 MSEK** has been amortized on the debts to credit institution
- As of June 30th, 2024, cash amounted to **170.0 MSEK** (197.6 MSEK)

First half year: January 1st - June 30th, 2024

- Net revenue amounted to **1,228.0 MSEK** (1,095.3 MSEK), corresponding to an increase of 12% (29%)
- Organic, currency-adjusted growth amounted to **11%** (10%)
- Operational EBITDA amounted to **279.7 MSEK** (224.0 MSEK), corresponding to an increase of 25%, and an EBITDA-margin of **22.8%** (20.5%). The operational adjustments totaling 10.5 MSEK concern M&A costs, a post-revision adjustment from 2022, and a non-cash flow-impacted evaluation of acquisition stock to fair value.
- Operational EBITA amounted to **239.1 MSEK** (186.4 MSEK), corresponding to an increase of 28% and an EBITA-margin of **19.5%** (17.0%)
- Operational EBIT amounted to **238.4 MSEK** (185.9 MSEK), corresponding to an increase of 28% and an EBIT-margin of **19.4%** (17.0%)
- Exchange gains amounted to **4.5 MSEK** (1.0 MSEK)
- Profit after tax amounted to **51.0 MSEK** (33.5 MSEK)
- Earnings per share calculated on **158,731,900 shares** (158,731,900 shares) amounted to **0.32 SEK** (0.21 SEK)
- Cash flow from operating activities amounted to **151.8 MSEK** (181.9 MSEK)
- **75.0 MSEK** has been amortized on the debts to credit institution

Significant event during the second quarter

Swedencare launches NaturVet by Swedencare: Bringing America's leading pet brand to Europe.

Significant events after the second quarter

Swedencare acquires the Canadian Pet Health company MedVant Inc through the newly established Canadian subsidiary, "Swedencare Canada Holding Inc".

Words from the CEO

Sales Record and several Strategic Decisions

The second quarter's net sales of 630 MSEK represented an increase of 10% compared to Q2 2023, while our operational EBITDA amounted to 141 MSEK, an increase of 19%. During the quarter, we made two minor brand acquisitions, distributed dividends to our shareholders, and continued to amortize and reduce our net debt. Our cash flow demonstrates the strength of our business model and enables us to act on attractive business opportunities quickly. Our organic growth was 10% for the quarter and 11% for the half-year, compared to Pet Supplement Market growth of 6%*.

Market Situation

In all major markets, demand is strong, and the pet market shows growth. Online and Pet Retail show the highest growth for us together with our manufacturing segment. The veterinary channel, with 8% growth in the quarter, has significant differences between markets, group companies, and different customers. Our larger veterinary customers remain cautious with larger orders and prefer to increase order frequency instead. This presents some capacity challenges for us, which has also slightly impacted on our profitability. However, we have indications that the year's second half will show more robust and more consistent demand. We continue to consolidate our operations and find synergies. Another group company has moved to our warehouse and logistics hub in Tampa, resulting in cost savings from the current quarter in terms of rent, personnel, and inventory optimization.

Our operations in Canada for pharmaceutical development and manufacturing are showing their strongest quarter ever and continue to have a high demand. The manufacturing division will grow significantly in the coming years, providing more consistent revenue streams and an opportunity to optimize the cost base. Our unique flavoring ingredient, FlavorPal™, continues to grow with new customers during the quarter, and several of the largest pharmaceutical companies are now evaluating the product.

Strategic decisions

Our largest group company, NaturVet, underwent a significant reorganization of the sales and marketing department during the quarter, focusing on streamlining and targeting the organization towards the most crucial customer categories. This, combined with our manufacturing capacity and an innovation pipeline will give us a significant competitive advantage where we can be even more agile regarding product launches and finding unique customer-specific solutions.

The organization is now built for the important and upcoming expansion into "big box retailers." This category of chains is now as large or even larger outlet than traditional "pet retail," and naturally, NaturVet should also be available to pet owners in this store category. The sales cycles are long, and it is not until 2025

and 2026 that our team is discussing and planning for launches with potential customers. I look forward to providing information once a decision has been made about which partners we will collaborate with.

Europe

Our European segment continues to deliver solid results and growth of 31%. Our European CCO, Laszlo Varga, briefly describes our European strategy below and will participate in our webinar presentation at 10:30 today.

New Acquisitions

During the quarter, we completed two minor brand acquisitions that we plan to use for some customers with whom we do not currently have a relationship. Healthy Solutions for Pets ("HSP") is a smaller and relatively new brand whose products are already manufactured by us. Vet Worthy® is a well-known brand that we could acquire due to a restructuring by its owner. Both acquisitions are expected to contribute with minor sales in 2024 and more substantially in 2025.

We have also signed an acquisition transaction for a company in Canada. Medvant is a smaller product- and distribution company that covers the entire Canadian veterinary market. We know each other well, as the company has successfully distributed RX Vitamins® for several years. The pet market in Canada is about one-tenth of the US market, and we see great opportunities to launch several of our brands, not previously sold in Canada, through Medvant.

Finally, I want to thank the entire organization for a great half-year and wish you a wonderful summer.



Håkan Lagerberg
Malmö, July 25th, 2024

**Source: Virtue Market Research, Grand View Research, Straits Research projects.*

“Swedencare strengthens its offering in Europe through product launches, strategic partnerships, and enhanced digital presence.”

Our strategy for Europe focuses on leveraging Swedencare’s strong product portfolio to enhance our offerings both locally and across the region. This involves introducing more products and brands from the USA to the European market, as well as expanding the sales of our local brands; Nutravet from the UK and Innovet from Italy, into more European markets.

We also aim to become a stronger online player across all platforms. To achieve this, we are building a central e-commerce performance team to optimize our digital presence on both external and internal digital channels. The launch of the new website, which took place at the end of Q2, will help us get closer to the market, increase our understanding of the customer, and strengthen our brand. Work continues in Q3 to improve tailored solutions that enhance the customer experience and trust in Swedencare's digital presence in the long term.

To further strengthen our market position, we focus on strategic partnerships to reach more pet owners in Europe. These partnerships are crucial for expanding our customer base and increasing our market share in the region. By combining our global and local strengths with a robust online strategy and collaborations, we are confident that we can continue to

grow and solidify our position as a leading player in the pet care sector in Europe.

Focus areas:

- Launch of NaturVet by Swedencare in Europe
- Introducing products in new categories such as grooming and topical under existing strong brands
- Enhanced digital sales expertise with the establishment of an Ecom performance team
- Increase our presence on new and existing digital marketplaces
- New agreement with zooplus as a strategic partner for Europe



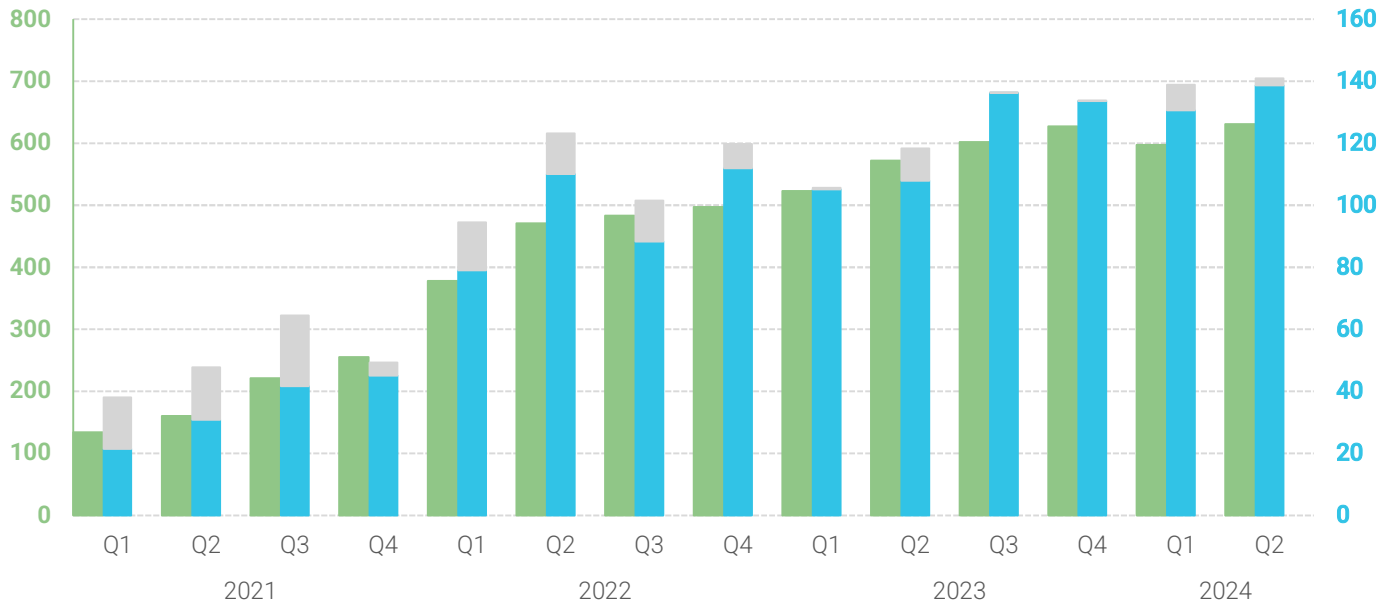
Laszlo Varga
CCO Europe

Q2 KPI's Swedencare Group



Development 2021 - 2024

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 31-33.

Comments – Financial Development

Q2 2024

Net revenue

Net revenue amounted to 630.5 MSEK (572.1 MSEK) which corresponds to an increase of 10%. The growth of 10% is organic as both the acquired growth and the currency impact are rounded off to 0%.

With a 6% increase compared to the previous quarter, net sales exhibit the strongest sales quarter ever. The European market accounts for the strongest growth at 31%, while North America has a growth of 6%.

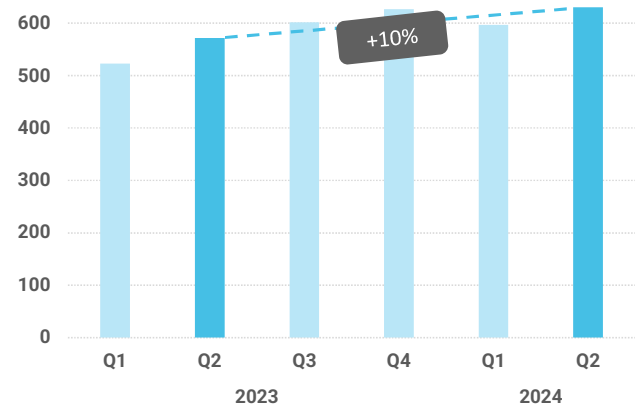
Geographic distribution

North America – 77% of total net revenue

Sales in North America amounted to 485.0 MSEK (457.8 MSEK) an increase of 6% compared to the corresponding period last year. Growth can primarily be attributed to the online channel, where sales increase quarter by quarter.

The slower growth rate in the segment is mainly due to the comparison period for NaturVet being a record quarter that included successful launches of Scoopables and ProDen PlaqueOff in larger chains. Despite a 6% growth, the North American market share for the group has decreased by three percentage points compared to the corresponding period last year and represents 77% of the group's total net revenue.

Total net revenue



H1 2024

Net Revenue

Net revenue amounted to 1,228.0 MSEK (1,095.3 MSEK) which corresponds to an increase of 12%. The growth is divided into 11% organic growth and 1% positive currency impact.

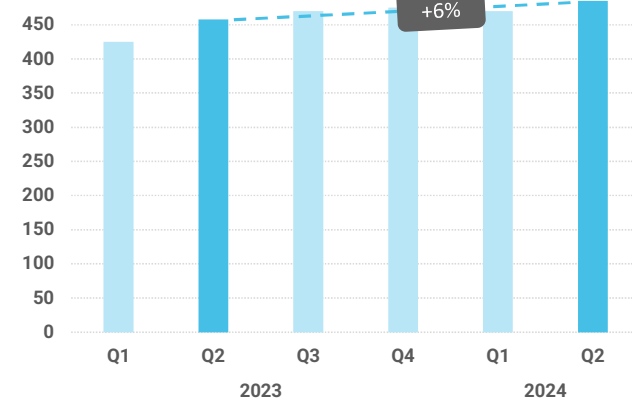
Geographic distribution

North America – 78% of total net revenue

Total net sales from the North American segment amounted to 781.3 MSEK (709.2 MSEK). The remaining sales in North America are attributed to the Production segment, which includes the Vetio companies. During the first half of 2024, the production companies' sales to North America amounted to 173.2 MSEK (173.1 MSEK). A capacity shortage of soft chew production in Europe results in that parts of the production are temporarily carried out from our production facility in the USA. This is the reason for the unchanged production revenue in North America during H1.

North America represents 78% (81%) of the group's total net sales. The decrease compared to the corresponding period of the previous year is primarily due to several successful launches that took place during H1 2023 as well as the strong growth in the European segment during H1 affecting the segment's share of the group.

North America – 77% of total net revenue



Q2 2024

Geographic distribution - cont.

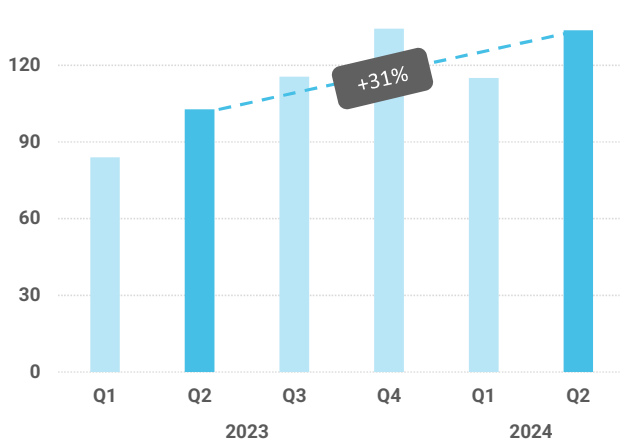
Europe – 21% of total net revenue

Sales in Europe amounted to 133.6 MSEK (102.3 MSEK) an increase of 31% compared to the corresponding period last year. Europe continues its growth journey, with all companies within the segment showing positive growth during the quarter. Despite not yet completing the expansion of our production lines in Ireland and UK, and that the products are partially temporarily produced in the US, the manufacturing of soft chews in Europe had a strong start. The production segment is showing strong growth in Europe and continues with triple growth compared to the corresponding period last year. This strong growth means that the European market share for the group increases by three percentage points compared to the same period last year.

Rest of the World – 2% of total net revenue

Rest of the World sales amounted to 12.0 MSEK (12.1 MSEK), a decrease of -1% compared to the corresponding period last year.

Europe – 21% of total net revenue



H1 2024

Geographic distribution - cont.

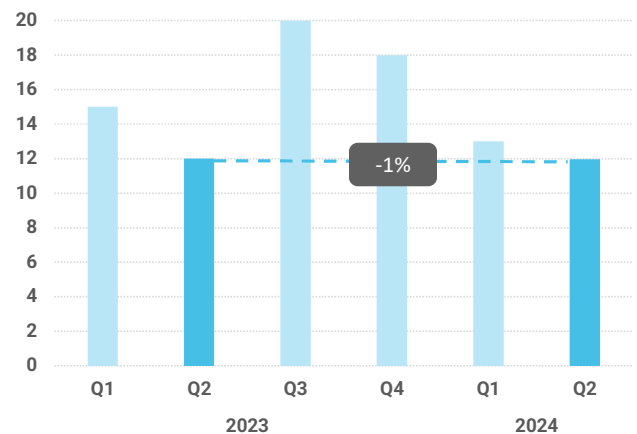
Europe – 20% of total net revenue

Sales in Europe amounted to 249.0 MSEK (186.4 MSEK), an increase of 34% compared to the corresponding period last year. With a few exceptions, most companies within the European segment have experienced good to very good growth. The remaining growth is explained by production companies, whose home market is the European segment, which has shown strong growth during H1.

Rest of the World – 2% of total net revenue

Rest of the World sales amounted to 24.5 MSEK (26.7 MSEK), a decrease of -8% compared to the corresponding period last year. The decrease is mainly explained by irregular deliveries to export markets, where several suppliers place orders only a few times per year.

Rest of the world – 2% of total net revenue



Q2 2024

Product category- and brand distribution

Nutraceuticals have shown growth of 1% and represent the largest product category with 50% (54%) of the group's total net revenue. The weaker growth is attributed to decreased sales in the group's largest company, NaturVet, which primarily has products in this category.

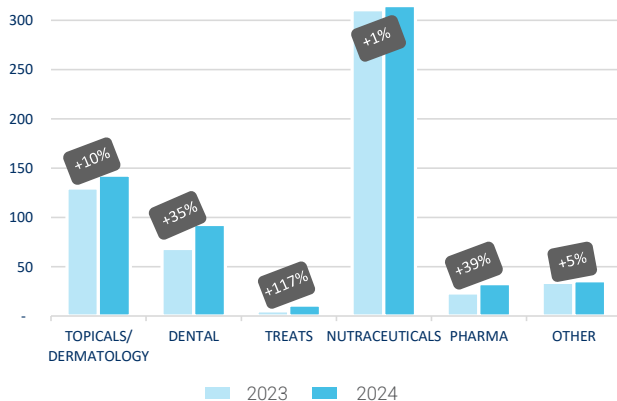
Topicals/Dermatology has increased by 10% compared to the corresponding period last year and continues to represent 23% (23%) of the group's net sales. The unchanged share of the group's total revenue is explained by stronger growth in the remaining product categories.

The Dental product group, which in addition to ProDen PlaqueOff®, also include a few other dental products such as toothpaste and dental wipes, has shown growth of 35% and represents 15% (12%) of the group's total net revenue. The main contributors to the increase are Online and Pet retail, and sales of ProDen PlaqueOff® Powder, Ingredient and Soft Chews continue to show growth of over 40%.

Sales of Pharma (contract development and manufacturing) has experienced strong growth (39%) with a record quarter and represents 5% (4%) of the group's net sales, which is explained by both an increase in development projects, more manufacturing projects, and strong sales of the company's unique flavor ingredient.

The Treats product group, established with the acquisition of Riley's® Organics in January 2024, shows growth of 117% and represents 2% (1%) of the group's total net revenue.

During Q2 2024 net sales were distributed by product category according to the graphic.



H1 2024

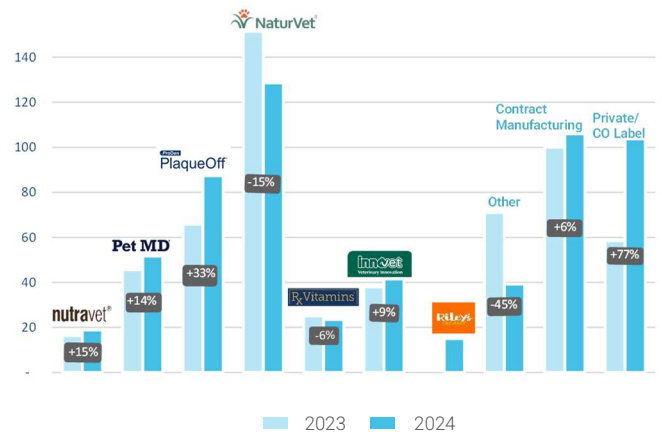
Product category distribution

Swedencare has, through the acquisitions, built a broad product portfolio with several strong brands. Nutraceuticals represent the group's largest product category at 50% (52%) and have shown a growth of 8% compared to the corresponding period last year.

Topicals/Dermatology has increased by 5% and represents 23% (25%) of the group's net revenue.

The Dental product group has increased by 34% and represents 15% (12%) of the group's total net sales. All subcategories within Dental have shown growth, with PlaqueOff Soft Chews, which were also launched in the European segment during the first quarter of 2024, exhibiting the strongest growth.

During Q2 2024 net sales were distributed by brand according to the graphic.



Q2 2024

Profit

The operational gross margin during the second quarter amounted to 57.9% (54.7%), which is in line with our expectations. The external costs amounts to 125.2 MSEK (113.3 MSEK) equivalent to 20% of total net revenue. The increase is mainly due to marketing costs, which are largely related to new product launches as well as investments in and sales through e-commerce. The costs during the quarter also include severance pay related to the restructuring at NaturVet, moving expenses, and the final payments for positions where we had double salaries. It is also worth noting that Q2 is the last quarter for double rents for three locations, as we are now subletting these.

The operational operating profit before amortization (EBITA) amounted to 119.9 MSEK (98.7 MSEK), corresponding to an operational EBITA margin of 19.0% (17.3%). Of the 20.9 MSEK (19.6 MSEK) in depreciation of tangible assets in the quarter, is 10.2 MSEK (9.7 MSEK) is attributable to IFRS16 (leasing assets).

Exchange rate variations affected the period's profit with an exchange rate gain of 0.1 MSEK (2.8 MSEK). During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 19.1 MSEK (20.8 MSEK). The lower interest costs are partly due to continued lower average interest rates and partly due to the lower level of indebtedness.

The net income for the quarter amounted to 20.9 MSEK (16.3 MSEK) corresponding to a profit margin of 3.3% (2.8%).

Earnings per share during the second quarter 2024 amounted to 0.13 SEK (0.10 SEK) calculated on a weighted average number of shares, 158,731,900 (158,731,900) as of June 30th, 2024.

Cash flow

Cash flow from operating activities amounted to 81.2 MSEK (81.4 MSEK). The negative change in working capital of -36.4 MSEK compared to -1,4 MSEK for the corresponding period last year. This change is mainly due to inventory investments ahead of upcoming product launches and a negative impact of 10.0 MSEK due to product purchases related to the Vet Worthy asset acquisition. Additionally, accounts receivable has increased, which is partly explained by higher revenue.

During the second quarter 2024, Swedencare completed two asset acquisitions; the trademark rights to Vet Worthy® and the trademark rights to Healthy Solutions for Pets (HSP). The total purchase price amounted to 38.4 MSEK (3.6 MUS\$), and the amount affected the cash flow during the period through an increase in investing activities, with an investment in intangible assets of 26.0 MSEK, and in working capital, with an investment in inventory of 10.0 MSEK. Investments in other tangible and intangible fixed assets amounted to 13.2 MSEK (9.8 MSEK).

H1 2024

Profit

The operational gross margin during the first 6 months amounted to 57.8% (54.7%). The external costs amounts to 236.7 MSEK (215.2 MSEK) equivalent to 19% of total net revenue, which is in line with previous periods. Exhibitions at several international expos and marketing activities contributed to increased costs during the first half of the year.

The operational operating profit before amortization (EBITA) amounted to 239.1 MSEK (186.4 MSEK), corresponding to an operational EBITA margin of 19.5% (17.0%). Of the 40.6 MSEK (37.5 MSEK) in depreciation of tangible assets for the period, is 19.7 MSEK (19.3 MSEK) attributable to IFRS16 (leasing assets).

Exchange rate variations affected the period's profit with an exchange rate gain of 4,5 MSEK (1,0 MSEK). During the first 6 months, the interest costs for loans taken out in connection with the acquisitions amounted to 39.0 MSEK (37.8 MSEK).

The net income for the period amounted to 51.0 MSEK (33.5 MSEK) corresponding to a profit margin of 4.2% (3.1%).

Earnings per share during the half year 2024 amounted to 0.32 SEK (0.21 SEK) calculated on a weighted average number of shares, 158,731,900 (158,731,900) As of June 30th, 2024.

Cash flow

Cash flow from operating activities amounted to 151.8 MSEK (181.9 MSEK). The change in working capital during the first half of the year had a negative impact on cash flow from operating activities with -78.7 MSEK (15.3 MSEK). The negative change is primarily attributed to a higher level of accounts receivable and inventory investments.

In the first half of 2024, Swedencare acquired the remaining 70% of the American company with the Riley's® brand, as well as two asset acquisitions, Vet Worthy and HSP. These acquisitions have been financed through own cash flow. Investments in tangible and intangible fixed assets, which include parts of the asset acquisitions, amounted to 47.6 MSEK (20.8 MSEK) during the first half of the year. Excluding the asset acquisitions, Investments in tangible and intangible fixed assets represent less than 2% of net sales.

The total interest-bearing liabilities have continued to reduce through amortizations by 75.0 MSEK during the quarter. During the second quarter cash flow amounted -79.0 MSEK (-55.6 MSEK).

Q2 2024

Cash flow – cont.

During the quarter, the dividend for 2023 was paid out, impacting cash flow by 36.5 MSEK (0.23 SEK per share). Total interest-bearing liabilities continued to decrease through amortizations of 50.0 MSEK. In the second quarter, cash flow amounted to -54.1 MSEK (-42.3 MSEK).

Other financial comments

Financial position

Swedencare's equity as of June 30th, 2024 amounted to 7,681.1 MSEK (7,860.3 MSEK), of which 1.6 MSEK (1.6 MSEK) is restricted equity. Swedencare's cash and cash equivalents as of June 30th, 2024 to 170.0 MSEK (197.6 MSEK), the group had by the same date interest bearing short- and long-term debts of 1,602 MSEK (1,845 MSEK). Swedencare's net debt as of June 30th, 2024 amounted to 1,432.0 MSEK (1,647.8 MSEK).

Personnel

Swedencare had as of June 30th, 2024 a total of 559 employees spread over Sweden (17), England (37), Italy (19), France (2), Greece (11), Ireland (19), Spain (4), USA (390) and Canada (60). The gender distribution is 49% women and 51% men. As of June 30th, 2023, Swedencare had a total of 499 employees.

Financing

As of June 30th, 2024, Swedencare's debts to credit institutions amounted to 1,368 MSEK. The Group has a Revolving Credit Facility (RCF) of 800 MSEK, of which the utilized amount was 550 MSEK as of June 30th, 2024. The utilized amount is divided into three draws, each maturing at 3-month intervals and bearing floating interest rates (STIBOR + margin) linked to net debt. The weighted average interest rate as of June 30th, 2024, was 5.29%. The RCF extends until September 2025 with an option for extension, one year, potentially extending to September 2026. As of June 30th, 2024 the Group has unused credit facilities of 250 MSEK.

The remaining loans to credit institutions consist of a term loan of 818 MSEK. The agreement extends until September 2025 with an option for an extension, one year, potentially extending to September 2026. The loan bears floating interest rates (STIBOR + margin). The weighted average interest rate as of June 30th, 2024, was 5.46%.

The loans are subject to financial covenants regarding the financial net debt to EBITDA ratio and interest coverage ratio. As of June 30th, 2024, the reported net debt to EBITDA ratio was 2.37 Compared to 3.40 as of June 30th, 2023.. Swedencare has complied with all covenants set by the bank for all assessments related to borrowing.

Swedencare's sustainability work

For Swedencare, sustainability means that we take long-term responsibility for the environmental, social, and financial impact that our operations have on our planet. We are working to implement a structure that ensures that we reduce our impact as far as possible. Swedencare closely follows the development of sustainability related issues and risks. The risks are identified, managed, and analyzed systematically by management. Our sustainability work is clearly anchored in the global development goals adopted by the UN General Assembly with the aim of achieving a better and more sustainable future for everyone.

We have chosen to focus on the five goals where we, as a producer of health care products for pets, have a direct or indirect impact and which can affect sustainability throughout the entire value chain:



Stock

	30 Jun 2024	30 Jun 2023	30 Jun 2022	30 Jun 2021
Number of shares at the end of the period	158,731,900	158,731,900	158,111,805	117,854,285
Share price at the end of the period	59.0	38.0	86.8	115.0


The ten largest shareholders (the table summarizes Swedencare's ownership structure as of June 30th, 2024):

	Number of shares	Ownership
Symrise AG	65,285,601	41.1%
Håkan Svanberg & Co Health Care AB	23,077,775	14.5%
JCC Group Invest Sweden AB (Johan Bergdahl through company)	7,526,755	4.7%
Första AP-fonden	6,128,612	3.9%
Mastan AB (Håkan Lagerberg through company)	5,675,666	3.6%
AMF Pension och Fonder	5,295,434	3.3%
SEB Fonder	2,859,822	1.8%
Grandeur Peak Global Advisors, LLC	2,755,484	1.7%
Moneta Asset Management	2,366,000	1.5%
Deka Investments	2,012,500	1.3%
Other	35,748,251	22.6%
Total	158,731,900	100%
Free float*	53,788,273	33.9%

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.

Collective efforts towards shared goals



At Swedencare we are excited to showcase how our subsidiaries worldwide collectively work towards our shared targets and vision. Despite the unique cultures and strategies within our group, we are united in our mission to lead in companion animal health, providing premium products for dogs, cats, and horses globally. Here is a summary of how our subsidiaries align with Swedencare Group's targets and values through their commitment to quality, innovation, collaboration, sustainability, and excellence.

SHARED MISSION AND VALUES

We aim to become a leading global player in companion animal health with products for dogs, cats, and horses within the premium segment. Our mission is to care for and improve the health and wellbeing of pets, and to create reassurance for the pet parent, worldwide and throughout life. This is reflected in the operations across all our group companies. We share values such as professional, agile, and caring, which motivate us to collaborate and support each other in achieving our common goals.

COMMITMENT TO QUALITY AND INNOVATION

Maintaining rigorous quality control processes and staying at the forefront of research and development is a shared priority across the Swedencare Group. Significant investments in R&D ensure we develop new formulations and delivery methods, providing the latest advancements in animal health. Transparency and continuous improvement are emphasized through regular cross-functional meetings and audits, ensuring best-in-class products and innovations in natural pet health solutions.

COLLABORATIVE CULTURE AND CUSTOMER FOCUS

A collaborative culture is central to our operations, emphasizing teamwork, mutual accountability, and transparent communication. Our subsidiaries engage with customers through educational outreach and market research, ensuring we effectively understand and meet their needs. Strong relationships with both business partners and customers foster a culture of care and collaboration. This customer-focused approach helps us build trust and loyalty among pet parents and veterinary professionals. Additionally, expanding our distribution reach enhances brand credibility and competition by making our products available on multiple platforms.

SUSTAINABILITY AND ENVIRONMENTAL RESPONSIBILITY

Swedencare and our subsidiaries are dedicated to reducing environmental impact by implementing sustainable practices in manufacturing, packaging, and logistics. Promoting resource efficiency and adopting eco-friendly processes, including the use of pallet boxes for bulk orders and solar panels to supply part of our facilities' electricity, contributes to our greener operations.



MARKET EXPANSION AND STRATEGIC GROWTH

Our financial goal is to achieve 4 billion SEK in revenue with an EBITDA margin of at least 30% by end of 2026. To achieve this, our subsidiaries contribute to strategic growth by identifying new market opportunities and forming strategic partnerships. Expanding distribution channels, enhancing market presence, and educating pet owners on the importance of health drive demand for our products. Strengthening our presence through new distribution agreements and engagement with veterinarians, alongside a strong online presence and expertise in e-commerce, ensures high growth and profitability.

In summary, Swedencare and our subsidiaries exemplify our collective commitment to leading in companion animal health. By working towards common goals and visions, sharing our values, and prioritizing customer focus, innovation, sustainability, and quality, Swedencare Group is pivotal in driving success and innovation in the animal health industry.

COMMITMENT TO EXCELLENCE AND CUSTOMER SATISFACTION

Dedication to excellence is a common trait among our group companies, reflected in the positive feedback and loyalty from our customers. Emphasizing a customer-centric approach ensures our products meet and exceed expectations. Promoting preventative care and education, prioritizing quality, and continuously improving our offerings align with customer needs and drive our commitment to excellence.

Financial overview

Consolidated profit and loss (MSEK)

	Apr - Jun 2024	Apr - Jun 2023	Jan - Jun 2024	Jan - Jun 2023	Full year 2023	Rolling 12 mths
Net revenue	630.5	572.1	1,228.0	1,095.3	2,324.6	2,457.2
Other revenue	1.9	1.8	3.4	2.1	13.7	15.0
Total revenue	632.5	573.9	1,231.4	1,097.4	2,338.3	2,472.2
Cost of sales	-267.3	-268.9	-528.2	-506.6	-1,047.5	-1,069.0
Other external costs	-125.2	-113.3	-236.7	-215.2	-449.2	-470.7
Personnel costs	-99.1	-82.6	-194.4	-159.7	-353.3	-388.0
Other costs	-2.2	-1.2	-2.9	-2.9	-5.3	-5.3
Operating profit before depreciation (EBITDA)	138.7	108.0	269.3	213.1	483.0	539.2
Depreciation and write-downs of tangible fixed assets	-20.9	-19.6	-40.6	-37.5	-78.0	-81.0
Operating profit before interest, taxes and amortization (EBITA)	117.7	88.4	228.7	175.5	405.0	458.2
Amortization of intangible fixed assets	-58.8	-57.5	-116.0	-114.3	-231.8	-233.5
Operating profit (EBIT)	58.9	30.9	112.7	61.2	173.2	224.6
Financial income	1.7	2.8	6.2	2.6	1.8	4.6
Financial costs	-21.9	-23.7	-44.4	-43.7	-94.1	-94.0
Results from shares in associated companies	0.0	-0.1	-0.6	-0.2	0.1	-0.3
Profit after financial costs	38.8	9.8	73.9	20.0	81.1	135.0
Net income before tax	38.8	9.8	73.9	20.0	81.1	135.0
Tax on profit	-10.5	-7.6	-18.2	-11.9	-28.4	-34.7
Deferred tax	-7.3	14.1	-4.7	25.4	5.9	-24.1
Net income	20.9	16.3	51.0	33.5	58.6	76.2
Earnings per share before dilution (SEK)	0.13	0.10	0.32	0.21	0.37	0.48
Earnings per share after dilution (SEK)	0.13	0.10	0.32	0.21	0.37	0.48

Consolidated statement of comprehensive income (MSEK)

Net income	20.9	16.3	51.0	33.5	58.6	76.2
Exchange difference foreign subs.	-48.9	443.9	459.7	401.1	-277.6	-218.9
Total profit	-28.0	460.2	510.8	434.6	-219.0	-142.8

Consolidated balance sheet (MSEK)

	30 Jun 2024	31 Dec 2023	30 Jun 2023
ASSETS			
Non-current assets			
Goodwill	4,197.8	3,967.5	4,279.5
Other intangible assets	4,126.8	3,941.5	4,370.0
Shares in associated companies	0.9	24.1	0.1
Buildings and land	144.9	141.1	155.8
Right of use according to IFRS - Buildings and land	219.4	206.1	240.8
Machinery and other tech assets	140.4	132.1	145.1
Right of use according to IFRS - Machinery and other tech assets	7.8	4.9	7.1
Tools, furniture, and fixtures	9.9	9.3	13.0
Other financial assets	0.6	0.6	0.7
Deferred tax asset	112.0	102.9	78.6
Total non-current assets	8,960.6	8,530.0	9,290.7
Current assets			
Inventory	485.0	398.1	461.1
Accounts receivables	287.4	228.5	281.4
Tax receivables	67.9	63.3	36.3
Other receivables	6.3	4.8	5.0
Prepaid costs and deferred revenue	63.7	60.2	52.4
Cash	170.0	237.3	197.6
Total current assets	1,080.4	992.1	1,033.9
TOTAL ASSETS	10,040.9	9,522.1	10,324.5

Consolidated balance sheet (MSEK) – cont.

	30 Jun 2024	31 Dec 2023	30 Jun 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	1.6	1.6	1.6
Share premium	6,209.7	6,209.7	6,209.7
Conversion reserves	1,229.0	769.3	1,447.9
Other equity incl. full year profit	240.8	226.3	201.2
Total equity	7,681.1	7,206.8	7,860.3
Long term liabilities			
Debt to credit institutions	1,367.4	1,441.2	1,591.7
Other interest-bearing liabilities	192.9	179.6	212.6
Deferred tax liability	432.4	386.8	363.6
Debts to employees	4.8	4.7	4.7
Other long-term liabilities	5.3	5.0	5.4
Short term liabilities			
Accounts payable	116.7	83.8	90.6
Tax liabilities	94.8	75.6	48.4
Other interest-bearing liabilities	41.6	37.8	41.1
Other liabilities	25.5	21.4	16.5
Deferred costs and prepaid income	78.5	79.4	89.6
Total liabilities	2,359.9	2,315.3	2,464.2
TOTAL EQUITY AND LIABILITIES	10,040.9	9,522.1	10,324.5

Consolidated change of equity (MSEK)

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Beginning balance	7,745.5	7,435.1	7,206.8	7,460.7	7,460.7
Paid dividend	-36.5	-34.9	-36.5	-34.9	-34.9
Total profit	-28.0	460.2	510.8	434.6	-219.0
Ending balance	7,681.1	7,860.3	7,681.1	7,860.3	7,206.8

Consolidated cash flow statement (MSEK)

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Operating income before financial costs	58.9	30.9	112.7	61.2	173.2
Paid interest	-19.0	-12.8	-39.0	-29.8	-72.6
Depreciation	79.7	77.1	156.6	151.8	309.8
Paid tax	-2.2	-10.2	-3.7	-14.6	-29.2
Non-cash flow items	0.2	-2.1	3.9	-2.0	3.3
Operating cash flow before change of working capital	117.6	82.8	230.4	166.6	384.5
<i>Change in working capital</i>					
Change in inventory	-20.4	5.2	-57.6	1.4	31.0
Change of accounts receivable	-12.0	-37.6	-45.1	-38.1	-16.8
Change of other receivables	-7.3	8.9	-1.7	0.8	-11.3
Change of accounts payable	-5.1	-10.8	25.9	17.6	20.3
Change in current liabilities	8.3	32.8	-0.2	33.6	36.3
Operating cash flow	81.2	81.4	151.8	181.9	444.0
<i>Investment activities</i>					
Acquisitions	-	-20.1	-53.0	-113.4	-140.3
Purchases of intangible assets	-26.7	-0.7	-27.2	-0.9	-2.2
Purchases of buildings	-1.8	-1.5	-3.0	-4.2	-7.5
Purchases of machines	-8.6	-5.8	-15.4	-12.1	-21.7
Purchases of tools, furniture, and fixtures	-1.9	-1.8	-2.1	-3.7	-4.6
Cash flow from investment activities	-39.1	-29.9	-100.6	-134.2	-176.4
<i>Financial activities</i>					
Paid dividend	-36.5	-34.9	-36.5	-34.9	-34.9
Loan	-	-	-	25.0	25.0
Amortization on interest-bearing loan	-50.0	-50.0	-75.0	-75.6	-225.5
Amortization on lease	-9.7	-9.0	-18.7	-17.8	-36.2
Cash flow from financial activities	-96.2	-93.9	-130.2	-103.3	-271.6
Cash flow for the period	-54.1	-42.3	-79.0	-55.6	-4.0
Cash balance at beginning of period	224.3	232.2	237.3	245.1	245.1
Exchange difference in cash	-0.3	7.7	11.8	8.1	-3.8
Cash balance at end of period	170.0	197.6	170.0	197.6	237.3

Consolidated revenue breakdown (MSEK)

	Apr - Jun 2024	Apr - Jun 2023	Change %
<i>Product categories</i>			
Topicals/Dermatology	143.1	129.9	10%
Dental	93.0	68.6	35%
Treats	11.1	5.1	118%
Nutraceuticals	314.8	310.8	1%
Pharma	32.7	23.6	39%
Other	35.9	34.1	5%
Total	630.5	572.1	10%
<i>Time of revenue recognition</i>			
The performance commitment is met over time	93.9	77.0	22%
The performance commitment is met a certain time	536.7	495.1	8%
Total	630.5	572.1	10%
<i>Geographic market</i>			
North America	485.0	457.8	6%
Europe	133.6	102.3	31%
Rest of the World	12.0	12.1	-1%
Total	630.5	572.1	10%

Revenue breakdown per segment (MSEK)

	North America		Europe		Production		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Apr - Jun								
North America	391.1	380.6	-	-	93.9	77.1	485.0	457.8
Europe	0.7	1.1	100.8	90.7	32.1	10.6	133.6	102.3
Rest of the world	4.6	4.7	7.4	7.4	-	-	12.0	12.1
Total	396.4	386.4	108.2	98.1	126.0	87.7	630.5	572.1

Consolidated revenue breakdown (MSEK) – cont.

	Jan - Jun 2024	Jan - Jun 2023	Change %
<i>Product categories</i>			
Topicals/Dermatology	281.2	268.9	5%
Dental	181.9	135.8	34%
Treats	21.2	10.3	106%
Nutraceuticals	618.5	572.6	8%
Pharma	55.4	49.5	12%
Other	69.8	58.2	20%
Total	1,228.0	1,095.3	12%
<i>Time of revenue recognition</i>			
The performance commitment is met over time	173.1	172.7	0%
The performance commitment is met a certain time	1,054.9	922.6	14%
Total	1,228.0	1,095.3	12%
<i>Geographic market</i>			
North America	954.5	882.3	8%
Europe	249.0	186.4	34%
Rest of the World	24.5	26.7	-8%
Total	1,228.0	1,095.3	12%

Revenue breakdown per segment (MSEK) – cont.

	North America		Europe		Production		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Jan - Jun								
North America	781.3	709.2	-	-	173.2	173.1	954.5	882.3
Europe	1.8	2.4	191.1	163.2	56.1	20.8	249.0	186.4
Rest of the world	9.1	9.4	15.3	17.0	0.0	0.2	24.5	26.7
Total	792.1	721.0	206.5	180.2	229.4	194.1	1,228.0	1,095.3

Parent company profit and loss (MSEK)

	Apr - Jun 2024	Apr - Jun 2023	Jan - Jun 2024	Jan - Jun 2023	Full year 2023
Net revenue	23.1	22.1	39.2	37.0	71.6
Other revenue	1.3	1.1	1.9	1.1	6.6
Total revenue	24.4	23.2	41.1	38.1	78.2
Cost of sales	-6.9	-6.9	-11.5	-11.4	-23.3
Other external costs	-5.8	-5.4	-10.6	-9.7	-19.5
Personnel costs	-8.9	-5.4	-16.2	-10.8	-22.2
Other costs	-1.4	-0.7	-1.7	-0.5	-1.8
Operating profit before depreciation (EBITDA)	1.4	5.0	1.2	5.8	11.5
Depreciation and write-downs of tangible fixed assets	0.0	0.0	0.0	0.0	0.0
Operating profit before interest, taxes and amortization (EBITA)	1.3	4.9	1.2	5.8	11.4
Amortization of intangible fixed assets	-0.3	-0.2	-0.5	-0.5	-1.0
Operating profit (EBIT)	1.1	4.7	0.7	5.3	10.5
Financial income	1.0	0.5	1.8	1.0	3.6
Financial costs	-20.5	-19.1	-37.3	-37.3	-86.2
Results from shares in associated companies	66.1	144.7	193.4	238.7	412.6
Profit after financial costs	48.4	130.8	159.4	207.7	340.5
Year-end adjustments	-	-	-	-	1.9
Net income before tax	47.6	130.8	158.6	207.7	342.4
Tax on profit	-0.9	-	-0.9	-	-0.5
Net income	46.7	130.8	157.7	207.7	341.8

Parent company balance sheet (MSEK)

	30 Jun 2024	31 Dec 2023	30 Jun 2023
ASSETS			
Non-current assets			
Trademarks and other intangible assets	1.8	1.6	2.1
Tools, furniture and fixtures	0.1	0.1	0.1
Shares in subsidiaries	8,194.5	8,116.7	8,091.8
Shares in associated companies	1.6	1.6	0.4
Total non-current assets	8,198.0	8,120.0	8,094.4
Current assets			
Inventory	6.5	6.3	4.9
Accounts receivables	6.3	4.3	7.3
Tax claims	0.8	0.9	2.7
Intercompany receivables	76.2	43.1	64.1
Other receivables	0.4	0.5	0.3
Prepaid costs and deferred revenue	2.6	1.7	1.7
Cash	34.8	96.3	65.3
Total current assets	127.6	153.0	146.2
TOTAL ASSETS	8,325.6	8,273.0	8,240.6
EQUITY AND LIABILITIES			
Equity			
Share capital	1.6	1.6	1.6
Share premium	6,209.6	6,209.6	6,209.6
Retained earnings including net income	667.8	546.6	412.4
Total equity	6,879.0	6,757.8	6,623.7
Long term liabilities			
Debt to credit institutions	1,367.4	1,441.2	1,591.7
Short term liabilities			
Accounts payable	3.6	4.8	2.8
Intercompany payables	59.4	53.0	7.9
Tax liabilities	1.3	1.1	0.3
Other liabilities	1.9	1.4	0.7
Deferred costs and prepaid income	13.0	13.8	13.6
Total liabilities	1,446.5	1,515.2	1,617.0
TOTAL EQUITY AND LIABILITIES	8,325.6	8,273.0	8,240.6

Note 1 Operating segment the Group (MSEK)

An operating segment is a part of the Group that conducts activities from which it can generate revenues and incur expenses, with its operating results regularly reviewed by the company's highest executive decision-maker and for which separate financial information is available. The Group's operations are reported by geographical area (North America, Europe) as well as by manufacturing units. The operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision-maker, who is responsible for resource allocation and monitoring the results of the operating segments. 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 performance to the board, confirming that the external and internal reporting are aligned

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

The European operating segment includes eight sales companies in Europe.

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

	North America		Europe		Production		Group-wide functions		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Apr - Jun										
Net revenue external	396.4	386.4	108.2	98.0	126.0	87.7	-	-	630.5	572.1
Net revenue internal, between segments	0.2	0.1	12.8	12.0	40.6	41.5	-53.6	-53.6	-	-
Net sales	396.5	386.5	121.0	110.0	166.6	129.2	-53.6	-53.6	630.5	572.1
Other revenue external	0.0	0.0	1.6	1.5	0.2	0.2	-	0.1	1.9	1.8
Total revenue	396.6	386.5	122.6	111.5	166.9	129.5	-53.6	-53.6	632.5	573.9
Cost of sales	-179.5	-197.5	-39.7	-33.1	-90.8	-82.3	42.7	44.2	-267.3	-268.9
Other external costs	-85.3	-72.5	-20.9	-22.0	-13.1	-14.2	-5.9	-4.5	-125.2	-113.3
Personnel costs	-54.1	-48.5	-12.4	-10.6	-24.5	-18.6	-8.2	-4.8	-99.1	-82.6
Other costs	0.0	0.0	-1.6	-0.3	-0.5	-0.2	-0.1	-0.7	-2.2	-1.2
EBITDA	77.8	67.9	48.2	45.4	37.9	14.1	-25.2	-19.5	138.7	108.0
Depreciation and write-downs of tangible fixed assets	-11.8	-11.3	-1.3	-1.2	-7.8	-7.1	-	-	-20.9	-19.6
EBITA	66.0	56.7	46.9	44.2	30.1	7.0	-25.2	-19.5	117.7	88.4
Amortization of intangible fixed assets	-36.5	-35.6	-6.6	-6.7	-15.5	-15.3	-0.1	0.1	-58.8	-57.5
EBIT	29.5	21.1	40.2	37.5	14.5	-8.3	-25.3	-19.4	58.9	30.9
Financial costs	-1.0	-1.5	0.8	0.4	-0.4	-0.8	-19.6	-19.1	-20.2	-21.0
Results from shares in associated companies	0.0	-	-	-	-	-	0.0	-0.1	0.0	-0.1
Profit after financial costs	28.4	19.6	41.0	37.9	14.2	-9.1	-44.9	-38.6	38.8	9.8
Net income before tax	28.4	19.6	41.0	37.9	14.2	-9.1	-44.9	-38.6	38.8	9.8
Tax on profit	-0.7	-0.3	-7.3	-6.0	-2.5	-1.3	-	0.0	-10.5	-7.6
Deferred tax	-13.7	8.2	-0.3	-0.3	3.9	3.8	2.7	2.4	-7.3	14.1
Net income	14.0	27.5	33.5	31.6	15.6	-6.6	-42.2	-36.2	20.9	16.3

Note 1 Operating segment the Group (MSEK) – cont.

	North America		Europe		Production		Group-wide functions		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Jan - Jun										
Net revenue external	792.1	721.0	206.5	180.2	229.4	194.1	-	-	1,228.0	1,095.3
Net revenue internal, between segments	2.9	0.2	19.1	16.1	75.9	58.7	-98.0	-74.9	-	-
Net sales	795.1	721.2	225.6	196.2	305.3	252.8	-98.0	-74.9	1,228.0	1,095.3
Other revenue external	0.1	-	3.0	1.9	0.4	0.2	-	0.0	3.4	2.1
Total revenue	795.2	721.2	228.6	198.1	305.8	253.1	-98.1	-75.0	1,231.4	1,097.4
Cost of sales	-369.5	-353.1	-73.9	-59.7	-175.5	-160.3	90.7	66.5	-528.2	-506.6
Other external costs	-161.8	-137.6	-38.2	-40.8	-26.5	-28.1	-10.3	-8.6	-236.7	-215.2
Personnel costs	-107.7	-92.8	-25.3	-20.9	-47.1	-36.4	-14.3	-9.6	-194.4	-159.7
Other costs	-	0.0	-2.0	-0.5	-0.8	-1.8	-0.1	-0.5	-2.9	-2.9
EBITDA	156.2	137.7	89.2	76.2	55.8	26.4	-32.0	-27.2	269.3	213.1
Depreciation and write-downs of tangible fixed assets	-22.9	-21.1	-2.4	-2.4	-15.2	-14.0	-	-	-40.6	-37.5
EBITA	133.3	116.5	86.8	73.8	40.6	12.4	-32.0	-27.2	228.7	175.5
Amortization of intangible fixed assets	-72.0	-70.9	-13.1	-13.3	-30.6	-30.4	-0.3	0.2	-116.0	-114.3
EBIT	61.2	45.6	73.7	60.5	10.0	-17.9	-32.3	-27.0	112.7	61.2
Financial costs	-2.4	-3.1	0.9	0.8	-1.2	-1.6	-35.5	-37.3	-38.2	-41.1
Results from shares in associated companies	-0.5	-	-	-	-	-	-0.1	-0.2	-0.6	-0.2
Profit after financial costs	58.3	42.6	74.6	61.3	8.8	-19.5	-67.9	-64.4	73.9	20.0
Net income before tax	58.3	42.6	74.6	61.3	8.8	-19.5	-67.9	-64.4	73.9	20.0
Tax on profit	-1.3	-0.7	-13.3	-8.8	-3.6	-2.4	-	-	-18.2	-11.9
Deferred tax	-13.6	16.4	-0.5	-0.6	7.7	7.6	1.8	2.0	-4.7	25.4
Net income	43.4	58.3	60.8	51.9	12.9	-14.3	-66.1	-62.4	51.0	33.5

Note 2 Acquisitions completed during the year

Pet MD Brands, Inc., one of Swedencare AB:s North American subsidiaries has acquired the American company which includes the brand Riley's® Organics, which sells and markets organic premium treats for dogs. The acquisition was completed in two steps; 30% of the company was acquired on October 2nd, 2023, and the remaining 70% on January 2nd, 2024.

On January 2nd, 2024, Pet MD Brands, a subsidiary of Swedencare AB (publ), acquired the American brand, Riley's. The total purchase price amounts to 7.5 MUSD (78.4 MSEK), on a debt-free and cash-free basis and was paid in cash to the seller. Through this acquisition, Swedencare has established itself in the rapidly growing market for organic treats for dogs in the USA. The transaction was carried out in two stages; 30% was acquired at the beginning of Q4 2023 with an option to purchase the remaining 70% during H1 2024. Swedencare chose to exercise and complete the option on January 2, 2024.

An initial joint test launch of Riley's products took place on Pet MD's Amazon channel from January 2023, resulting in over 2 MUSD in increased sales for Riley's within this sales channel. Riley's revenue was approximately 3.2 MUSD during the last fiscal year (January 2023 – December 2023).

Pet owners have made organic treats one of the fastest-growing product categories for dogs, and by expanding our offering with this category, Swedencare can leverage the Pet MD Brands team and technology to further accelerate the strong growth that both Riley's and Pet MD Brands have experienced in 2023. The table below presents a preliminary acquisition analysis. No part of the recorded goodwill is expected to be deductible for income tax purposes.

Asset acquisitions

Acquisitions of companies can be classified as either business acquisitions or asset acquisitions, and each acquisition requires an individual assessment. According to IFRS, a business must comprise an integrated set of activities and assets, including at least one input and a significant process that together contribute significantly to the ability to generate output (return). If an acquisition does not generate current output but includes an identifiable asset that can generate output in the future, an organized workforce is required for the acquisition to be classified as a business acquisition. If an acquisition is not assessed as a business, it is reported as an asset acquisition.

A concentration test can be voluntarily applied to determine if an acquisition is an asset acquisition. The test implies that if substantially all of the fair value of the acquired gross assets can be attributed to a single asset or a group of similar assets, the acquisition is classified as an asset acquisition.

During the second quarter of 2024, Swedencare completed two acquisitions classified as asset acquisitions: trademark rights to Vet Worthy® and Healthy Solutions for Pets.

The total purchase price amounts to 38.4 MSEK (3.6 MUSD), and the amount affected the cash flow during the second quarter of 2024.

The Vet Worthy® brand was created in 2016 and was successfully sold within the Pet retail and online sectors until the end of 2023. Due to a restructuring of the parent company, an opportunity arose to acquire the brand, and Swedencare intends to sell off the acquired inventory during 2024. The plan is to relaunch the brand in Q1 2025 with the majority of products manufactured internally.

The Healthy Solutions for Pets brand is targeted at a younger demographic with a cleaner label design preferred by millennials and Gen Z buyers. Initially launched via a direct-to-consumer website, it has now expanded to a significant presence on Amazon and Chewy with over 2,000 loyal subscription customers. Currently, opportunities are being evaluated for the brand to be included in physical independent pet stores/distribution channels, along with previously unexploited channels.



Note 2 Acquisitions completed during the year – cont.

Acquisition	Riley's
<i>Purchase price</i>	
Cash payment for this year's acquisition	78.4
Total purchase price	78.4
<i>Payment for acquisitions:</i>	
Payment for this year's acquisition	78.4
Acquired cash and bank balances	-0.4
Transaction costs that are included in Net income as Other external costs	0.1
Total paid	78.1
Contributions from acquired companies	
<i>Contribution from the time when the controlling influence existed</i>	
Total revenue	3.2
Net income	1.1
<i>Contributions if the acquisitions had been made January 1st, 2024.</i>	
Total revenue	3.2
Net income	1.1
	Preliminary acquisition analysis
Acquired assets and liabilities	
Intangible assets	59.9
Tangible assets	0.2
Inventory	14.8
Accounts receivable	2.2
Cash	0.4
Total acquired net assets	77.5
Accounts payable	-1.5
Deferred tax liability	-17.1
Other current assets	-0.2
Total acquired net liabilities	-18.8
Goodwill	19.7
Total	78.4

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

The board and the managing director guarantee that the half-year report provides a fair overview of the Company's operations, position, and results. When evaluating Swedencare's future development, it is important to consider risk factors in addition to potential revenue and profit growth. Swedencare's operations are affected by several risks that can have an effect on the company's results and financial position to varying extents. For a description of Swedencare's risks, refer to the management report on pages 57-61 and in note 31 in the annual report for 2023. It is deemed that there have been no significant changes in these risks and uncertainty factors as of June 30th, 2024.

Note 4 Accounting principles

This half year report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act. The same accounting principles and calculation bases have been applied as in the latest annual report, although currency exchange losses have not been included in the operating results in previous years. Therefore, the comparative figures have been adjusted to provide a more accurate picture.

Note 5 Change in accounting estimates

When preparing the financial reports in accordance with IFRS, estimations, judgments, and assumptions are made that affect the application of accounting principles and the amounts reported for assets, liabilities, revenues, and expenses. These estimations and assumptions are based on historical experience and a number of other factors that under current circumstances appear reasonable. Actual outcomes may differ from these estimations and judgments. The areas that involve a high degree of judgment, are complex, or are areas where assumptions and estimations are of significant importance to the financial reports are disclosed in the latest annual report. There have been no material changes in the preparation of the half year report.

Note 6 Transactions with related parties

Transactions with related parties occur within the ordinary course of business and are conducted on commercial terms and at market prices. In addition to the usual transactions between group companies and compensations to management and the board of directors, the following transactions with related parties have taken place during the period from January 1st to June 30th, 2024:

- Purchased services from companies controlled by senior executives for an amount of 0.1 MSEK
- Sold products to companies controlled by senior executives for 0.0 MSEK

Note 7 Fair value

Financial liabilities

Swedencare has a financial liability related to contingent consideration in business acquisitions, which is valued at fair value through profit or loss. The contingent consideration is attributable to the acquisition of Axiom Direct and is based on Axiom Direct's sales until 2026. The contingent consideration was valued at fair value at the time of acquisition on April 3, 2023, and was revalued at fair value as of June 30th, 2024. The valuation is based on expected future cash flows, which are discounted using the discount rate. The discount rate (WACC) for the contingent consideration corresponds to the risk-free rate for 10-year US Treasury bonds, which increased from 2.3% at the time of acquisition to 4.4% as of June 30th, 2024. Swedencare's assessment of the fair value of the financial liability related to contingent consideration as of June 30th, 2024, amounts to 0.4 MSEK. The adjustment to fair value is recognized as a financial expense of 0.0 MSEK during the second quarter.



Malmö July 25th, 2024

Håkan Lagerberg
CEO

Håkan Svanberg
Board Chairman

Johan Bergdahl
Board Member

Heinz-Jürgen Bertram
Board member

Sara Brandt
Board Member

Thomas Eklund
Board Member

Jean-Yves Parisot
Board Member

Ulrika Valassi
Board Member

Auditor's review

This half year report has not been comprehensively reviewed by the company's auditor.

Future reporting schedule



Contact

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Definition of Key Performance Indicators

In this report, Swedencare presents information that the company's management uses to assess the Group's performance. Some of the key figures presented are not defined according to IFRS. The company believes that these measures provide valuable supplementary information to stakeholders and the company's management as they contribute to the evaluation of relevant trends and the company's performance. Since not all companies calculate key figures in the same way, they are not always comparable to measures used by other companies. Therefore, these key figures should not be seen as a substitute for measures defined according to IFRS. ESMA's guidelines on "alternative performance measures" are applied, which means increased disclosure requirements regarding key figures not defined according to IFRS. Below is a reconciliation of the key figures that Swedencare deems relevant according to these guidelines. Margins are calculated as a percentage of net revenue instead of a percentage of total revenue. Therefore, the comparative figures have been adjusted to provide a more accurate picture.

Net revenue The main revenue of the company	EBITA Operating profit before amortization	Interest-bearing net debt Interest-bearing debt including financial leasing minus cash.
Change of revenue (%) Net revenue in relation to the previous corresponding period	EBITA-margin (%) EBITA as a percentage of net revenue	Earnings per share Profit for the period attributable to the parent company's shareholders in relation to the average number of shares (definition according to IFRS)
Gross profit Sales revenue minus cost of sales	EBIT Operating profit	Equity per share Equity in relation to the number of shares at the end of the period
Gross margin (%) Gross profit as a percentage of net revenue	EBIT-marginal (%) EBIT as a percentage of net revenue	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.
EBITDA Operating profit before depreciation	Net income margin (%) Profit after tax as a percentage of net revenue	
EBITDA-margin (%) EBITDA as a percentage of net revenue	Solvency (%) Equity (equity and untaxed reserves minus deduction for deferred tax) calculated as a percentage of total assets.	

Definition of operational Key Performance Indicator

Operational gross profit Gross profit excluding items affecting comparability. The measure is relevant for showing the group's result generated by activities.	Operational EBITDA-margin (%) Op. EBITDA 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 gross margin (%) Op. Gross profit 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 EBIT-margin (%) Op. EBIT 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 EBITA-margin (%) Op. EBITA as a percentage of net revenue	

Items affecting comparability

Items affecting comparability refer to events and transactions whose profit effects are important to pay attention to when the period's results are compared with previous periods and include items of a one-off nature that are not directly related to the ongoing operations, and which are adjusted due to specific events. Items affecting comparison are a designation for items which excluded shows the group's earnings excluding items which by their nature are not recurring as part of its ongoing operations. In addition, peer comp analysis is facilitated of companies that do not make acquisitions, while analysis and assessment of acquisition objects becomes clearer and more transparent than their EBIT contribution coincides with the actual contribution to the group after consolidation. It is also important to note that the effect of the acquisitions is reflected in the group's capital structure and net debt in accordance with accepted accounting rules

Consolidated Key Performance Indicators

	Apr - Jun 2024	Apr - Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Result measures (MSEK)					
Net revenue	630.5	572.1	1,228.0	1,095.3	2,324.6
Total revenue	632.5	573.9	1,231.4	1,097.4	2,338.3
Change of revenue (%)	10.2%	21.5%	12.1%	29.1%	27.1%
Gross margin (%)	57.6%	53.0%	57.0%	53.7%	54.9%
EBITA	117.7	88.4	228.7	175.5	405.0
EBITA-margin (%)	18.7%	15.4%	18.6%	16.0%	17.4%
EBIT	58.9	30.9	112.7	61.2	173.2
EBIT-margin (%)	9.4%	5.4%	9.2%	5.6%	7.5%
Net income	20.9	16.3	51.0	33.5	58.6
Net income margin (%)	3.3%	2.8%	4.2%	3.1%	2.5%
Share data (SEK)					
Outstanding shares at period close	158,731,900	158,731,900	158,731,900	158,731,900	158,731,900
Average outstanding shares	158,731,900	158,731,900	158,731,900	158,731,900	158,731,900
Earnings per share (SEK)*	0.13	0.10	0.32	0.21	0.37
Equity per share (SEK)	48.39	49.52	48.39	49.52	45.40
Other information (MSEK)					
Cash	170.0	197.6	170.0	197.6	237.3
Interest-bearing net debt	1,432.0	1,647.8	1,432.0	1,647.8	1,421.3
Equity	7,681.1	7,860.3	7,681.1	7,860.3	7,206.8
Balance sheet total	10,040.9	10,324.5	10,040.9	10,324.5	9,522.1
Solvency (%)	76.5%	76.1%	76.5%	76.1%	75.7%

* KPI's defined according to IFRS

Consolidated Operational Key Performance Indicators (MSEK)

	Apr - Jun 2024	Apr - Jun 2023	Jan-Jun 2023	Jan-Jun 2024	Full year 2023
Net revenue	630.5	572.1	1,228.0	1,095.3	2,324.6
Operational gross profit	365.3	313.0	709.7	598.9	1,287.3
<i>Operational gross margin</i>	57.9%	54.7%	57.8%	54.7%	55.4%
Revaluation of acquisition stock to fair value	-2.0	-	-7.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-9.7	-	-9.7	-9.7
Post- audit adjustment 2022	-	-	-2.2	-	-
Gross profit	363.3	303.3	699.8	588.7	1,277.1
<i>Gross margin</i>	57.6%	53.0%	57.0%	53.7%	54.9%
Operational EBITDA	140.9	118.3	279.7	224.0	494.0
<i>Operational EBITDA-margin</i>	22.3%	20.7%	22.8%	20.5%	21.3%
Merger- and acquisition costs	-0.2	-0.2	-0.6	-0.3	-0.4
Revaluation of acquisition stock to fair value	-2.0	-	-7.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-9.7	-	-9.7	-9.7
Post- audit adjustment 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-0.4	-	-0.4	-0.4
EBITDA	138.7	108.0	269.3	213.1	483.0
<i>EBITDA margin</i>	22.0%	18.9%	21.9%	19.5%	20.8%
Operational EBITA	119.9	98.7	239.1	186.4	416.1
<i>Operational EBITA-margin</i>	19.0%	17.3%	19.5%	17.0%	17.9%
Merger- and acquisition costs	-0.2	-0.2	-0.6	-0.3	-0.4
Revaluation of acquisition stock to fair value	-2.0	0.0	-7.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-9.7	-	-9.7	-9.7
Post- audit adjustment 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-0.4	-	-0.4	-0.4
EBITA	117.7	88.4	228.7	175.5	405.0
<i>EBITA margin</i>	18.7%	15.4%	18.6%	16.0%	17.4%
Operational EBIT	119.6	98.5	238.4	185.9	414.8
<i>Operational EBIT-margin</i>	19.0%	17.2%	19.4%	17.0%	17.8%
Merger- and acquisition costs	-0.2	-0.2	-0.6	-0.3	-0.4
Revaluation of acquisition stock to fair value	-2.0	-	-7.7	-0.5	-0.5
The effect of changes in stock valuation estimates	-	-9.7	-	-9.7	-9.7
Post- audit adjustment 2022	-	-	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-0.4	-	-0.4	-0.4
Depreciation of acquisition-related intangible assets	-58.4	-57.2	-115.3	-113.8	-230.5
EBIT	58.9	30.9	112.7	61.2	173.2
<i>EBIT margin</i>	9.4%	5.4%	9.2%	5.6%	7.5%







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