

# Interim Report

January - March 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.**

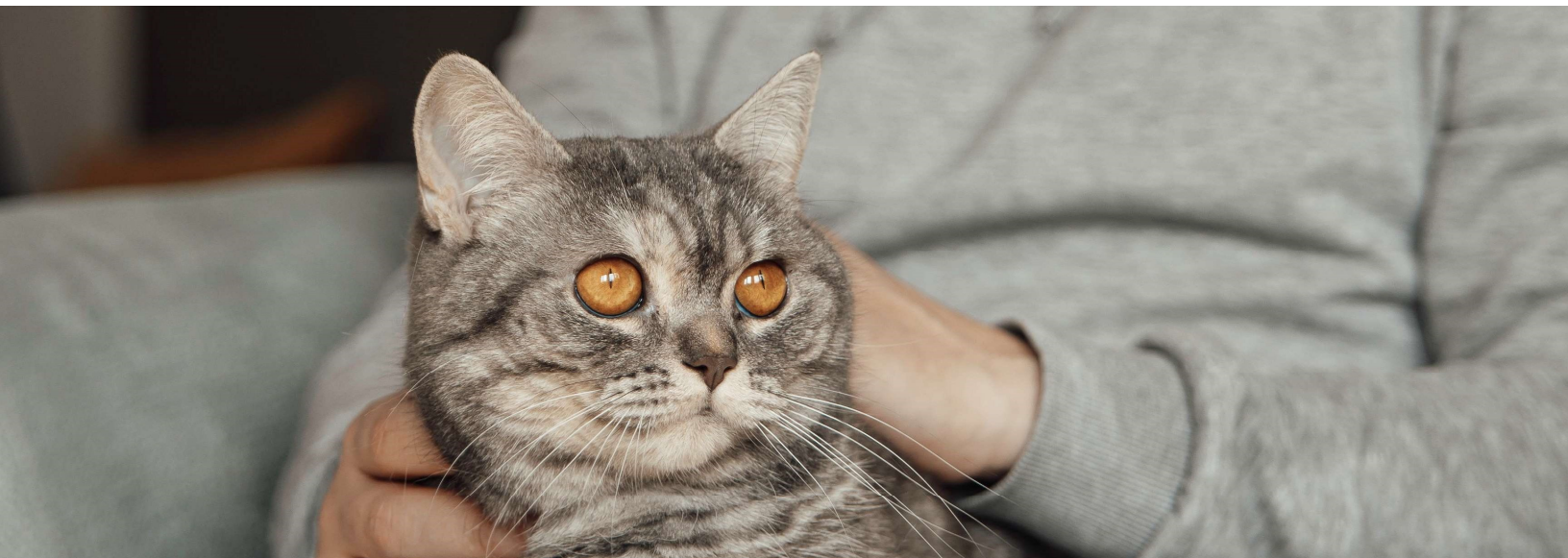
### **Financial objective**

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**

We 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 board proposes a dividend of 0.23 SEK (0.22 SEK) per share.



## **Mission**

We care about improving pets' health and well-being, creating security for pet parents worldwide throughout their pets' lives.

# Improved profitability with continued growth

## Summary of the period

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

### First quarter : January 1<sup>st</sup> – March 31<sup>st</sup> 2024

- Net revenue amounted to **597.4 MSEK** (523.2 MSEK), corresponding to an increase of 14% (39%)
- Organic, currency-adjusted growth amounted to **12%** (10%)
- Operational EBITDA amounted to **138.8 MSEK** (105.7 MSEK), corresponding to an increase of 31%, and an EBITDA-margin of **23.2 %** (20.2 %). The operational adjustments amount to 8.3 MSEK and include M&A costs, a post-revision adjustment from 2022, and non-cash flow-impacted revaluation of acquisition stock to fair value
- Operational EBITA amounted to **119.2 MSEK** (87.7 MSEK), corresponding to an increase of 36% and an EBITA-margin of **20.0%** (16.8%)
- Operational EBIT amounted to **118.8 MSEK** (87.5 MSEK), corresponding to an increase of 36% and an EBIT-margin of **19.9%** (16.7%)
- Exchange gains amounted to **4.5 MSEK** (-1.9 MSEK)
- Profit after tax amounted to **30.1 MSEK** (17.2 MSEK)
- Earnings per share calculated on 158,731,900 shares (158,731,900 shares) amounted to **0.19 SEK** ( 0.11 SEK)
- Cash flow from operating activities amounted to **70.6 MSEK** (99.8 MSEK)
- **25.0 MSEK** has been amortized on the debts to credit institutions
- As of March 31<sup>st</sup>, 2024, cash amounted to **224.3 MSEK** (232.2 MSEK)

### Significant event during the first quarter

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

### 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

## Intensive quarter kicks off the year

The first quarter's net sales of 597 MSEK represented a 14% increase compared to Q1 2023, while our operational EBITDA amounted to 139 MSEK, corresponding to a margin of 23.2%. This represents an increase of 31% compared to Q1 2023 and a record EBITDA for us. In addition, the margin is the highest since 2022. It's gratifying to see how our margin has already improved, despite not all price increases having taken full effect yet and our active participation in trade shows and product launch efforts. During the quarter, we also acquired the remaining 70% of Riley's from our own cash flow and continued to reduce our net debt.

Our organic growth, 12%, is double-digit but slightly lower than what I expect for the full year but can be easily explained. The organic growth was influenced by several factors: our transition to self-controlled Amazon sales in the UK, which was fully implemented at the beginning of April, several product launches during the spring where we produced internally for future external sales, and some large orders were delivered in early April instead of March due to component shortages. Despite double-digit growth in the Production segment, it has been negatively affected by the relocation and expansion of our Soft Chew production in Europe. We expect to have increased capacity by early May and that it will gradually increase throughout the year. Several of our group companies have had a very strong start to the year, and particularly noteworthy are Innovet, Pet MD, Garmon/NaturVet, and Vetio UK.

## Business development in focus

I have participated in numerous meetings within the group during the quarter and can conclude that our choice of a soft integration strategy is beginning to show results. Over the past year, the organization has taken many steps toward leveraging the entire group's expertise and opportunities. Several major product expansions between group companies have been implemented, where we see strong market interest with immediate sales successes. We have also worked on structuring our various brands more clearly within different market segments and regions. It is especially important to have a clear plan now as we are launching NaturVet® in Europe and several other brands around the world during the year.

## Organization

We continue to change and partly expand our organization with expertise, and we find it easy to attract highly qualified employees. Our investment in an Ecom-team in Malmö has been successful, and I look forward to reporting on the progress later this year. Major changes are also happening in our largest group company, Garmon/NaturVet, where we have been working intensively on a new strategy to capitalize on all the

opportunities we have with the NaturVet® brand. CEO Geoff Granger summarizes the strategy and business opportunities associated with it on the next page and will also participate in our webinar presentation at 10:30 today.

## Market, new acquisitions, and outlook for 2024

The pet industry (5%-7%) continues to grow in all major markets, and in our segments no major impact has been seen despite global conditions and personal financial strains. Swedencare stands strong and grows faster than the market, which I expect us to continue with. We started the year with an



interesting addition in the form of Riley's, a product brand in organic treats, one of the fastest-growing categories in the pet sector. Sales are strong, and we have also managed to present the line at GlobalPet, the largest pet trade show in the USA.

The climate for M&A has improved, and we have ongoing discussions with interesting companies that want to become part of our group. We also receive more approaches for projects where we do not have a previous relationship, which is both a sign that activity has picked up again in the industry and that our reputation as an attractive acquirer continues to spread.

Finally, I want to thank the entire organization for a good start to the year, and now we look forward to participating for the first time with a joint booth for several of our brands at InterZoo, the world's largest trade show held every other year!

A handwritten signature in black ink, appearing to read 'Håkan Lagerberg'.

Håkan Lagerberg

Malmö. April 25<sup>th</sup>, 2024

***“The growth of a brand depends upon strengthening existing retailer partnerships while also making solutions available to consumers wherever they choose to find them.”***

Pet supplements is still an emerging category in the U.S. and remain significantly under-penetrated when compared to other categories like petfood or human space supplementation usage (~80% of humans take supplements vs. less than 20% of pets).

As a 30-year industry pioneer and a key present-day innovator, NaturVet has the opportunity to be a strategic partner and trusted advisor within and beyond our current channels of distribution. Over the years the NaturVet brand has established a dominant presence in the traditional pet specialty segment, and only by significantly altering how we engage retail partners and pet owners will we establish that dominance in the wider market.



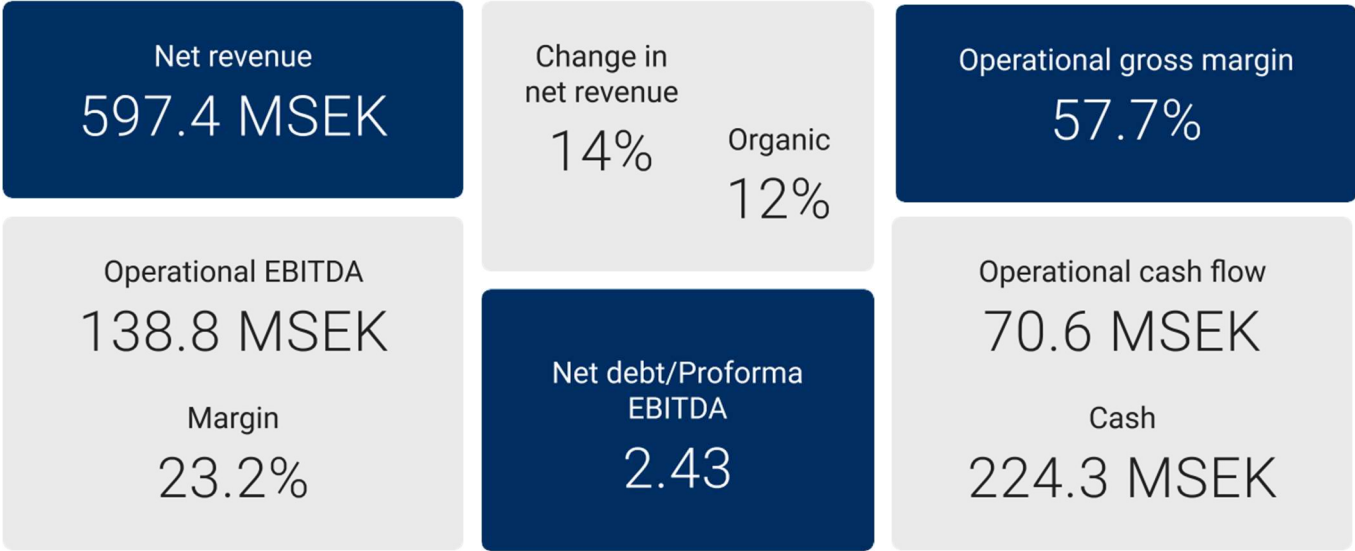
**Geoff Granger**  
CEO, Garmon/NaturVet

As of May 1<sup>st</sup>, we will have completed our infrastructure rebuild across our commercial, operations, and product development organizations.

**Focus areas are:**

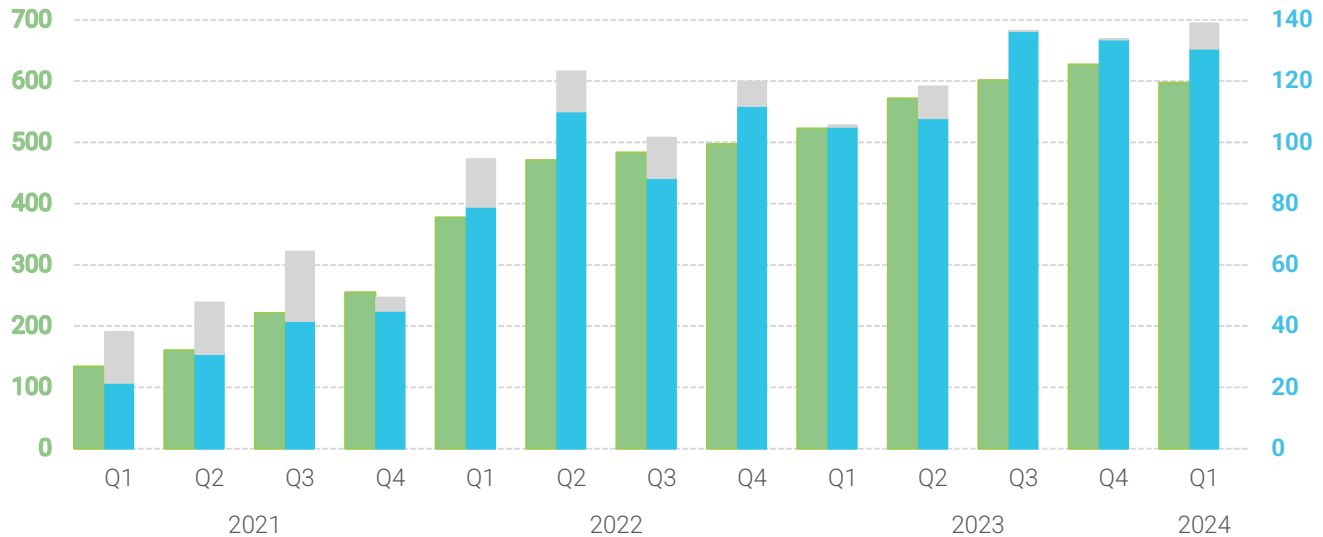
- New category aligned organization with new hires to take it to the next level, including CCO, COO, Director of Customer Marketing and Director of Product Development.
- Build strategic partnerships to expand into new channels and opportunities to get access to new pet owners.
- Build future strategies on shopper insights, data analytics, and financial discipline.
- New marketing approach focused on embracing pet owners in the social, digital, and influencer space.
- Creating a multi-year product innovation pipeline

**KPI's Swedencare Group**

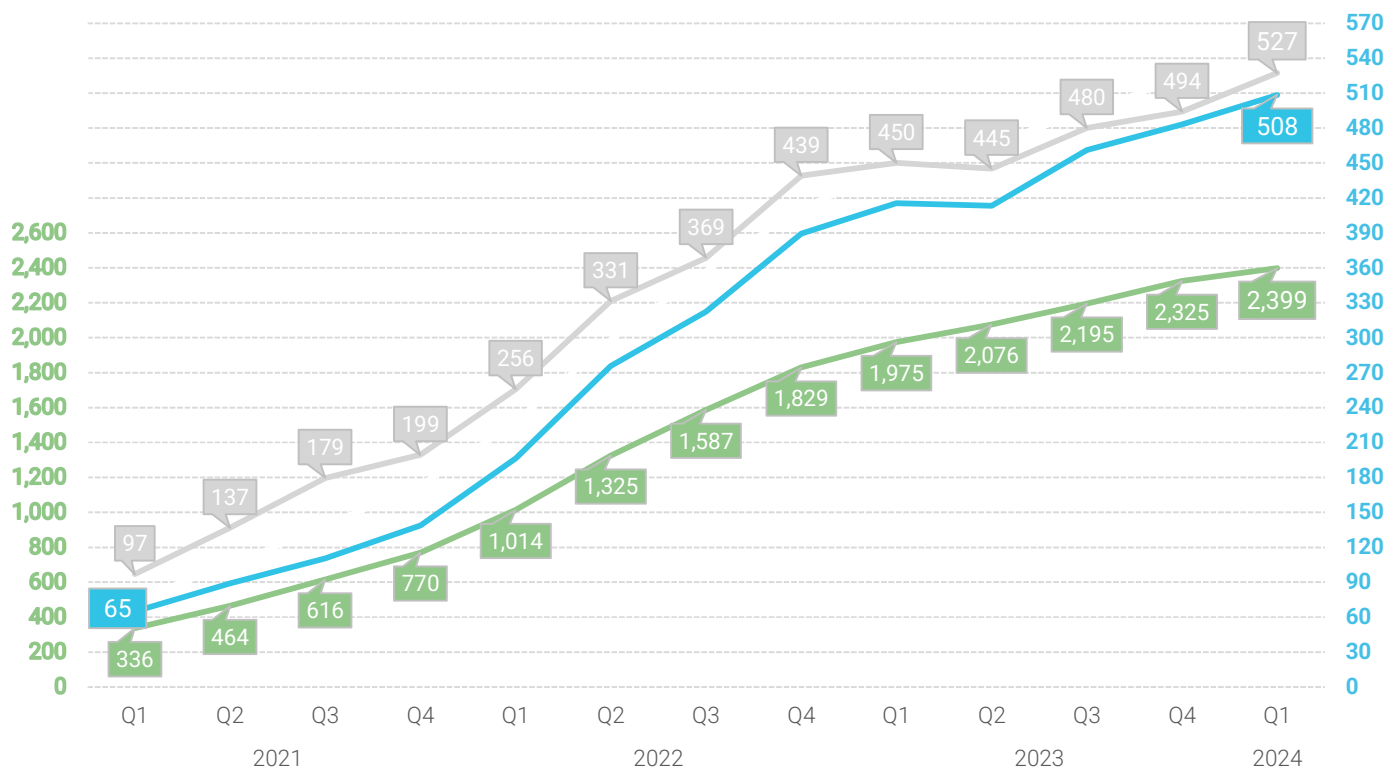


# Development 2021 - 2024

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 25-27.

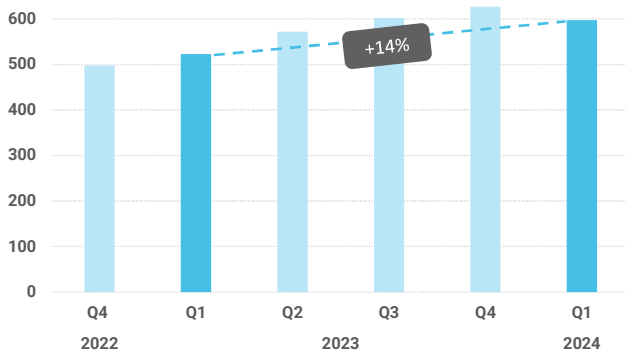
# Comments – Financial development Q1 2024

## Total net revenue

Net revenue amounted to 597.4 MSEK (523.2 MSEK), which corresponds to an increase of 14%. The growth is divided into 12% organic growth and 2% positive currency impact.

A double-digit growth, but the revenue for the quarter has been affected by the relocation of Amazon UK to in-house operations as well as component shortages in the USA, which has delayed final production and deliveries until April. Manufacturing of Soft Chews in Europe is being relocated to increase capacity, while simultaneously building capacity in Ireland, which has impacted production during the quarter. Capacity is expected to increase in the current quarter and further in Q3.

With the exception of the Rest of the World segment, the remaining geographic segments have shown growth, with several partnerships and marketing initiatives yielding results during the quarter.



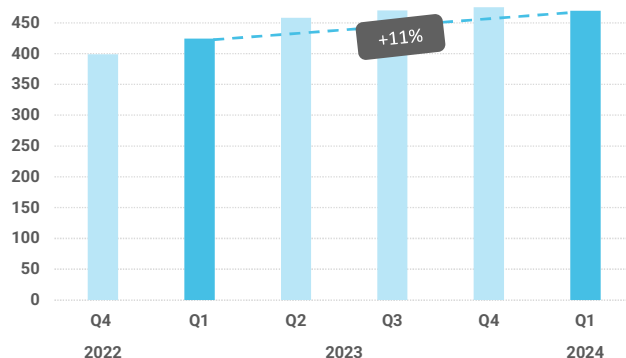
## Geographical distribution

North America – 79% of total revenue

Sales in North America amounted to 469.5 MSEK (424.5 MSEK) an increase of 11% compared to the corresponding period last year. The growth can be partly attributed to the continued strong online sales, where successful marketing initiatives and product launches have contributed to the online company Pet MD Brands consistently increasing its sales quarter by quarter, and partly to strong growth from the company Garmon/NaturVet. With the exception of Stratford, all other companies within the North American segment have also shown growth.

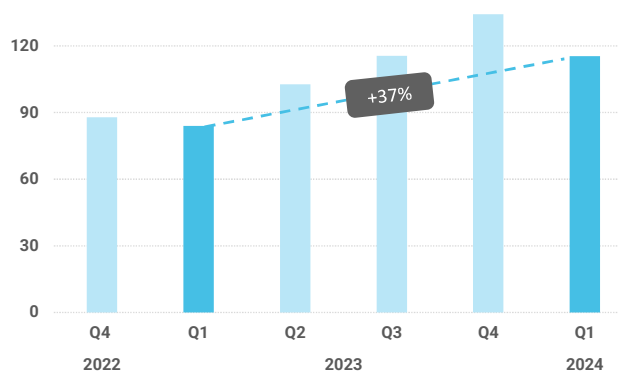
The total sales from the North American segment amounted to 390.2 MSEK (328.6 MSEK). The remaining sales in North America are attributed to the Production segment, which

includes the Vetio companies. During Q1 2024, their sales amounted to 79.3 MSEK (96.0 MSEK). The decrease is attributed to a lower proportion of development projects during the first quarter of the year, as expected, and Vetio South producing Soft Chews for the European market due to capacity constraints in Europe.



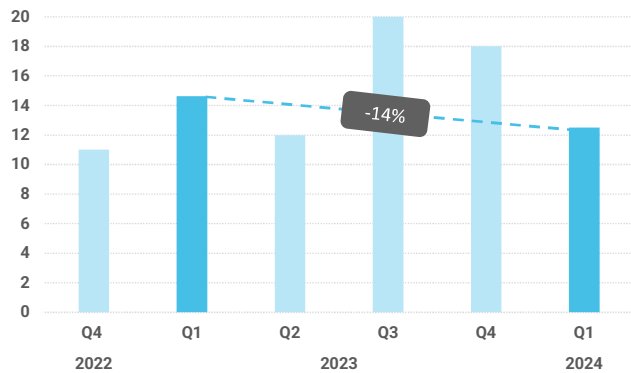
Europe – 19% of total revenue

Sales in Europe amounted to 115.4 MSEK (84.0 MSEK) an increase of 37% compared to the corresponding period last year. Despite a negative market trend for pet health in Italy during the quarter, Innovet has recorded its best quarter ever. With few exceptions, most companies have experienced good to very good growth in Europe, where Vetio UK continues to maintain triple-digit growth compared to the corresponding period last year.



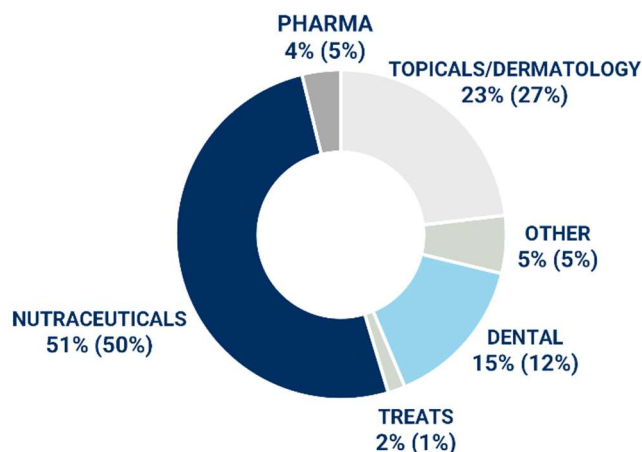
## Rest of the World – 2% of total revenue

Rest of the World sales amounted to 12.5 MSEK ( 14.6 MSEK), a decrease of 14% compared to the corresponding period last year. The decrease is explained by the fact that it was in Q1 2023 that export markets began to reopen after the lockdown, which positively affected sales, and several distributors only placing orders a few times per year, resulting in sales discrepancies between quarters.



## During Q1 2024 net sales were distributed by product category according to the graphic.

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



## Product and brand distribution

Nutraceuticals have shown growth of 16% compared to the corresponding period last year and represent the group's largest product category with 51% (50%) of the group's total net revenue. The increase is primarily attributed to NaturVet, Innvet's record quarter, Nutravet, as well as Vetio UK which has tripled their sales within this category from lower levels.

The Dental product group has replaced ProDen PlaqueOff and also includes a few other dental products, such as toothpaste and dental wipes, which were previously reported in the Other category. Dental has shown growth of 37% and represents 15% (12%) of the group's total net revenue. The main contributors to the increase are Online and Pet retail, where sales of ProDen PlaqueOff® Powder and Soft Chews continue to show strong growth. Soft Chews was also launched on the European market during the quarter.

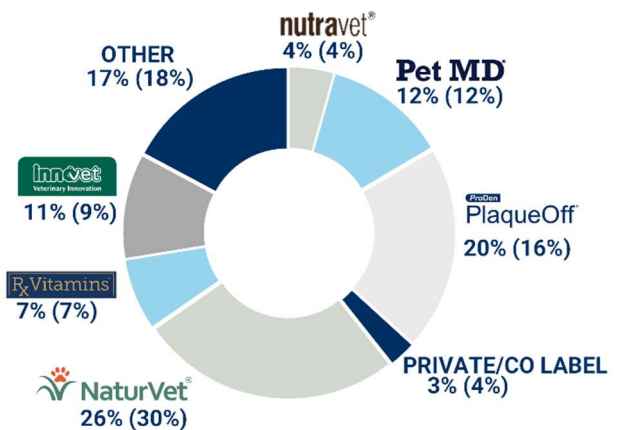
Topicals/Dermatology is at the same sales level as the corresponding period last year but has reduced its share of the group's net revenue as other categories have experienced stronger growth.

Sales of Pharma (contract development and manufacturing) have decreased by 12% and represent 4% (5%) of the group's net revenue, which was expected, as more development projects are planned for the remaining quarters of the year.

The Treats product group, established with the acquisition of Riley's® Organics in January 2024, includes organic dog treats. A test launch was conducted in Pet MD's Amazon channel in 2023, demonstrating significant potential within the category. In Q1 2024, sales of treats amounted to 10.1 MSEK, representing 2% (1%) of the group's total net revenue.

## During Q1 2024 net sales were distributed by brand\* according to the graphic.

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



\*Does not include contract manufacturing



## Profit

The operational gross margin during the first quarter amounted to 57.7% (54.7%). The external costs amounts to 111.5 MSEK (101.9 MSEK) equivalent to 19% of total net revenue and marking the lowest cost since Q1 2023 despite the company growth. The first quarter of the year is as usual a trade show-intensive period for most of our companies in both the USA and Europe.

The operational operating profit before amortization (EBITA) amounted to 119.2 MSEK (87.7 MSEK), corresponding to an operational EBITA margin of 20.0% (16.8%). Of the 19.6 MSEK (18.0 MSEK) in depreciation of tangible assets in the quarter, is 9.5 MSEK (9.6 MSEK) attributable to IFRS16 (leasing assets).

Exchange rate variations affected the period's profit with an exchange rate gain of 4,5 MSEK (-1,9 MSEK). During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 19.9 MSEK (17.0 MSEK). The average interest rate, which has decreased for the first time since 2022, along with lower debt-level, contributes to the continued decrease in interest expenses.

The net income for the quarter amounted to 30.1 MSEK (17.2 MSEK) corresponding to a profit margin of 5.0% (3.3%).

Earnings per share during the first quarter 2024 amounted to 0.19 SEK (0.11 SEK) calculated on a weighted average number of shares, 158,731,900 (158,731,900 ) as of March 31<sup>st</sup>, 2024.

## Cash flow

Cash flow from operating activities amounted to 70.6 MSEK (99.8 MSEK). The negative change in working capital of -42.4 MSEK (16.8 MSEK) is primarily attributed to an increase in inventory in preparation for the upcoming spring/summer sales season, as well as a shortage of certain components causing delays in finished products and deliveries, along with a higher level of accounts receivable. The increased level of accounts receivable has been impacted by a customer who faced cash flow challenges during the quarter. However, a larger payment has been received at the beginning of the current quarter, and a payment plan is in place. This also resulted in lower sales to the customer than expected.

On January 2<sup>nd</sup>, 2024, Swedencare acquired the remaining 70% of the American company with the Riley's® brand. The acquisition was financed through operating cash flow and amounted to 53.0 MSEK. Investments in tangible and intangible fixed assets amounted to 8.6 MSEK (11.2 MSEK) during the first quarter.

The total interest-bearing liabilities have continued to decrease through amortizations by 25 MSEK during the quarter. During the first quarter cash flow amounted -25.0 MSEK (-12.7 MSEK).

## Financial position

Swedencare's equity as of March 31<sup>st</sup>, 2024 amounted to 7,745.5 MSEK (7,435.1 MSEK), of which 1.6 MSEK (1.6 MSEK) is restricted equity. Swedencare's cash and cash equivalents as of March 31<sup>st</sup>, 2024 amounted to 224.3 MSEK (232.2 MSEK), per the same date, the group had interest-bearing long- and short-term liabilities of a total of 1,638.8 MSEK (1,891.8 MSEK). As of March 31<sup>st</sup>, 2024, Swedencare had a net debt of 1,414.5 MSEK (1,659.6 MSEK).

## Personnel

Swedencare had as of March 31<sup>st</sup>, 2024 a total of 552 employees spread over Sweden (17), England (37), Italy (19), France (2), Greece (10), Ireland (18), Spain (3), USA (388) and Canada (58). The gender distribution is 48% women and 52% men. As of March 31<sup>st</sup>, 2023, Swedencare had a total of 490 employees.

## Financing

As of March 31<sup>st</sup>, 2024, Swedencare's debts to credit institutions amounted to 1,418 MSEK. The Group has a Revolving Credit Facility (RCF) of 800 MSEK, which we have reduced from the previous 1,000 MSEK during the quarter, of which the utilized amount was 600 MSEK as of March 31<sup>st</sup>, 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 March 31<sup>st</sup>, 2024, was 5.49%. The RCF extends until September 2025 with an option for extension, one year, potentially extending to September 2026. As of March 31<sup>st</sup>, 2024 the Group has unused credit facilities of 200 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 March 31<sup>st</sup>, 2024, was 5.54%.

The loans are subject to financial covenants regarding the financial net debt to EBITDA ratio and interest coverage ratio. As of March 31<sup>st</sup>, 2024, the reported net debt to EBITDA ratio was 2.43, compared to 3.40 as of March 31<sup>st</sup>, 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: Gender equality, Decent working conditions and economic growth, Responsible consumption and production, Climate action and Life below water.

We have obtained certification as a 'Nasdaq ESG Transparency Partner' from Nasdaq regarding our commitment to market transparency and raised environmental standards. The certification includes an associated badge and marks our role in promoting sustainable business principles.



# Stock

	31 Mar 2024	31 Mar 2023	31 Mar 2022	31 Mar 2021
Number of shares* at the end of the period	158 731 900	158 731 900	158 111 805	105 422 375
Share price* at the end of the period	63.9	25.5	120.5	83.8

\*Adjusted for the number of shares following the 5:1 stock split conducted in May 2021.

**The ten largest shareholders** (the table summarizes Swedencare's ownership structure as of March 31<sup>st</sup>, 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	7 458 193	4.7%
Mastan AB (Håkan Lagerberg through company)	5 675 666	3.6%
AMF Pension och Fonder	5 295 434	3.4%
SEB Fonder	2 999 822	1.9%
Grandeur Peak Global Advisors, LLC	2 858 956	1.8%
Deka Investments	2 012 500	1.3%
Berenberg Funds	1 931 744	1.2%
Other	34 609 454	21.8%
<b>Total</b>	<b>158 731 900</b>	<b>100.0%</b>
Free float*	53 757 676	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 the lockup agreement.

# Successful participation on tradeshows worldwide

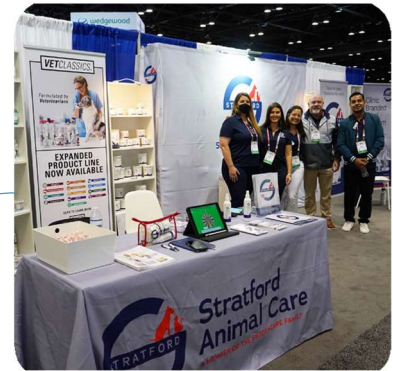
The year commenced with bustling trade shows across Europe and the USA, where our booths were fortified by the collective expertise of our colleagues. Extensive participation from our group companies allowed us to introduce each other's brands and products, enhancing our market presence. Additionally, these events served as platforms for the unveiling of several new products and innovations, such as WelliChews™, Breed Specific, Pet's Choice, and ProDen DentalCare®.



Fetch dvm 360  
Charlotte, USA



VMX  
Orlando, USA



WVC Conference  
Las Vegas, USA



Global Pet Expo – Orlando, USA



Crufts  
Birmingham, UK



Spoga Horse  
Cologne, Germany



Quattrozampeinfiera  
Rome, Italy



Iberzoo Propet  
Madrid, Spain



Expozoo  
Paris, France



Discover Dogs Festival  
Thessaloniki, Greece



Product launches during the shows!

# Financial overview

## Consolidated profit and loss (MSEK)

	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023	Rolling 12 mths
Net revenue	597.4	523.2	2,324.6	2,398.8
Other revenue	1.5	0.4	13.7	14.8
<b>Total revenue</b>	<b>598.9</b>	<b>523.6</b>	<b>2,338.3</b>	<b>2,413.6</b>
Cost of sales	-260.9	-237.8	-1,047.5	-1,070.6
Other external costs	-111.5	-101.9	-449.2	-458.8
Personnel costs	-95.2	-77.1	-353.3	-371.4
Other costs	-0.7	-1.7	-5.3	-4.3
<b>Operating profit before depreciation (EBITDA)</b>	<b>130.6</b>	<b>105.1</b>	<b>483.0</b>	<b>508.5</b>
Depreciation and write-downs of tangible fixed assets	-19.6	-18.0	-78.0	-79.6
<b>Operating profit before interest, taxes and amortization (EBITA)</b>	<b>111.0</b>	<b>87.1</b>	<b>405.0</b>	<b>428.8</b>
Amortization of intangible fixed assets	-57.2	-56.8	-231.8	-232.2
<b>Operating profit (EBIT)</b>	<b>53.7</b>	<b>30.3</b>	<b>173.2</b>	<b>196.6</b>
Financial income	4.5	-	1.8	6.4
Financial costs	-22.5	-20.1	-94.1	-96.5
Results from shares in associated companies	-0.6	-0.1	0.1	-0.4
<b>Profit after financial costs</b>	<b>35.1</b>	<b>10.2</b>	<b>81.1</b>	<b>106.1</b>
<b>Net income before tax</b>	<b>35.1</b>	<b>10.2</b>	<b>81.1</b>	<b>106.1</b>
Tax on profit	-7.7	-4.3	-28.4	-31.8
Deferred tax	2.7	11.3	5.9	-2.8
<b>Net income</b>	<b>30.1</b>	<b>17.2</b>	<b>58.6</b>	<b>71.5</b>
Earnings per share before dilution (SEK)	0.19	0.11	0.37	0.45
Earnings per share after dilution (SEK)	0.19	0.11	0.37	0.45

## Consolidated statement of comprehensive income (MSEK)

Net income	30.1	17.2	58.6	71.5
Exchange difference foreign subs.	508.6	-42.8	-277.6	273.8
<b>Total profit</b>	<b>538.7</b>	<b>-25.6</b>	<b>-219.0</b>	<b>345.4</b>

## Consolidated balance sheet (MSEK)

	31 Mar 2024	31 Dec 2023	31 Mar 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4,221.0	3,967.5	4,050.6
Other intangible assets	4,180.0	3,941.5	4,222.3
Shares in associated companies	0.9	24.1	0.2
Buildings and land	147.0	141.1	150.3
Right of use according to IFRS - Buildings and land	209.2	206.1	238.2
Machinery and other tech assets	139.7	132.1	137.5
Right of use according to IFRS - Machinery and other tech assets	5.6	4.9	7.8
Tools, furniture, and fixtures	9.4	9.3	11.3
Other financial assets	0.6	0.6	0.6
Deferred tax asset	108.6	102.9	71.8
<b>Total non-current assets</b>	<b>9,022.0</b>	<b>8,530.0</b>	<b>8,890.5</b>
<b>Current assets</b>			
Inventory	469.8	398.1	443.0
Accounts receivables	278.2	228.5	228.8
Tax receivables	66.8	63.3	34.5
Other receivables	8.2	4.8	7.0
Prepaid costs and deferred revenue	54.8	60.2	56.1
Cash	224.3	237.3	232.2
<b>Total current assets</b>	<b>1,102.1</b>	<b>992.1</b>	<b>1,001.7</b>
<b>TOTAL ASSETS</b>	<b>10,124.1</b>	<b>9,522.1</b>	<b>9,892.3</b>

## Consolidated balance sheet (MSEK) – cont.

	31 Mar 2024	31 Dec 2023	31 Mar 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.6	1.6	1.6
Share premium	6,209.7	6,209.7	6,209.7
Conversion reserves	1,277.9	769.3	1,004.1
Other equity incl. full year profit	256.4	226.3	219.8
<b>Total equity</b>	<b>7,745.5</b>	<b>7,206.8</b>	<b>7,435.1</b>
<b>Long term liabilities</b>			
Debt to credit institutions	1,416.8	1,441.2	1,641.1
Other interest-bearing liabilities	181.8	179.6	211.3
Deferred tax liability	423.3	386.8	356.4
Debts to employees	4.7	4.7	4.4
Other long-term liabilities	5.3	5.0	-
<b>Short term liabilities</b>			
Accounts payable	123.5	83.8	95.0
Tax liabilities	85.9	75.6	48.1
Other interest-bearing liabilities	40.2	37.8	39.4
Other liabilities	21.5	21.4	14.1
Deferred costs and prepaid income	75.4	79.4	47.4
<b>Total liabilities</b>	<b>2,378.5</b>	<b>2,315.3</b>	<b>2,457.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,124.1</b>	<b>9,522.1</b>	<b>9,892.3</b>



## Consolidated cash flow statement (MSEK)

	31 Mar 2024	31 Mar 2023	31 Dec 2023
Operating income before financial costs	53.7	30.3	173.2
Paid interest	-20.0	-17.0	-72.6
Depreciation	76.9	74.8	309.8
Paid tax	-1.5	-4.4	-29.2
Non-cash flow items	3.7	-0.7	3.3
<b>Operating cash flow before change of working capital</b>	<b>112.8</b>	<b>83.0</b>	<b>384.5</b>
<i>Change in working capital</i>			
Change in inventory	-37.2	-3.7	31.0
Change of accounts receivable	-33.1	-0.5	-16.8
Change of other receivables	5.5	-8.1	-11.3
Change of accoounts payable	31.0	28.3	20.3
Change in current liabillities	-8.5	0.8	36.3
<b>Operating cash flow</b>	<b>70.6</b>	<b>99.8</b>	<b>444.0</b>
<i>Investment activities</i>			
Acquisitions	-53.0	-92.5	-140.3
Purchases of intangible assets	-0.4	-0.2	-2.2
Purchases of buildings	-1.2	-2.7	-7.5
Purchases of machines	-6.8	-6.3	-21.7
Purchases of tools, furniture, and fixtures	-0.2	-2.0	-4.6
<b>Cash flow from investment activities</b>	<b>-61.5</b>	<b>-103.7</b>	<b>-176.4</b>
<i>Financial activities</i>			
Paid dividend	-	-	-34.9
Loan	-	25.0	25.0
Amortization on interest-bearing loan	-25.0	-25.0	-225.5
Amortization on lease	-9.0	-8.8	-36.2
<b>Cash flow from finacial activities</b>	<b>-34.0</b>	<b>-8.8</b>	<b>-271.6</b>
<b>Cash flow for the period</b>	<b>-25.0</b>	<b>-12.7</b>	<b>-4.0</b>
Cash balance at beginning of period	237.3	245.1	245.1
Exchange difference in cash	12.1	-0.2	-3.8
<b>Cash balance at end of period</b>	<b>224.3</b>	<b>232.2</b>	<b>237.3</b>

## Consolidated change of equity (MSEK)

	31 Mar 2024	31 Mar 2023	31 Dec 2023
Beginning balance	7,206.8	7,460.7	7,460.7
Paid dividend	-	-	-34.9
Total profit	538.7	-25.6	-219.0
Ending balance	7,745.5	7,435.1	7,206.8

## Consolidated revenue breakdown (MSEK)

	31 Mar 2024	31 Mar 2023	Change %
<i>Product areas</i>			
Dental	89.0	65.2	37%
Nutraceuticals	303.7	261.9	16%
Topicals/Dermatology	138.1	139.0	-1%
Pharma	22.7	25.8	-12%
Treats	10.1	5.4	87%
Other	33.9	25.9	31%
<b>Total</b>	<b>597.4</b>	<b>523.2</b>	<b>14%</b>
<i>Time of revenue recognition</i>			
The performance commitment is met over time	79.1	95.9	-18%
The performance commitment is met a certain time	518.3	427.3	21%
<b>Total</b>	<b>597.4</b>	<b>523.2</b>	<b>14%</b>
<i>Geographic market</i>			
North America	469.5	424.5	11%
Europe	115.4	84.0	37%
Rest of the World	12.5	14.6	-14%
<b>Total</b>	<b>597.4</b>	<b>523.2</b>	<b>14%</b>

## Revenue breakdown per segment (MSEK)

	North America		Europe		Production		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Jan-Mar								
North America	390.2	328.6	0.0	0.0	79.3	96.0	469.5	424.5
Europe	1.0	1.3	90.3	72.5	24.0	10.3	115.4	84.0
Rest of the world	4.5	4.7	8.0	9.7	-	0.2	12.5	14.6
<b>Total</b>	<b>395.8</b>	<b>334.6</b>	<b>98.3</b>	<b>82.2</b>	<b>103.3</b>	<b>106.4</b>	<b>597.4</b>	<b>523.2</b>

## 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.

	North America		Europe		Production		Group-wide functions		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Jan-Mar										
Net revenue external	395.8	334.6	98.3	82.1	103.3	106.4	-	-	597.4	523.2
Net revenue internal, between segments	2.8	0.1	6.3	4.1	35.3	17.1	-44.4	-21.3	-	-
<b>Net sales</b>	<b>398.5</b>	<b>334.7</b>	<b>104.6</b>	<b>86.2</b>	<b>138.7</b>	<b>123.6</b>	<b>-44.4</b>	<b>-21.3</b>	<b>597.4</b>	<b>523.2</b>
Other revenue external	-	-	1.3	0.4	0.2	-	-	-	1.5	0.4
<b>Total revenue</b>	<b>398.6</b>	<b>334.7</b>	<b>105.9</b>	<b>86.6</b>	<b>138.9</b>	<b>123.6</b>	<b>-44.4</b>	<b>-21.3</b>	<b>598.9</b>	<b>523.6</b>
Cost of sales	-190.0	-155.5	-34.2	-26.5	-84.7	-78.0	48.1	22.3	-260.9	-237.8
Other external costs	-76.5	-65.1	-17.3	-18.8	-13.4	-13.9	-4.4	-4.1	-111.5	-101.9
Personnel costs	-53.6	-44.3	-12.9	-10.3	-22.6	-17.8	-6.1	-4.8	-95.2	-77.1
Other costs	-	-	-0.4	-0.2	-0.3	-1.6	-	0.2	-0.7	-1.7
<b>EBITDA</b>	<b>78.4</b>	<b>69.7</b>	<b>41.1</b>	<b>30.7</b>	<b>17.9</b>	<b>12.3</b>	<b>-6.8</b>	<b>-7.7</b>	<b>130.6</b>	<b>105.1</b>
Depreciation and write-downs of tangible fixed assets	-11.1	-9.9	-1.1	-1.2	-7.4	-6.9	-	-	-19.6	-18.0
<b>EBITA</b>	<b>67.3</b>	<b>59.8</b>	<b>40.0</b>	<b>29.6</b>	<b>10.5</b>	<b>5.5</b>	<b>-6.8</b>	<b>-7.7</b>	<b>111.0</b>	<b>87.1</b>
Amortization of intangible fixed assets	-35.5	-35.3	-6.5	-6.6	-15.1	-15.1	-0.1	0.1	-57.2	-56.8
<b>EBIT</b>	<b>31.8</b>	<b>24.5</b>	<b>33.5</b>	<b>23.0</b>	<b>-4.6</b>	<b>-9.7</b>	<b>-7.0</b>	<b>-7.6</b>	<b>53.7</b>	<b>30.3</b>
Financial costs	-1.4	-1.5	0.1	0.4	-0.8	-0.8	-15.9	-18.2	-18.0	-20.1
Results from shares in associated companies	-0.5	-	-	-	-	-	-0.1	-0.1	-0.6	-0.1
<b>Profit after financial costs</b>	<b>29.9</b>	<b>23.0</b>	<b>33.6</b>	<b>23.4</b>	<b>-5.3</b>	<b>-10.4</b>	<b>-23.0</b>	<b>-25.8</b>	<b>35.1</b>	<b>10.2</b>
<b>Net income before tax</b>	<b>29.9</b>	<b>23.0</b>	<b>33.6</b>	<b>23.4</b>	<b>-5.3</b>	<b>-10.4</b>	<b>-23.0</b>	<b>-25.8</b>	<b>35.1</b>	<b>10.2</b>
Tax on profit	-0.6	-0.4	-6.0	-2.8	-1.1	-1.1	-	-	-7.7	-4.3
Deferred tax	0.1	8.2	-0.2	-0.3	3.8	3.8	-1.0	-0.3	2.7	11.3
<b>Net income</b>	<b>29.4</b>	<b>30.8</b>	<b>27.4</b>	<b>20.2</b>	<b>-2.7</b>	<b>-7.7</b>	<b>-24.0</b>	<b>-26.2</b>	<b>30.1</b>	<b>17.2</b>

## 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 2<sup>nd</sup>, 2023, and the remaining 70% on January 2<sup>nd</sup>, 2024.**

On January 2<sup>nd</sup>, 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).

Through the acquisition of Riley's, Swedencare has now entered the fast-growing market for organic treats in North America. 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 on page 22 presents a preliminary acquisition analysis. No part of the recorded goodwill is expected to be deductible for income tax purposes.



	<b>Riley's</b>
<b>Acquisition</b>	
<b>Purchase price</b>	
Cash payment for this year's acquisition	78.4
<b>Total purchase price</b>	<b>78.4</b>
<b>Payment for acquisitions:</b>	
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
<b>Total paid</b>	<b>78.1</b>
<b>Contributions from acquired companies</b>	
<b>Contribution from the time when the controlling influence existed</b>	
Total revenue	1.7
<b>Net income</b>	<b>0.5</b>
<b>Contributions if the acquisitions have been made January 1st, 2023.</b>	
Total revenue	1.7
<b>Net income</b>	<b>0.5</b>
	<b>Preliminary acquisition analysis</b>
<b>Acquired assets and liabilities</b>	
Intangible assets	59.9
Tangible assets	0.2
Inventory	14.8
Accounts receivable	2.2
Cash	0.4
<b>Total acquired net assets</b>	<b>77.5</b>
Accounts payable	-1.5
Deferred tax liability	-17.1
Other current assets	-0.2
<b>Total acquired net liabilities</b>	<b>-18.8</b>
Goodwill	19.7
<b>Total</b>	<b>78.4</b>

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

The board and the managing director guarantee that the year-end 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 March 31<sup>st</sup>, 2024.

## Note 4 Accounting principles

This interim 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 interim report.

## Note 6 Transactions with related parties

Besides compensations to senior executives and certain members of the management team acquiring shares as part of the 2022/2026 incentive program, there have been no significant related-party transactions during 2024. The parent company's related party transactions refer only to transactions with related companies within the group and transactions in the form of dividends within the group.

## Note 7 Fair value

### Financial liabilities

Swedencare has a financial liability 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 March 31<sup>st</sup>, 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 4.2% as of March 31<sup>st</sup>, 2024. Swedencare's assessment of the fair value of the financial liability related to contingent consideration as of March 31<sup>st</sup>, 2024, amounts to 0.4 MSEK. The adjustment to fair value is recognized as a financial expense of 0.0 MSEK during the first quarter.

## Malmö April 25<sup>th</sup>, 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 interim 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

### 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

### EBITDA-margin (%)

EBITDA as a percentage of net revenue

### EBITA

Operating profit before amortization

### EBITA-margin (%)

EBITA as a percentage of net revenue

### EBIT

Operating profit

### EBIT-margin (%)

EBIT as a percentage of net revenue

### Net income margin (%)

Profit after tax as a percentage of net revenue

### Solvency (%)

Equity (equity and untaxed reserves minus deduction for deferred tax) calculated as a percentage of total assets.

### Interest-bearing net debt

Interest-bearing debt including financial leasing minus cash.

### Earnings per share

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

### Equity per share

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

### Organic growth

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

## Definition of operational Key Performance Indicators

### Operational gross profit

Gross profit excluding items affecting comparability.

### Operational gross margin (%)

Op. Gross profit as a percentage of net revenue

### Operational EBITDA

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

### Operational EBITDA-margin (%)

Op. EBITDA as a percentage of net revenue

### Operational EBITA

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

### Operational EBITA-margin (%)

Op. EBITA as a percentage of net revenue

### Operational EBIT

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

### Operational EBIT-margin (%)

Op. EBIT as a percentage of net revenue

## Items affecting comparability

Items affecting comparability refer to events and transactions whose profit effects are important to pay attention to when the period's results are compared with previous periods and include items of a one-off nature that are not directly related to the ongoing operations, and which are adjusted due to specific events. Items affecting comparison are a designation for items which excluded shows the group's earnings excluding items which by their nature are not recurring as part of its ongoing operations. In addition, peer comp analysis is facilitated of companies that do not make acquisitions, while analysis and assessment of acquisition objects becomes 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

	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Result measures (MSEK)</b>			
Net revenue	597.4	523.2	2,324.6
Total revenue	598.9	523.6	2,338.3
Change of revenue (%)	14.2%	38.5%	27.1%
Gross margin (%)	56.3%	54.6%	54.9%
EBITA	111.0	87.1	405.0
EBITA-margin (%)	18.6%	16.7%	17.4%
EBIT	53.7	30.3	173.2
EBIT-margin (%)	9.0%	5.8%	7.5%
Net income	30.1	17.2	58.6
Net income margin (%)	5.0%	3.3%	2.5%
<b>Share data (SEK)</b>			
Outstanding shares at period close	158,731,900	158,731,900	158,731,900
Average outstanding shares	158,731,900	158,731,900	158,731,900
Earnings per share (SEK)*	0.19	0.11	0.37
Equity per share (SEK)	48.80	46.84	45.40
<b>Other information (MSEK)</b>			
Cash	224.3	232.2	237.3
Interest-bearing net debt	1,414.5	1,659.6	1,421.3
Equity	7,745.5	7,435.1	7,206.8
Balance sheet total	10,124.1	9,892.3	9,522.1
Solvency (%)	76.5%	75.2%	75.7%

\*KPI's defined according to IFRS.

## Consolidated Operational Key Performance Indicators (MSEK)

	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net revenue	597.4	523.2	2,324.6
<b>Operational gross profit</b>	<b>344.4</b>	<b>285.9</b>	<b>1,287.3</b>
<i>Operational gross margin</i>	57.7%	54.7%	55.4%
Revaluation of acquisition stock to fair value	-5.7	-0.5	-0.5
Effect of changes in inventory value estimates and judgments	-	-	-9.7
Post- audit adjustment 2022	-2.2	-	-
<b>Gross profit</b>	<b>336.5</b>	<b>285.4</b>	<b>1,277.1</b>
<i>Gross margin</i>	56.3%	54.6%	54.9%
<b>Operational EBITDA</b>	<b>138.8</b>	<b>105.7</b>	<b>494.0</b>
<i>Operational EBITDA margin</i>	23.2%	20.2%	21.3%
Merger- and acquisition costs	-0.4	-0.1	-0.4
Revaluation of acquisition stock to fair value	-5.7	-0.5	-0.5
Effect of changes in inventory value estimates and judgments	-	-	-9.7
Post- audit adjustment 2022	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-0.4
<b>EBITDA</b>	<b>130.6</b>	<b>105.1</b>	<b>483.0</b>
<i>EBITDA-margin</i>	21.9%	20.1%	20.8%
<b>Operational EBITA</b>	<b>119.2</b>	<b>87.7</b>	<b>416.1</b>
<i>Operational EBITA margin</i>	20.0%	16.8%	17.9%
Merger- and acquisition costs	-0.4	-0.1	-0.4
Revaluation of acquisition stock to fair value	-5.7	-0.5	-0.5
Effect of changes in inventory value estimates and judgments	-	-	-9.7
Post- audit adjustment 2022	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-0.4
<b>EBITA</b>	<b>111.0</b>	<b>87.1</b>	<b>405.0</b>
<i>EBITA-margin</i>	18.6%	16.7%	17.4%
<b>Operational EBIT</b>	<b>118.8</b>	<b>87.5</b>	<b>414.8</b>
<i>Operational EBIT margin</i>	19.9%	16.7%	17.8%
Merger- and acquisition costs	-0.4	-0.1	-0.4
Revaluation of acquisition stock to fair value	-5.7	-0.5	-0.5
Effect of changes in inventory value estimates and judgments	-	-	-9.7
Post- audit adjustment 2022	-2.2	-	-
Costs associated with Symrise AG mandatory bid offer	-	-	-0.4
Depreciation of acquisition-related intangible assets	-56.9	-56.6	-230.5
<b>EBIT</b>	<b>53.7</b>	<b>30.3</b>	<b>173.2</b>
<i>EBIT-margin</i>	9.0%	5.8%	7.5%



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