

Global entrepreneurship for global animal health

Annual and consolidated accounts 2021

An entrepreneurial group with a family culture

Although we are a fast-growing global group, our business is also characterised by a local family culture. Since the turn of the millennium, Swedencare has grown in the global marketplace, both organically and through acquisitions of companies that share our vision – to become the leading pet health company globally. The companies we have acquired are often owner-managed businesses that have been built from the ground up by an entrepreneur and have developed into successful companies, usually on their home turf but with the ambition to reach out internationally. We own 100% of the companies, while many of the sellers have converted to ownership in Swedencare.

It is an arrangement based on reciprocity, exchange of knowledge and experience and access to each other's distribution and marketing channels. We have direct communication with an open and honest dialogue,

proximity to quick decisions and a generous transfer of skills and networks. This ownership model together with our corporate culture is positive for all of us and for our common goals – both for the Group as a whole and for each company in the Swedencare family.

Our approach to products and product range is also based on a family approach. Increasingly, pets – cats, dogs and horses – have come to be regarded as members of the family. And within the family, we all want to be well, which means that pets should also be given the best conditions for a good and healthy life.

We also include our external shareholders as members of the Swedencare family. Our operations must live up to their expectations of us, a belief in a future with good development and good dividends.



Team-building activity Global Meeting, Florida, December 2021.

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Q1

- Started integration project where warehousing, logistics and finance are gathered in a hub in Florida
- Online investment where ProDen PlaqueOff® powder and ProDen PlaqueOff® CAT both held first place on Amazon UK for best product within the Pet oral care category for Dogs and Cats respectively
- Backward integration into the value chain through in-house production of ProDen PlaqueOff® powder in our production facility in Houston, Texas
- Acquisition of Pet MD Brands

Q2

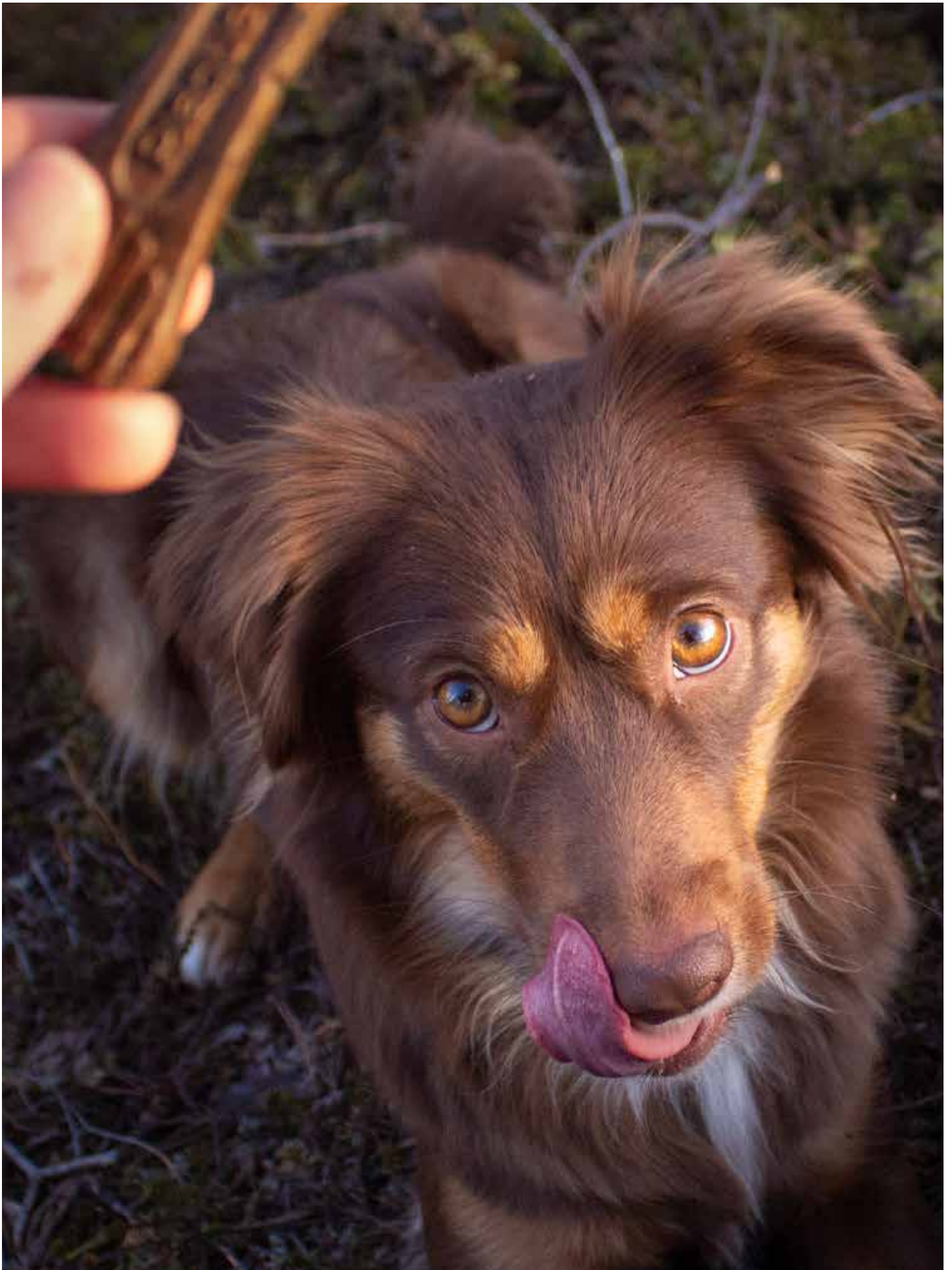
- Launch of Animal Pharm products on Amazon and Chewy
- Nutravet® launched in Greece
- Took back online selling of ProDen PlaqueOff® from Amazon's resellers
- Launch of Pet MD® in Europe
- Strong sales in Asia and first orders to new feed project in Brazil
- Acquisition of Rx Vitamins

Q3

- Collaboration between UK/Ireland allows deliveries for export to Europe
- Licensing agreement with Dr. Pol
- Acquisition of Vetio, leading Contract Development Manufacturing Organization (CDMO) in USA

Q4

- Strategy and business development meeting in Tampa, Florida with management from Swedencare Group
- Inauguration of new manufacturing unit in Florida for Soft Chews
- New financial objectives established. In 2026, turnover to reach SEK 4 billion with an operating profit before depreciation and amortisation (EBITDA) of at least 30%.
- Acquisition of Fulfillment Advantage Ventures (FAV), a logistics company focussing on "drop-shipment"



Swedencare in brief

Swedencare is a fast-growing global animal health group that develops, manufactures, markets and sells premium products to a growing global pet market. The Group has a number of strong brands and products in most therapeutic areas.

Operations are managed from the head-quarters in Malmö, Sweden, with subsidiaries in nine countries. The products are sold in 55 markets and in all sales channels.

SALES CHANNELS

Veterinary clinics, pet shops, pharmacies and online.

DISTRIBUTION

The distribution network comprises 17 subsidiaries and an international network of retailers.

PRODUCTION

30 %

Approximately 30% of production is done in-house

ACQUISITIONS

9

9 acquisitions since June 2020



TARGET

To become the leading global company in pet health.

2021

770

Turnover, MSEK

190.2

Op. EBITDA, MSEK

24.6

EBITDA margin, %

2021 PROFORMA

1,632

Turnover, MSEK

453

Op. EBITDA, MSEK

27.8

EBITDA margin, %

For more key figures and definitions, see pages 62 and 120.

THE MOVEMENT OF THE BRAND:

From dental health to animal health with rapid global growth and with activities ranging from R&D, product development and in-house production to sales to end-customers.

GEOGRAPHICAL BUSINESS AREAS

- Europe
- North America
- Asia
- Rest of the world

SEGMENT



Dental health



Dermatology



Other dietary supplements



Pharmaceuticals

EMPLOYEES

280

+ 220 NaturVet and Innovet



53% women



47% men

FINANCIAL TARGET 2026

SEK 4 Billion

SEK 4 billion in turnover with an operating profit before depreciation and amortisation (EBITDA) of at least 30%.

UN GLOBAL GOALS

In the context of our activities, we have identified the following three of the UN Global Goals as being possible for Swedencare to influence and contribute to:



Equality



Sustainable consumption and production



Sea and marine resources

A SELECTION OF PRODUCTS/BRANDS

ProDen
PlaqueOff®

PET MD
BRANDS

NutriScience

nutravet®

ANIMAL
pharmaceuticals

Innovet
Veterinary Innovation



VetWELL®

NaturVet®

Rx Vitamins®
PHYSICIAN FORMULATED

VETCLASSICS®



Key events in 2021

1 January 2021

Pet MD Brands (previously Holden2) – Acquisition of US e-commerce company specialising in pet health products

Holden2 was acquired in January 2021 and renamed Pet MD Brands in the autumn of 2021. The name change reflects the company's focused commitment to global animal health and well-being through a broad product offering of supplements, shampoos, ear care and everyday pet accessories.

The new name – Pet MD Brands – is part of a branding effort to reinforce how the "Pet MD" name and brand is valued by pet owners and veterinarians across the United States and ahead of the worldwide launch, which has begun with Amazon UK. The products, sold under the Pet MD® and VetWELL® brands among others, are offered through the major online platforms Amazon and Chewy.com, which account for over 90% of total sales.

The acquisition gives Swedencare strong online brands, a leading e-commerce team including unique Amazon expertise and a business with both strong growth and high profitability. Pet MD Brands, founded by Edward Holden in 2011, is fully focused on offering high quality animal health products through online channels.



"The Pet MD® brand has been a trusted name in animal health in the US for over a decade and joining the Swedencare team with the opportunity to help implement management's global online animal health strategy is very exciting."

Edward Holden, Founder and CEO of Pet MD Brands

1 April 2021

Rx Vitamins – a pioneer in dietary supplements in the US.

Rx Vitamins has built a solid, reputable brand, especially in the veterinary sector, since 1998. The company specialises in science-based animal health products in the premium segment. Rx Vitamins is also one of the pioneers of pet supplements in the US and has set the standard for safe, scientific and unique formulations.

The customer base is mainly made up of veterinary clinics that buy directly from Rx Vitamins, complemented by some sales to specialised local distributors in the US. The company also exports to some ten markets. Craig Kisciras, the founder of Rx Vitamins, was instrumental in creating the National Animal Supplement Council (NASC), which strengthens the company's brand.



"Having the opportunity to join the Swedencare group with its global accessibility and knowledge, as well as the management expertise they offer is the perfect progression to achieve our vision and continued growth for our brand."

Craig Kisciras, Founder and CEO of Rx Vitamins

1 July 2021

Acquisition of American company Vetio – increased presence in the largest market.

During the year, we completed the largest acquisition to date. Perhaps also the most important, because Vetio is a large and reputable company in the biggest market for pet products. Vetio is active in contract development and manufacturing of dietary supplements and dermatological products, as well as pharmaceuticals for the pet market.

Together with Vetio, we will create a stronger and broader customer offering while further gearing up our presence in North America and gaining a business relationship with a large number of new interesting customers. Through the acquisition, we will increase the proportion of products produced in-house, both for our own sales and for our partners, which will contribute to more secure product supply and increased margins. At the same time, our position in R&D, technical expertise and quality control will be strengthened.



"We are committed to developing and manufacturing products that improve the lives of animals, while ensuring the safety, quality and regulatory compliance of our products with the highest industry standards. It is a commitment we are keen to realise together with Swedencare."

John Kane, CEO Vetio

1 October 2021

Fulfillment Advantage Ventures – expanded logistics – and e-commerce know-how

The acquisition of American company Fulfillment Advantage Ventures (FAV) was a strategic decision which means that we reach a higher level of e-commerce expertise. FAV is a B2C logistics company that focusses on direct delivery and logistics solutions. The acquisition means that we have a comprehensive solution that satisfies the whole delivery chain, which generates faster deliveries at reduced cost.

FAV has several platforms and its own unique software that has been developed over many years. Today's consumers want to be able to communicate with their suppliers and thanks to FAV we will have a cutting edge solution for our premium product portfolio and our licensing agreement to be able to interact with our fast-growing customer base.



"We are proud to be part of the Swedencare family! The benefits that our e-commerce brings to Swedencare's customers and brands means that we can contribute to sales in several different channels effectively."

Timothy Ackerman, President Fulfillment Advantage Ventures (FAV)

Acquisitions completed during 2022

NaturVet (USA) – Acquisition of the leading American pet supplement company

NaturVet (The Garmon Corp.) is a dream partner and the acquisition means that we have now taken a big step towards being the leading global animal health group in dietary supplements and premium dermatological products. The company's products are ranked as the number one dietary supplements by four of the five largest pet supply chains in the United States. The product portfolio cover multiple categories such as joints, digestion and allergies to mention a few.

NaturVet has a proprietary portfolio of premium products in 20 categories manufactured in the company's own production facility in California. It can be considered a leader in soft chews. The products are primarily marketed at the consumer level in approximately 15,000 pet stores and on major online platforms such as Chewy.com and Amazon.com.

The acquisition provides us with a broad, well-known and valued product portfolio. To this can be added fantastic customer coverage in the US, because we now add to our approximately 15,000 veterinary clinics an equivalent number of pet stores, while significantly increasing our online share. We have identified a number of very interesting synergies that will further accelerate our growth rate.

NaturVet had sales of SEK 548 million (USD 63.9 million) in 2021 with adjusted EBITDA of SEK 179 million (USD 20.9 million) (33%). This is a growth of 32% compared to sales of SEK 415 million in 2020 with an adjusted EBITDA of SEK 131 million (32%).



"I am excited about our deal with Swedencare because it will enhance our ability to introduce new categories from the Swedencare Group's offerings and with continued growth for our industry-leading products such as ArthriSoothe, Quiet Moments, GrassSaver and No Scoot. We will also complete our third soft chew line, increasing production capacity by 100%."

Scott Garmon, Founder and CEO, Naturvet

Innovet (Italy) – Acquisition of an Italian company with a focus on the veterinary segment

Innovet has its own developed and patent protected portfolio of scientific products within several categories. The products are marketed primarily to the Italian veterinary segment, online and internationally. Innovet's products can be found in categories such as joints, dermatology and pain relief. The company's product development is largely based on scientific studies on the replication of the body's natural defence mechanisms.

Innovet has successfully marketed and sold ProDen PlaqueOff® in Italy (under the brands Restomyl® Supplemento and Dentalcroc) for many years. We have also got to know the owner and the company well and identified them as a good partner for our continued efforts in science-based product development in the premium segment. At the same time, we can now also contribute to a significant acceleration in Innovet's internationalisation. The synergies here are obvious and can be launched immediately.

Innovet generated sales of SEK 128.8 million (EUR 12.6 million) in the twelve-month period October 2020 – September 2021 with an adjusted EBITDA of SEK 45.7 million (EUR 4.5 million) (35.4%).



"After 25 years of investment to transfer scientific innovations from our research network to the animal health field, we are delighted to join the growing international Swedencare family. Innovet and Swedencare share the same philosophy – pets deserve proven products of the highest quality for their well-being. We also share the ambition to grow with high profitability, which is a guarantee for continued development in everything we do."

Renato della Valle, CEO Innovet

Production, research and development

Control over production, but also research and development are critical to our ambition and goal of offering high quality products in the premium segment. Our acquisition strategy is to attract companies who share our approach to quality, safety and science-based product development. That they also have production and development departments that are at the cutting edge is therefore an advantage of course. Here we present our four facilities that meet the high standards required to offer the best for our four-legged friends and thus create market confidence in our brands.

Vetio Montreal Canada

The Montreal facility manufactures tablets, soft chews, and non-sterile liquids. But also veterinary medical development plus analytical services. It is a facility of about 4,300 sqm with 40 employees.

Vetio Florida USA

Vetio has two facilities in Jupiter. Dermatological products, such as shampoos, mousses and gels with active ingredients have been manufactured at one of them for several years. The 3,700 sqm facility is FDA-approved. In late 2021, Vetio opened another, new, facility in Jupiter. It covers 3,300 sqm and is located in the Palm Beach Park of Commerce, just minutes from the main facility. The total area of both facilities is now 7,000 sqm. The new facility has been built to meet the increased demand, especially for soft chews. In addition to complete production lines, the facility includes a state-of-the-art R&D department, warehouse and office space.

Swedencare Ireland

In early 2019, Swedencare Ireland moved into a newly refurbished, state-of-the-art 2,000 sqm factory. The

move created opportunities to both expand and improve production and warehouse processes to meet the increased demand for our products.

In 2021, we also invested in a new production line which has increased productivity and throughput – including the capacity to pack 50,000 cans of ProDen PlaqueOff® per week compared to 15,000 per week in the previous premises. During the year, we obtained GMP+ (Good Manufacturing Practice) quality certification, a quality stamp that demonstrates that production meets certain regulatory requirements.

Swedencare Tillverka Texas USA

At the end of 2020 we started "Tillverka", a company in the USA for production of ProDen PlaqueOff® in powder form. Production takes place in new facilities in Houston, Texas. Production started in early 2021 with the goal of producing at least 50% of ProDen PlaqueOff® powder for the North American market in-house.

Larger product portfolio and more own manufacture

Through our acquisitions and investments in existing facilities we now have a production and logistics centre for the European market in Swedencare Ireland. Similarly, Vetio and Stratford are hubs for the North American market. The acquisition of NaturVet® in January 2022 builds on the strategy of securing production while increasing our margins.

Several internal projects are underway to channel more and more production to our own facilities. The factories still have the capacity to scale up and adapt production to our, and our customers', needs. During the year, efforts to streamline logistics, online trading and raw material purchasing have led to an increased concentration on our Irish facility, which has had an impact in terms of lower transport costs and reduced environmental impact.

2021 was a year of continued transformation and strong development



2021 continued in the same manner as the previous year, with strong organic growth and further new acquisitions that are significantly transforming and strengthening the Group. We have now created a unique organisation of growth-focused subsidiaries that run their businesses based on local conditions and opportunities, while leveraging their expertise and product portfolios across the Group - we call it global entrepreneurial spirit.

We achieved sales of SEK 770 million in 2021, an increase of 221%, of which organic growth was 17%, well above market growth. The results showed an operational EBITDA of 190 MSEK, an increase of 152% and a margin of 25%.

Recovery despite COVID

COVID was again the main challenge in the year and we were affected off and on throughout the year with increased transport costs, temporary supply problems, cancelled trade fairs, continued travel restrictions and lockdowns in some markets. Online sales, which had seen an extreme increase in 2020, returned to the previous years' growth rates while physical stores and veterinary clinics took back some market. Now at the start of 2022, the problem has changed as the COVID hurricane weakens while Russia unjustly attacks Ukraine, creating geopolitical unrest the likes of which the world has not seen since the Cold War.

Continued strong demand

The effects of Russia's aggression are hard to predict, but it is clear that it has created a humanitarian disaster in Ukraine and shaken up the global economic system. We see a major impact on commodity prices and some impact on transport costs is to be expected. In terms of price increases being passed on to consumers, we can still see a high degree of acceptance and continued strong demand. We have known that pet owners prioritise their four-legged family members and related expenditure for a long time and it has been confirmed recently.

Recognised global strategy

Our ambition to complement rapid organic growth with acquisitions of companies that both share our philosophy and complement us continued in 2021. Acquisition efforts, the result of a lengthy review of the market and individual companies, have been reinforced by the recognition of our global distribution approach by owners and entrepreneurs of companies with export ambitions.

Increased skill at e-commerce

We acquired **Pet MD Brands** on 1 January 2021, a pure-bred online-retailer with strong brands such as Pet MD® and VetWELL®. With this, the Group gained tremendous expertise, which has already been leveraged in our global online efforts. We have launched in the UK and in 2022 will move further into Europe and we have started planning for selected markets in Asia. The team has also taken full responsibility for our Amazon sales of ProDen PlaqueOff® in the US and sales growth has been very pleasing. We have also been able to integrate warehousing and logistics with our other group companies in Tampa, Florida, which both streamlines and reduces the cost base.

Stronger presence in the veterinary sector

On 1 April 2021 we acquired **Rx Vitamins**, based outside New York. Since 1998, the company has built a strong brand selling high-quality, innovative supplements, primarily to the veterinary channel. The founder, Craig Kisciras, shares Swedencare's values and approach to business leadership, which was abso-

lutely critical in our ability to convince him to sell his excellent company to us. With his great personality and strong drive, he has already had a positive impact on many people in our organisation and with the export opportunities and channel expertise available within the group, Rx has been able to deliver its best year ever.

Dermatology and pharmaceuticals

On 1 July 2021, we made our largest acquisition with **Vetio**, a leading CDMO in dermatology products and the development and manufacture of animal pharmaceuticals. Vetio was previously the largest supplier to our group company Stratford, which meant we knew each other well and this facilitated the acquisition discussions. In addition to securing the supply of dermatology products to all our US subsidiaries, we will also have access to a brand new facility for soft-chews in particular, which is the fastest growing product area for canine supplements and an area where we have had challenges in finding quality suppliers. On the pharmaceutical side, the projects are large and long, which has meant that for a number of years it has been preparing its plant in Canada for volume production in addition to product development. A number of production projects will start in 2022 and 2023, which will make Vetio a strong growth contributor within our group. We are also gaining a strong organisation, led by CEO John Kane, who are all very excited to have become part of Swedencare.

E-commerce specialists

Our final and smallest acquisition of the year was of Fulfillment Advantage Ventures (FAV), which completed on 1 October. FAV specialise in efficient e-commerce, they have a unique set-up with agreements and access to several major e-commerce platforms in the US including drop-shipment to consumers, proprietary software that simplifies new product registration with the platforms and management of our own B2C sales.

Long-awaited production capacity

From focussing on growth in oral health products for many years, we have now strengthened Swedencare to have a very broad product range across multiple therapies, which are now being launched worldwide. During the year, we have gained a completely different breadth and also long-awaited production capacity, which is a necessity in order to grow faster than the market.

Reaching 4 billion

Our new financial targets were announced in December and are, as they should be, challenging and inspiring!

The entire organisation is now working in a focused way to reach the 4 billion in sales we want in 2026. We will meet the target by continuing to grow rapidly organically, while adding new pieces to our group where we see the need to strengthen, complement or expand our share of the animal health market. Synergies between our group companies and shared values and ways of working will deliver above-market growth.

Our recent acquisitions announced at the end of January this year are good evidence of this, both Innovet and NaturVet are a perfect fit for our group. Both companies continue to be driven by their founders, they are fast growing with impressive margins and the founders were convinced that Swedencare was the right home for their continued growth.

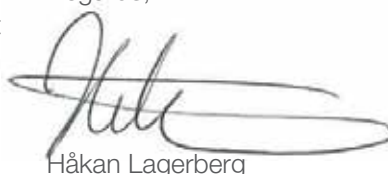
Including these acquisitions, we had pro-forma sales of 1.6 billion in 2021 with an EBITDA of 28%, a major step for us in reaching our long-term financial target for 2026.

Market-leading breadth

We will work hard in the coming years to exploit all synergies within the group and to develop new business propositions towards the market. The breadth we can offer is market-leading and we will market both our own brands and various other private label solutions. The organisation will be developed and strengthened. We are noticing significant interest in having an opportunity to work within our group. With over 80% of our sales in North America, we are largely an American company, but regardless of where our employees are based, they all share the philosophy of putting entrepreneurship, speed, quality, customer focus, personal responsibility and enjoyment first. When we gathered much of our team in Tampa last year, I was struck by how well everyone gets along and this is precisely what will ensure that, as a team, we will deliver at least what you shareholders expect.

2022 has begun at a rapid pace with acquisitions, customer projects and internal group projects. I look forward to reporting on our progress and developments from all four corners of the world throughout the year.

Regards,



Håkan Lagerberg

Three good reasons to invest in Swedencare

1

Strong brands and high quality products

Our Group companies are all focused on the premium segment. Our acquisition strategy is also based on investing in companies with existing clear and strong brands. The increase in demand for premium products, of which natural and organic products are an important part, has been one of the main drivers in the market. With the increasingly widespread view of pets as being members of the family, pet owners have also increased their knowledge and awareness of their pets' specific behaviours and needs.

Pet owners are increasingly demanding the highest quality food and products for their pets. It is also considered that food and snacks for pets should be of the same high standard as the family's own food, or higher.

Swedencare ensures a supply of high quality products through in-house research and product development, while analysing fluctuations in customer preferences, the latter including increased investment in customer interaction on social media etc. In-house production facilities that meet the quality requirements of the products are another important factor in remaining at the forefront of innovation and quality.

2

Presence in the major sales channels

Our products can be found in all major sales channels such as veterinarians, pet shops and online. We are represented in more than 20,000 veterinary clinics, and as many pet stores, in North America, Europe, Asia, South America and Australia. Many of our products are also sold on major online platforms such as Chewy.com and Amazon. We sell in-house to veterinarians and pet stores, through resellers and in partnership with licensees such as TV veterinarian Dr Pol.

In 2021, we also increased our investment in building a direct-to-consumer channel, an option that many customers are demanding.

3

Higher than market growth

The pandemic has been a contributing factor to increased awareness of health and wellness. This applies not only to us humans but also to our pets. Both the number of pets and the demand for pet supplements have increased in recent years, especially in the premium segment. The trend is clear: more and more pet owners will spend more and more money on products that contribute to a better and healthier life for their pets.

Added to this is an ambition to grow faster than the market by finding export opportunities for our new product families within the Swedencare family, in-house product development with rapid launch and in-house production to avoid bottlenecks.

A growing market

There are several factors that point to a positive development for Swedencare to reach its goal of becoming the leading pet health company globally. Swedencare is already an entrepreneurial and fast-growing group with many strong brands and a global presence. With that as the starting point we can see potential growth in the market in several places.

Active acquisition strategy and global presence

The goal of becoming the leading pet health company globally is based on a strong entrepreneurial culture and an active acquisition strategy. Of course, operating in the most important international markets is a prerequisite for global growth. What we have built today provides a very strong base for further development. We are also working intensively to become more active in more sales channels and to offer premium products in all key therapeutic areas.

Growing from the existing structure

With our model for business development, our parent company, with the subsidiaries/brands in the interna-

tional market, has great opportunities to develop and grow organically. All our companies are run by entrepreneurs and relatively few employees, they gain access to the markets and products of sister companies and to the Group's joint investments in product development, production and marketing. Newly-acquired companies enter directly into this collaborative model, which means faster development and growth for them, both in existing and new markets.

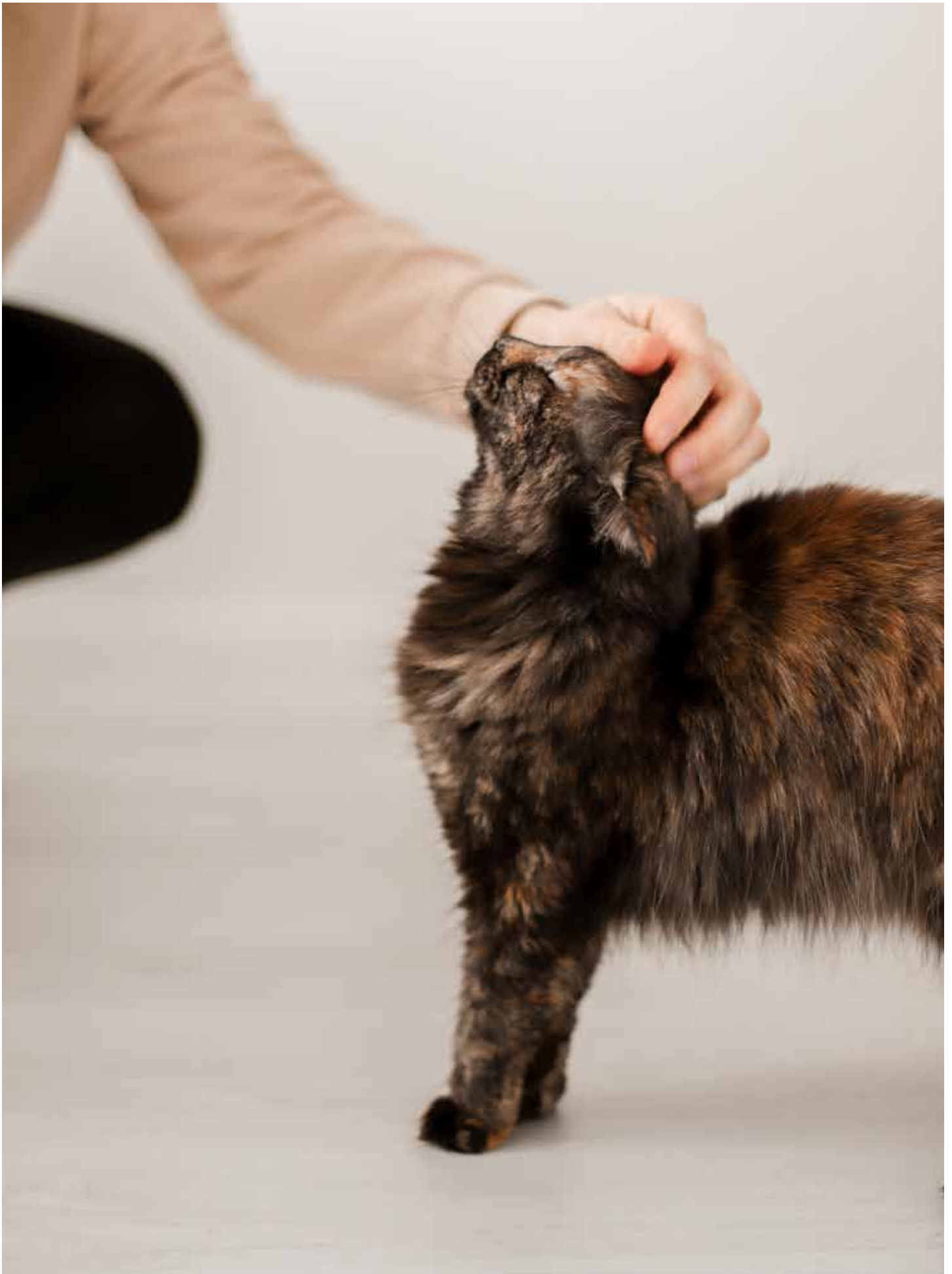
More people are getting pets

More people are getting pets, a trend that has been growing in recent years. Although the trend was boosted during the pandemic, the curve does not seem to be slowing down. Moreover, animals acquired during the pandemic will remain after the pandemic. At the same time, the pandemic has brought about new behaviours and work situations that are having an impact. Those people who worked at home had more time for their pets, which has strengthened their bonds and their willingness to care for them even more. It has also meant that pet owners have been more aware if their pets have a problem and have been able to rectify it. The opportunity to work at home will most likely remain after the pandemic, which means that the attention paid to pets will remain high.

A family member like any other

Surveys show that people want the same standard of food for their pets as for the rest of the family. Pets are also increasingly seen as members of the family, meaning that people are as concerned about their health and well-being as they are about their own. This is a view that is likely to become increasingly entrenched. Awareness of what is natural and authentic will then become self-evident. As will investing more in premium products for their animals. Surveys show that this is particularly found among the younger generation. This is a sign of continued good growth for our types of products.





Strong in most therapeutic areas

Originally we built Swedencare around our product family within dental health – ProDen PlaqueOff®. As the global pet market grows strongly year on year, our ambition has always been to broaden the offering to include more therapy areas within animal health. Our acquisition strategy is focused on just that: growing globally in most major therapy areas for dogs, cats and horses, while offering our customers the opportunity to find our products in different channels.



An overview of the major therapy areas and brands

		
Therapeutic areas	Brand	Brand
Kidneys	Nutravet / RX Vitamins	
Brain	Nutravet / StratfordCare / Innovet	
Heart	NaturVet / RX Vitamins / VetClassics / PetMD	
Allergies	NaturVet / VetClassics / PetMD	
Oral health	Nutravet / ProDen PlaqueOff / StratfordCare / Innovet / RX Vitamins / PetMD	
Stress/nerves	Nutravet / Animal Pharmaceuticals / StratfordCare / NutriScience / NaturVet / VetClassics	Nutravet / NutriScience
Joints & Mobility	Nutravet / Animal Pharmaceuticals / StratfordCare / NutriScience / NaturVet / Innovet / Healthy Breeds / RX Vitamins / VetClassics / VetWell / PetMD	Nutravet / NutriScience / NaturVet / VetClassics
Coat	Nutravet / Animal Pharmaceuticals / StratfordCare / NutriScience / NaturVet / Innovet / Healthy Breeds / VetClassics / VetWell / PetMD	NaturVet
Gastro-intestinal	Nutravet / StratfordCare / NutriScience / NaturVet / Innovet / VetClassics / VetWell / PetMD	NutriScience / NaturVet
Immune system	Nutravet / StratfordCare / NutriScience / NaturVet / Innovet / VetClassics / VetWell / PetMD	NutriScience / NaturVet
General health	Nutravet / StratfordCare / NutriScience / NaturVet / Healthy Breeds / VetClassics / PetMD	Nutravet / NaturVet
Liver	Nutravet / StratfordCare / RX Vitamins / VetClassics	Nutravet
Probiotics	Nutravet / StratfordCare / NaturVet	NutriScience
Urinary tract	Animal Pharmaceuticals / NaturVet / Innovet / Healthy Breeds / RX Vitamins / VetClassics	
Ears	Animal Pharmaceuticals / StratfordCare / Healthy Breeds / VetWell / PetMD	
Eyes	Innovet / Healthy Breeds	
Dermatology/Grooming	Animal Pharmaceuticals / StratfordCare / NaturVet / Innovet / Healthy Breeds / VetClassics / VetWell / PetMD	
Energy & recovery	NutriScience	NutriScience
Muscles		NutriScience
Wounds	StratfordCare	NutriScience / NaturVet
Hoofs		Nutravet / NutriScience
Behaviour	NaturVet / RX Vitamins / VetClassics	NaturVet

Products and brands

Swedencare and its subsidiaries are strong in most therapeutic areas. Our customers all over the world find health-promoting and recognised products for most of what their pets need for their well-being. From the external to the internal, from fur, eyes and ears to oral health, gastrointestinal, joints and mobility and much more. Here are some examples of reputable products from our companies.

ProDen PlaqueOff®



ProDen PlaqueOff®

Natural, effective and clinically proven dental product for dogs and cats. Reduces plaque, fights tartar and treats bad breath.

NutriScience



NutriScience

Science-based dietary supplement for horses, dogs and cats. Performance enhancing, preventive, protective.



Stratford Animal Health

Animal health products for the veterinary sector.

ANIMAL pharmaceuticals



Animal Pharmaceuticals

Innovative products that improve the health and quality of life of pets. Recommended and sold by veterinarians.

PET MD[®]
BRANDS



Pet MD[®]

Effective supplements, vitamins and solutions for topical use in pets, online.

nutravet[®]



Nutravet[®]

Natural nutritional and dietary supplements for dogs, cats and horses, exclusively for the veterinary sector.

VetWELL[®]



VetWELL[®]

Products formulated by veterinarians. For external use and ears.

Rx Vitamins[®]
PHYSICIAN FORMULATED



Rx Vitamins[®] for Pets

Innovative, safe and proven nutritional supplements formulated for specific conditions and ailments for pets, for the veterinary community.

NaturVet[®]



NaturVet[®]

Leading brand of high quality pet supplements - #1 in four of the top five pet chains in the US.

Innovet
Veterinary Innovation

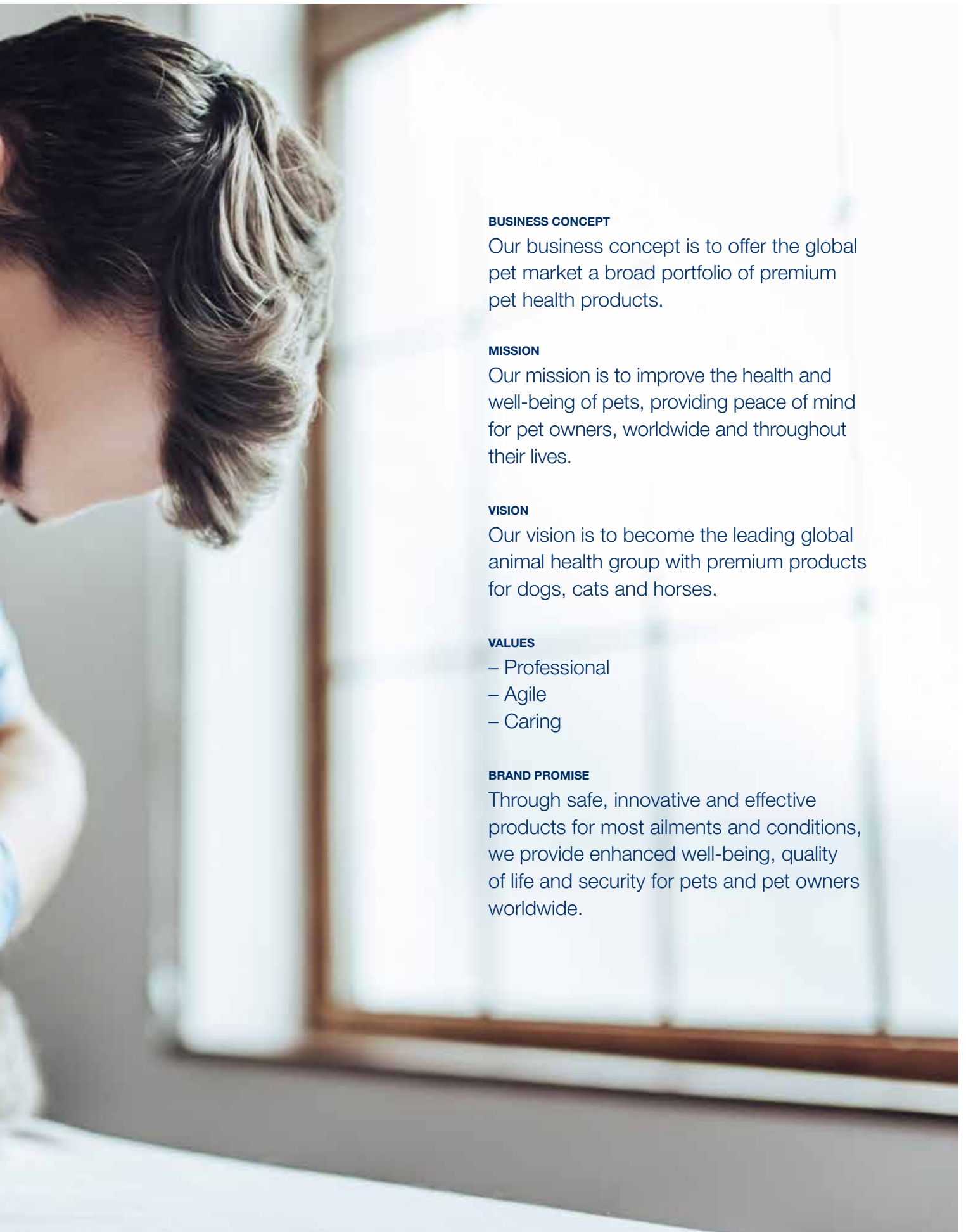


Innovet

Innovative, science-based (own R&D) and patented products for the veterinary sector in Italy.

From dental health to global pet health

Swedencare's origins are in dental care products for pets. The goal over the years has been for our original premium products to reach a wider international market. At the same time, the ambition has been to broaden the offering to include health products in more therapeutic areas than just dental health. The strategy involves an evolution from: a dental health company to a global pet health group.

**BUSINESS CONCEPT**

Our business concept is to offer the global pet market a broad portfolio of premium pet health products.

MISSION

Our mission is to improve the health and well-being of pets, providing peace of mind for pet owners, worldwide and throughout their lives.

VISION

Our vision is to become the leading global animal health group with premium products for dogs, cats and horses.

VALUES

- Professional
- Agile
- Caring

BRAND PROMISE

Through safe, innovative and effective products for most ailments and conditions, we provide enhanced well-being, quality of life and security for pets and pet owners worldwide.



Solid platform for good growth

Over the years, the aim has been for our original premium products to reach a wider international market. At the same time, the ambition has been to broaden the offering to include health products in more therapeutic areas than just dental health, our original area.

The already strong dental health brand and international presence has provided the platform needed to broaden both product offering, further global expansion and increased growth. Swedencare has now developed in the direction that was our ambition: Dental health has become animal health. Global has become even more global. Company has become Group.

Clear goals with a clear business model

For some time, we have had an explicitly active acquisition strategy where the focus is on being present and growing in most major therapy areas for dogs, cats and horses in the premium segment.

We can now encapsulate this in our current goal: to become the leading global pet health group. The companies we acquire are characterised by high quality in their field of activity, an entrepreneurial business spirit, good growth and high profitability

The success of our business model rests on several pillars:

- Global market presence.
- Collaboration and exchange of experience between Group companies.
- A broad portfolio of premium products for specific and general pet care.
- Organic growth in Group companies.
- Growth through acquisitions of companies in the

premium segment.

- Strong shareholder interest among management and staff.
- Entrepreneurial corporate culture.

The individual companies

The ambition is to acquire and own companies that have good growth and good potential for further growth. In addition, products and product development must be based on scientific principles and production facilities must meet high standards and comply with relevant requirements. To this must be added that products and product development must rest on a scientific basis and that the production facilities must maintain a high standard and comply with relevant requirements.

An unbroken quality chain

The business model can be seen as a blueprint for a quality chain. The requirements of the company's own operations combined with the requirements of the companies that are acquired and then become part of the group ensure that the chain from producer and product to end customer is unbroken. The product promise, including the brand promise, is thus fulfilled. For us, it is about being a resource for the companies we own. Partly financially, but also through the way we do business.



Corporate culture and management skills

Here we contribute both corporate culture and management skills that benefit the management of the companies, and also give the constituent companies access to each other's sales and communication channels. The opportunity to grow in the market is thus increased more quickly than if they were outside the group. The acquisition strategy leads to increased organic growth within each company – one plus one is more than two. It is a collaborative culture that is open, honest and prestigious.

Growing faster than the market

Swedencare stands for concern for the welfare of pets

coupled with a businesslike and entrepreneurial approach to entrepreneurship, company building and growth. The business model we have built around this means that we look to the future with a positive outlook and the ambition to grow faster than the market. A few key words support this while looking ahead:

- Continued acquisitions of selected companies;
- Continued internationalisation;
- Online expansion;
- Product development and increased synergies between companies.





Development of the market and Swedencare

The Pet market: 6 – 7%
 Healthproducts for pets: 10 – 12%
 Swedencare Group: 20%

+ 20% Synergies in the short term:

- Launch of new products/brands in new markets with existing presence and in new channels
- Thoughtful and cost-effective campaigns
- Collaboration in R&D between Group companies
- Opportunity for production within the Group for acquired companies
- Newly acquired companies' products sold under other companies' brands

Focus in the long term:

- Increased internationalisation of all brands
- Develop e-commerce
- Develop new products and offerings

Examples of joint activities and projects:

UK/Ireland

- Collaboration between companies facilitating import/export between UK/ Europe

Montreal, Canada

- Internal development projects for Swedencare
- Opportunities with generic drugs

Logistics Center, Florida

- Coordinate warehouse and logistics management for several companies in the same hub
- Collaborative projects with major licensing agreements: e.g. with Dr. Pol

Vetio/Swedencare Ireland/Swedencare Tillverka

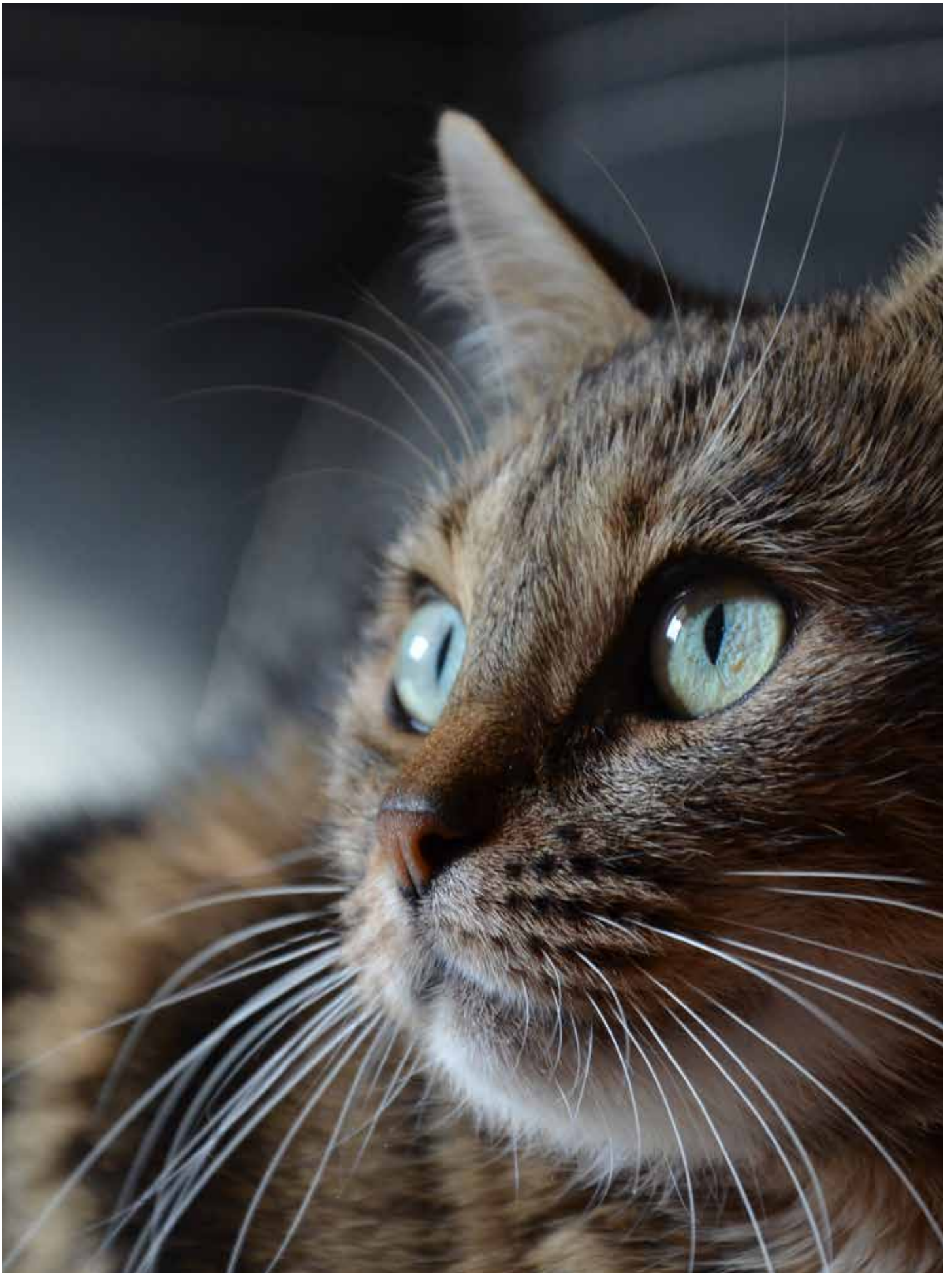
- Increased in-house production – better margins, control and better access to products


Pet MD®, launch

- Use of the same brand for the European market with different products
- Launch more products from our companies under Pet MD® as well as other brands

Pet MD® Brands

- Responsibility for online trading for other companies in the Group



A scenic landscape featuring a range of mountains in the background, partially shrouded in mist or low clouds. In the foreground, there is a calm body of water reflecting the sky. The sky is a clear, light blue, suggesting a bright but slightly hazy day. The overall tone is peaceful and natural.

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

(Definition of sustainable development, World Commission on Environment and Development, late 1980s.)

Anything less than sustainable is unsustainable.

The quote above, taken from the Brundtland Report, expresses the responsibility we all have, not least those of us in the business community. We contribute to development and prosperity, but we are also a threat to it. Our work must therefore always be based on fulfilling what the quote says. Swedencare works to ensure that our companies, our employees, our products and our footprint on society in general live up to all the demands placed on the concept of sustainability.

A natural, authentic and scientific foundation characterises our products, as it always has. As our name suggests, we also conduct a core business where caring is central. *"To care about" is the emotional origin of why Swedencare once started as a company – our pets must be able to trust us unconditionally to take the best care of them with both love and physical products for their well-being.* The step from caring for animals to other things that require care – and thought – is not a long one in our case. It's more or less in our DNA and in our origins.



Equality

Sustainable
consumption and
productionSea and marine
resources

UN Global Goals

We base our sustainability work on the Sustainable Development Goals (SDGs) adopted by the UN General Assembly. In the context of our activities, we have identified the following three of the UN Global Goals as being possible for Swedencare to influence and contribute to.

We contribute to a more equal society

We emphasise the importance of diversity, inclusion and gender equality and its role in a company's economic growth and in hiring and retaining skilled employees. As a result, in our global organisation we are proud to represent a workforce of many backgrounds and ethnicities. In addition, today 53% of our employees are women and 47% are men. In our senior management positions, we have a split of 36% women and 64% men.

Gender equality is a prerequisite for sustainable development. That's why we support women by sponsoring organisations that aim to both reward excellence and inspire young women in the industry. One of these organisations is Feather in Her Cap, which was created to recognise women who are making a big impact in the animal health industry.

We choose sustainable solutions and alternatives

Since 2017, the raw material for our original flagship product has met all the requirements to be called organic and therefore has the DEBIO label, a Norwegian certification of organic production. In 2020, ProDen PlaqueOff® powder was also certified organic by the Irish Organic Association. Our raw material is sustainably harvested in specially selected areas in the icy waters of the Arctic Circle off Norway, one of the cleanest places on earth. Our supplier has been harvesting the raw material for more than 80 years in a rigorous process using techniques and tools so advanced that they leave the environment completely unaffected. The finishing process takes place in close proximity to where the raw material is harvested to keep all properties intact.

We protect the oceans

We have developed this unique process together with our supplier to obtain a product with pure and high quality, with the greatest possible impact on oral health. Protecting the sea and marine resources is therefore particularly close to our hearts. One initiative we have taken in this area is to become so-called coastal rescuers. The littering of our seas is one of the biggest environmental problems of our time. At the same time, it is a problem we can all help to solve. From coast to coast, we prevent litter from ending up in the sea, one bag at a time. The more of us there are, the more difference we can make.



Our actions to achieve our sustainability goals



We produce environmentally friendly scoops, made of cornstarch plastic, which are used to measure the amount of ProDen PlaqueOff Powder, our main product, given to pets. We use these scoops to reduce the carbon footprint left by fossil fuel plastic. Our ambition is to continue implementing more environmentally friendly packaging.



We donate our short shelf life products and products with damaged or expired packaging to local animal shelters, charities and rescue organisations. By using our products and limiting waste, we contribute to both animal welfare and reducing our environmental impact. We sponsor several animal rescue centres and non-profit animal organisations.



As a producer, we have an extra responsibility to take action to reduce our negative impact on the climate, the environment and human health. Swedencare is affiliated with FTI AB (Förpacknings- och Tidningsinsamlingen, formerly REPA), a nationwide collection system for packaging. This means that we fulfil our producer responsibility and co-pay for the public recycling stations where you can leave our cardboard and packaging materials. We also continually review all packaging and its components to find more environmentally friendly alternatives.



We take initiatives to reduce the amount of packaging materials and deliveries by stocking goods and shipping in bulk instead of multiple partial deliveries.



We pack our products in groups, which allows us to efficiently use the space of the carrier and reduce the need for fillers. When possible, we also use "Master Packing" where we pack in larger cartons. We use reusable storage containers and pallets.



We reduce transport impact by consolidating orders to manufacturing sites and obtaining a running forecast from large customers to consolidate deliveries and avoid smaller orders.



We plan our operations to locations with better logistics that offer public transportation for employees and partners to further reduce environmental impact and offer more environmentally friendly shipping options.



We reduce energy consumption by using LED and ECO lighting, smart sensors (sensor monitoring) and battery-powered forklift trucks. We are also conscious of the use of our machinery and lighting by switching them off when not in use.



We use energy from a composting facility, which gives us renewable energy from a local source to power our operations.



We reduce water consumption by installing filters/water coolers in our facilities which has resulted in a significant reduction in the use of plastic bottles and cups.



We recycle as part of our daily life. Whenever possible, we recycle packaging and paper used in the organisation. In addition, we reduce paper consumption by emailing invoices and delivery notes to customers wherever possible.



We are moving towards an electric car fleet to create a more sustainable planet. Electric cars are not only more environmentally friendly because they have no gas emissions, they also require less servicing due to fewer moving parts than a petrol or diesel car.



We reduce our travel by using digital meetings where possible and appropriate. When we travel, we optimise it by visiting customers in a local area at the same time.



We plant trees that help reduce existing greenhouse gases. Not only are we responsible in the actions we take to prevent environmental impacts, we also try to reduce pre-existing pollution.

Our promise

Swedencare's ambition is to make environmental work a natural and integral part of all our operations.

We will ...

- ... comply with current environmental laws and regulations and continuously improve our environmental performance.
- ... conserve raw materials and energy sources and strive to use materials that are of renewable origin.
- ... set environmental and quality standards for our business partners and ourselves through continuous dialogue.
- ... continuously increase the competence and commitment of our employees to environmental and sustainability issues.
- ... make use of the possibilities available for recycling paper, plastic, glass and metal and use energy-saving alternatives in our offices.

Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

It's great to be part of the Swedencare team, which is doing so much to improve animal health care on a broader scale. I was looking for an opportunity to work in the animal health industry, especially in the companion animal sector. Working with Stratford Care under Swedencare is an incredible opportunity as it is extremely educational and professionally developing.

What does a typical day at Swedencare/Stratford look like?

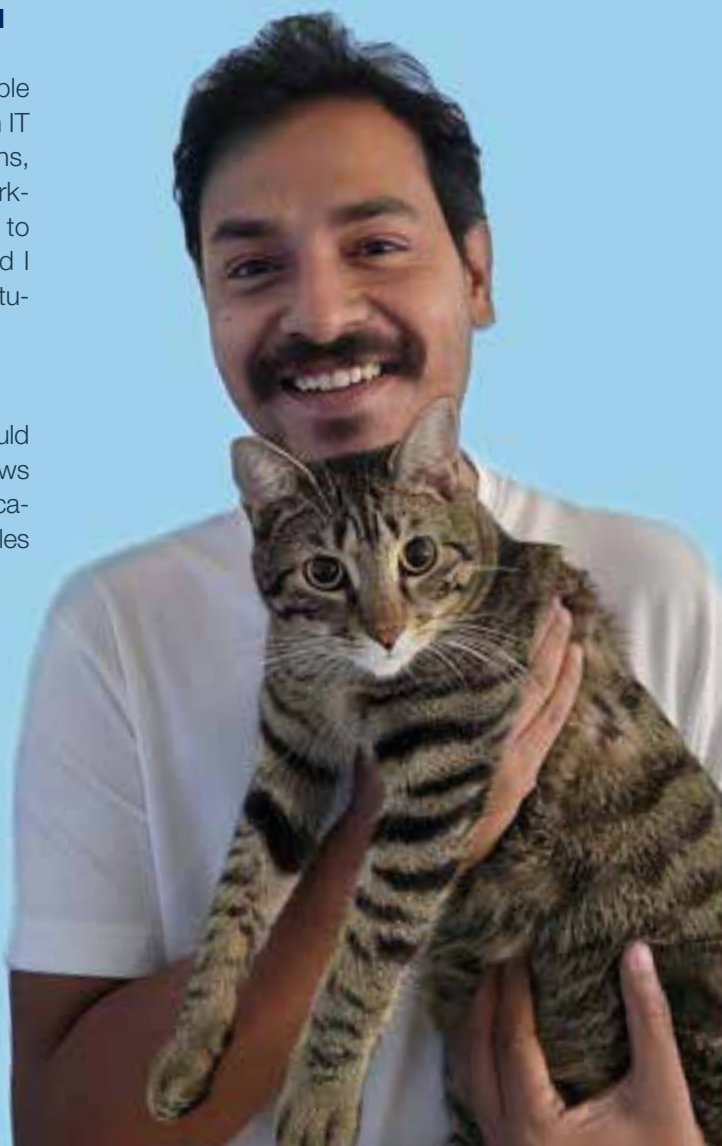
A typical day at Stratford Care means wearing multiple hats – working with the team, helping colleagues with IT issues, understanding customer buying patterns, designing and creating marketing campaigns and working with the accounting and warehouse teams to process orders. It's a fun environment to work in and I love coming to work every day, every day is an opportunity to learn something new.

How can you personally contribute to success?

With my expertise in technology and marketing, I would like to develop communication platforms and workflows to reach more veterinary clinics, streamline communication between the clinics and Stratford, and improve sales across all channels.

Sid Safui & Uno

Data Scientist, Stratford Care



Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

Being part of Swedencare means that we are now part of a much bigger picture, we can reach out more widely and ultimately have a greater impact on the global pet market. Joining a fast and global player like Swedencare means that we can be more aggressive in launching new products and expanding in current markets. It creates an excellent position for future growth.

What does that mean for your customers and pet owners?

No one wants to risk the health of their four-legged companion by using a lesser-known brand, so a strong brand identity is especially important in the pet industry. Joining forces with a globally recognised brand like Swedencare will only confirm what customers love about us: that we are a recognised brand with quality products they can trust.

What does a typical day at Swedencare/NaturVet look like?

There are no typical days at Swedencare/NaturVet. That's what I love about the working environment here. Every day we look for new opportunities to expand and get better at what we do – whether that's by launching new products, entering new markets or identifying new opportunities to position ourselves. Every day is an opportunity for growth.

Jodi Hoefler & Stella

Vice President, NaturVet



Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

Being part of Swedencare provides many different opportunities for the next generation, like myself, to grow in their professional careers, especially in such an expansive market as the veterinary and animal health sector. A company like Vetio, now part of the Swedencare family, means that a group of animal lovers can continue to learn and challenge the market together to improve the lives of our four-legged family members at home – our pets.

What does that mean for your customers and pet owners?

Working together, we can leverage all of the group's strengths to launch new and build on existing quality pet care products. With the Swedencare name comes recognition and trust, and so does Vetio. Together with new partners in the animal care field, we become a brand that everyone wants to experience and be a part of – it's a movement, from the distributor and the brand to the pet owner at home. We can work to make Swedencare a name that means love and passion for animals wherever we are.

What does a typical day at Swedencare/Vetio look like?

Swedencare's normal is not very normal in many other industries, but it's an environment you fall in love with. You are surrounded by individuals who strive to challenge the norms and experiment with what products will be a "wow" for pet owners next. It keeps you on your toes in a way that provides excitement and the opportunity to learn and grow, and that's something I would never want to sacrifice. There is a culture within Swedencare and it's not just about the numbers. It is about the investment in the people who work here, their energy and commitment to their work and what it brings to helping others and their pets.

Jessica Hammett & Mae

Technical Sales Representative, Vetio Animal Health



Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

I love being part of Swedencare and being part of a team that shares a common mission: to improve pet health and provide peace of mind for pet owners worldwide. It's something that is in the heart of everyone who has animals, just like myself who just want their pets to live the best life possible for as long as possible. At the same time, Swedencare works in a best-in-class way. We talk to pet owners and clinicians on a daily basis and it is very rewarding to receive positive feedback, to know that we have benefited many lives.

What does that mean for your customers and pet owners?

To be able to contribute to the growth of a company whose aim is to establish itself as the leading company in animal health is a project that I, and I'm sure many others, can really get behind. To be able to link growth and sales, knowing that you are personally helping to make a difference to so many pets and pet owners is inspiring. Being part of the group, as well as being a pet owner, helps me to continually think outside the box to create new and innovative ways to drive growth, broaden our commercial awareness and reach as many new customers as possible.

What does a typical day at Swedencare/Nutravet look like?

I never thought I could go to work and just think: the more popular we are, the faster we grow, the better the health of pets around the world. But there's no group I'd rather be part of than Swedencare. By ensuring that we maintain our standards and strive for perfect customer service, I know I can make a real difference.

Tom Forsyth & Lola

Operations Manager, Nutravet



Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

One of my top priorities when it comes to my career is knowing that what I do in my daily work makes everyday life better for our customers. As I work to increase the visibility of our brand, it's exciting to think about the number of pets that benefit from our products. This in turn motivates me to work even more creatively and effectively to reach our audience.

What does that mean for your customers and pet owners?

The fact that we are a global player in the animal health field, and continue to expand, means we are doing something right. We should be proud of the integrity of our products, from origin to distribution, which makes a difference to so many pets and the daily lives of our customers. A brand that pet owners can trust with accurate information, high quality products and a seamless customer service experience from start to finish, means huge opportunities that we can offer our customers.

What's the best thing about being part of Swedencare?

The best thing about being part of Swedencare is the community. In more than a decade of professional experience, I have never been part of such a cohesive team, and everyone brings something special to the table. Working alongside so many intelligent, kind and talented people makes me look forward to every working day.



Cassandra Stern & Ogden

Content Marketing Manager, Pet MD Brands

Swedencare is growing quickly and becoming more important in the global market.

What does this mean for you and your unit?

Swedencare is an ever-growing and profitable company. I am very happy to be part of the company and to be able to contribute to further growth from my position. While developing new marketing and sales techniques, as a unit, we also continue to deliver growth in Greece, Cyprus and other Balkan countries. It's really exciting to be part of a larger company and achieve bigger goals worldwide.

What does a typical day at Swedencare look like?

During a typical working day, I am in contact with customers, updating them, helping them to find suitable products and making sure they are satisfied with our products and services. I always analyse each customer's situation carefully, follow up on their issues and finally find the best solution. Finding new potential customers is also one of my favourite tasks. It's really exciting to be able to work on this on a daily basis.

How can you personally contribute to success?

Having worked for Biovet for almost 17 years, my knowledge and experience can help the company develop even further. I know Swedencare's products and have been marketing them for almost 10 years now, which has helped to make the brand very well known to customers while I also talk to them on the phone on a daily basis. I market the products and help clients get the best products for their veterinary clinics and pet shops. With my extensive experience in the veterinary and pet market, I not only help customers but also my colleagues to make our customers happy and that they see us as a company that provides premium products and the best service.

Stella Kotsifaki & Perrie

Customer service, Biovet – Swedencare Greece



From local Company to global Group

Today, Swedencare is an entrepreneurial and fast-growing animal health group with a number of strong brands and a global presence. We are growing from 17 sales and marketing offices and several of our own production facilities, as well as distributors, partners and sales in 55 countries.

But everything has a start. For many years, we built the business around our dental health product family, ProDen PlaqueOff®. With ProDen PlaqueOff's strong brand and long market presence as a base, we have managed to build a global distribution network on all continents. This in a fragmented and highly localised market. In recent years, efforts to broaden the product portfolio have intensified, while we have increased our presence in the key veterinary and digital sales channels.

Strong expansion

This was a strategic decision that formed the basis of the active acquisition strategy that now characterises the Group. Especially over the last year, when we acquired 4 companies and increased the number of employees in the Group from 85 to 280. With the acquisitions of NaturVet and Innovet in early 2022, we are now 500 employees.

As we entered 2022, we did so with the broadest product offering ever in most therapeutic areas, globally and across all sales channels. Our story began with research and development in the 1990s. Establishment of the current business in 2000, IPO in 2016 and, since then, significant expansion through the acquisition of a number of reputable companies with strong customer offerings.

2022 has also started strongly, with two new acquisitions. Innovet is an Italian company founded in 1996 by the della Valle family of owners. The acquisition of a number of reputable companies with strong customer offerings. The second acquisition, NaturVet, is one of the largest and most profitable companies in the US in the premium segment of supplements for the pet market. The company has products in 20 categories

which are manufactured in its own production facility in California. Our history has been interesting and as evolving as it has been changing. We are confident that the future will be even more interesting.

Studies and scientific requirements

There are no shortcuts to safe and effective quality products. Even at the founding of Swedencare, our products were based on studies and scientific validation. Our product development is always done on a scientific basis, often in collaboration with external experts such as professors in animal health. But also with our own test experts and product developers.

Clinical studies

In recent years, we have conducted a number of clinical studies on our flagship product ProDen PlaqueOff®. The last four studies (two for ProDen PlaqueOff® Dental Bites and two for ProDen PlaqueOff® Powder) were conducted in order to obtain the right to use the VOHC seal on the products. The VOHC (Veterinary Oral Health Council) is an international organisation with high scientific standards to obtain the right to use their label. All studies showed efficacy well above the VOHC requirements. In early 2022, a study on our ProDen PlaqueOff® Dental Bones has also been completed with good results, enabling the basis for a VOHC application for this product as well.

Active ingredient in other products

Studies have also been conducted on Canagan's dry feed, which contains ProDen PlaqueOff®. The results of these studies have formed the basis for the VOHC approval of the feed. This means that the product is considered to prevent the formation of plaque and tartar. It is the first dry feed product with the ingredient to be



awarded VOHC certification. The scientific documentation continues to confirm the effectiveness of our products. It is also commercially positive to be able to show the market that our active ingredient can be included in other compositions and still have the same effect on oral health.

Government-approved testing activities

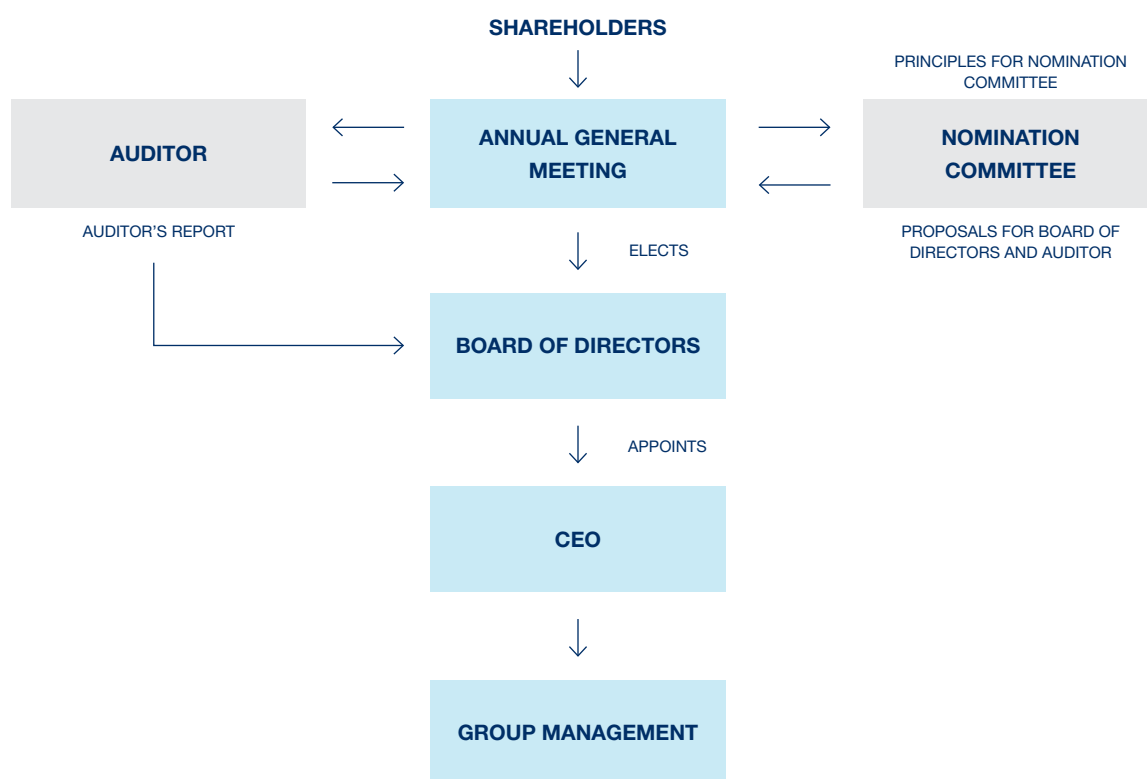
Vetio, acquired in 2021, is a US company that has both an excellent reputation and is also research intensive. Here, experienced scientists work with chromatographic and spectrophotometric drug analytical methods that are validated in line with regulatory guidelines and regulations. All product development is preceded by rigorous testing based on scientific principles. The manufacturing facility in Montreal, Canada is approved by Health Canada and the FDA. The expansion of the Jupiter Florida facility, completed in 2021, now provides space for research and development of new products.

500

With the acquisitions of NaturVet and Innovet in early 2022, we now have 500 employees.

Corporate governance

Swedencare applies a framework of laws, regulations and internal rules to govern the company effectively with the aim of generating long-term value for shareholders and other stakeholders. This requires effective organisation and good internal control, as well as information and reporting that gives a true and fair view of the company. The following describes how shareholders vote at the AGM to elect, among other things, the Board of Directors and the auditor. The Board of Directors is responsible for the organisation and management of the company and appoints a CEO who is responsible for the day-to-day running of the company. The auditor examines the company's accounts and the management of the Board and the CEO.



Framework for corporate governance

Swedencare's corporate governance complies with external laws and regulations, including the Swedish Companies Act, the Swedish Accounting Act, the Swedish Annual Accounts Act, the Market Abuse Regulation (MAR) and Nasdaq Stockholm's rules for issuers on the Nasdaq First North Growth Market. Laws and regulations are supplemented by internal regulations such as Swedencare's Articles of Association, the Board's Rules of Procedure, the CEO's Instructions, the Reporting Instructions and other Group-wide policies, instructions and guidelines.

Our shareholders

As of 31 December 2021, Swedencare had 118,150,028 outstanding shares and 18,319 shareholders. At the end of 2020, Swedencare had 20,884,749 outstanding shares and 8,214 known shareholders. All shares are of the same class and each carries the right to one vote at general meetings. The largest shareholder at 31 December 2021 was Håkan Svanberg & Co Health Care AB with 19.5% of the outstanding shares and votes. The five largest shareholders together represented 47.5% of the outstanding shares and votes. The corresponding percentage for the ten largest shareholders was 60.4% of the outstanding shares and votes.



Annual General Meeting

The highest decision-making body in Swedencare is the Annual General Meeting, through which the shareholders exercise their influence over the company. The Annual General Meeting is held within six months of the end of the financial year. Notice of the Annual General Meeting is published no earlier than six weeks and no later than four weeks before the meeting. Decisions at the AGM are normally taken by simple majority. In some cases the Swedish Companies Act provides for a special voting majority.

Nomination Committee

The AGM appoints, among other things, a Board of Directors for the period until the next AGM. Swedencare's Nomination Committee, consisting of representatives of the company's three largest shareholders as of 30 September, submits proposals to the AGM on the composition of the Board, the Chairman, the Board and audit fees, the election of an auditor and the guidelines for the Nomination Committee. For the Annual General Meeting on 28 April 2022, the Nomination Committee consists of Håkan Svanberg (representing Håkan Svanberg & Co Health Care AB), Heinz-Juergen

Bertram (representing Symrise AG) and Johan Bergdahl (representing JCC Group Invest Sweden AB). The Nomination Committee will submit its proposals no later than in connection with the notice of the Annual General Meeting.

Board of Directors

The Board of Directors has overall responsibility for the organisation and management of the company's operations and for the ongoing evaluation of the company's financial and strategic development. The Board shall also ensure that the company complies with laws and regulations and that basic ethical guidelines for the company's conduct (Code of Conduct) are established. For the day-to-day running of the company, the Board appoints a CEO.

The Board shall adopt written rules of procedure for its work, which shall also include a CEO's instruction, including a reporting instruction for the CEO. These decisions are taken annually at the inaugural meeting held after the Annual General Meeting.

The Chairman of the Board organises and directs the

work of the Board so that it is carried out in accordance with the Swedish Companies Act, other laws and regulations and the Board's rules of procedure. The Chairman monitors the business through regular contacts with the CEO and is responsible for ensuring that the other Board members receive adequate information and decision support.

According to Swedencare's Articles of Association, the Board of Directors shall consist of at least three and no more than seven members, with no more than two deputies. At the Annual General Meeting on 29 April 2021, Per Malmström, Håkan Svanberg, Håkan Lagerberg, Johan Bergdahl, Thomas Eklund and Sara Brandt were elected as Board members and Per Malmström was appointed Chairman of the Board.

During 2021, a total of 30 recorded Board meetings were held. At the meetings, interim reports, year-end financial statements and the annual report were adopted, the Board decided on the company's financial targets and strategies and business plans supporting the targets were adopted. The Board also met in connection with company acquisitions and other related decisions.

The Board of Directors of Swedencare owned shares in the company corresponding to 31.9% of the total number of outstanding shares as of 31 December 2021.

CEO and Group Management

The Board of Directors of Swedencare appointed Håkan Lagerberg as the company's CEO in 2014. Håkan Lagerberg has held the role since then, except for a period in 2019/2020 when the current CFO, Jenny Graflind, was CEO. Håkan Lagerberg, who is also a member of the Board of Directors, is, through the wholly owned company Mastan AB, Swedencare's fourth largest shareholder with a shareholding corresponding to 4.7% of the total number of outstanding shares as of 31 December 2021.

Group management has in 2021 consisted of the CEO, Håkan Lagerberg, and the CFO, Jenny Graflind. Group management is responsible for business development, financial monitoring and business plans. Group management has regular meetings with representatives of the company's subsidiaries on a monthly basis during the year. The subsidiaries have considerable operational freedom within the established framework and internal control procedures. Group Management monitors that

agreed authorities are not exceeded and that procedures are followed. The CEO and Board of Directors of each subsidiary are appointed by the Group CEO and are responsible for the governance, development and management of the subsidiary. Swedencare's decentralised organisation with many subsidiaries places high demands on the subsidiaries' boards and management, their competence, values and business ethics. It also requires understanding and respect for delegation of roles. Furthermore, it is assumed that the division of responsibilities within and between the Group management and the subsidiary managements is well defined and that the communication between them works well. Instructions on governance documents, accounting principles and guidelines are regularly communicated to relevant employees.

Audits

The company's auditor is appointed by the Annual General Meeting. The mandate is valid until the end of the Annual General Meeting held in the year following the election of the auditor. The auditor's task is to audit Swedencare's annual accounts and financial statements, as well as the management of the Board of Directors and the CEO. The appointment is summarised in the auditor's report, which is presented at the Annual General Meeting and reported in the Annual Report. At the Annual General Meeting 2021, the audit firm Grant Thornton Sweden AB was re-elected as auditor until the end of the Annual General Meeting 2022. The principal auditor is Petter Rankell. During 2021, in addition to reviewing the annual accounts and financial statements, the auditors also reviewed the company's nine-month report.

Information

The company's external information follows the information policy established by the Board of Directors. The policy sets out what is to be communicated, by whom and in what manner, to ensure that both external and internal information is accurate, complete and follows established guidelines. Swedencare's information to shareholders and other stakeholders is published via press releases, interim and year-end reports, the annual report and the company's website (www.swedencare.com). Press releases, financial reports and presentation material are published on the website. Press releases, financial reports and presentation material are published on the website.

Organisation

Swedencare

The parent company Swedencare is responsible for the Group's strategy, business plan and management. This is done through the Company's control of the Group's trademarks, patents, sales rights, collaboration agreements and sales companies. The Company operates from its offices in Medeon Science Park in Malmö, Sweden.

The sales companies

Swedencare owns 100% of all sales companies, which

are responsible for sales and marketing in their respective home markets. The sales companies report both financial and market developments to Swedencare on a monthly basis. Through the sales companies' local market knowledge, marketing can be adapted to local conditions and customer preferences, and new products can be quickly identified. The sales companies operate from Greece, Spain, Italy, France, the UK, Sweden, Ireland and the USA respectively.

Board of Directors

Swedencare AB (publ)

– trademarks, patents and partnership agreements

Biodistra AB (Human Products)	Swedencare Nordic AB (Nordic)	Nutravet UK Ltd. (UK)	Swedencare Ireland Ltd. (Ireland)
Swedencare UK Ltd. (UK)	BIOVET I.K.E. (Greece)	Swedencare Buccosanté SARL (France)	Swedencare Spain SLU (Spain)
Innovet Italia SRL. (Italy)	Pet MD Brands, LLC. (US)	RX Vitamins (US)	Stratford Care USA Inc. (US)
Tillverka, Inc. (US)	Swedencare USA Inc. (US)	Vetio (US)	Fulfillment Advantage Ventures Inc. (US)
NaturVet (US)			

Board of Directors



Per Malmström

Board Chairman since 2014 – born 1961.

A background in the financial industry including SEB, Aragon Fondkommission, CFO in Adera AB 1998-2001 (now Addnode AB) and several board appointments. Master of Business Administration from Örebro University.

CEO and board member of Per Malmström Consulting AB. Chairman of the Board of Deligate AB.

Independence from the company/management: Yes

Independent in relation to the company's major shareholders: Yes

Shareholdings* in Swedencare: 600,000 shares



Håkan Lagerberg

Board member, CEO and has held senior positions since 2014 – born 1968.

International experience from leading positions in private and public companies. International law degree from Lund University. Post Graduate in International Trade Law from the University of Torino in Italy.

Board member of Polygiene AB (publ), of own companies HAOLAG AB and Mastan AB and Board member of Swedencare's subsidiaries.

Independence from the company/management: No

Independent in relation to the company's major shareholders: No

Shareholding*: 5,551,810 shares



Johan Bergdahl

Board member since 2014 – born 1970.

Entrepreneur and owner of several companies within sales, IT and real estate. Degree in market economics from Nercia Business School.

Chairman of the Board of BR Group AB. Board member of Comera AB, JCC Group AB, BR Group Holding AB, BR Group Fastigheter AB, Storgatan Fastigheter AB, Sjödjins Stenhuggeri, Casa del Padel Bettorp and Brf Solbacken 1 & 2.

Independence from the company/management: Yes

Independent in relation to the company's major shareholders: No

Shareholdings* in Swedencare: 7,526,755 shares



Thomas Eklund

Board member since 2016 – born 1967.

Advisor to Patricia AB (Investor AB) and former CEO of Investor Growth Capital in Europe.

Long experience in investments and business development in the healthcare industry.

Chairman of the Board of Sedana Medical AB (publ), Immedica Pharma AB and Mabtech AB.

Board member of Boule Diagnostics AB and Biotage AB.

Independence from the company/management: Yes

Independent in relation to the company's major shareholders: Yes

Shareholdings* in Swedencare: 950,000 shares

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.



Håkan Svanberg

Board member since 2014 – born 1957.

Entrepreneur and owner of several companies within sales, travel and finance. Master of Philosophy from Örebro University.

CEO of SVANBERG & CO INVEST AB. Board member of Creative Tools, K3 Nordic AB, SVANBERG & CO INVEST AB, H. Svanberg Software Holding, Northway Partners, Svanberg Factoring, Treberg Holding AB and CYTO 365.

Independence from the company/management: Yes

Independent in relation to the company's major shareholders: No

Shareholdings* in Swedencare: 23,007,275 shares



Sara Brandt

Board member since 2019 – born 1963.

Vice President Almi Företagspartner, previously VP and CEO Berner Nordic and prior to that several senior positions at e.g. Cederroth Nordic, Coca-Cola Sweden, Unilever Nordic and UK. Long background from international B2C and B2B companies and broad operational and board experience from several industries and product categories such as consumer health and international distributor activities.

Board member of Almi Skåne and Almi Stockholm Sörmland.

Independence from the company/management: Yes

Independent in relation to the company's major shareholders: Yes

Shareholdings* in Swedencare: –

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.

Senior management



Håkan Lagerberg – CEO

International experience from leading positions in private and public companies. International law degree from Lund University. Post Graduate in International Trade Law from the University of Torino in Italy.

Board member of Polygiene AB (publ), of own companies HAOLAG AB and Mastan AB and Board member of Swedencare's subsidiaries.

Shareholdings* in Swedencare: 5,551,810 shares



Jenny Graflind – CFO

Jenny has been employed and held senior management positions since 2017.

A long international background as CFO and previously as Financial manager and in auditing at global groups, privately owned as well as owned by venture capital companies.

Bachelor of Science Management from Florida Atlantic University.

Board member of USWE Sports AB, own company Tammeo AB and board member of Swedencare's subsidiary.

Shareholdings* in Swedencare: 175,000 shares.

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.



Management, subsidiaries – Europe



Matthew Shaw

CEO of the subsidiary Nutravet UK Inc.

Matthew has been employed since 2008.

Entrepreneurial background from several industries. Strong experience in brand building and product development, marketing and sales.

Founder and CEO of Nutravet since 2008, which has grown into the number one 'exclusive to vets' dietary supplement brand in the UK.

No other appointments.

Shareholdings* in Swedencare: 2,903,845 shares.



John Leonard

CEO of the subsidiaries Swedencare UK Ltd and Swedencare Ireland

John has been employed since 2004.

Over 20 years' experience in the oral health industry including Sales Manager at TePe and Colgate and Development Manager at CTS dental.

HND Business & Finance from Teeside University.

No other appointments.

Shareholdings* in Swedencare: 418,515 shares.



Sabine Uhde

Nordic manager of Subsidiary Swedencare Nordic AB

Sabine has been employed since 2015.

Background as department manager and from the marketing department at TT-line.

Brokerage degree.

No other appointments.

Shareholdings* in Swedencare: –.



Ioanna Psychogiou

Country Manager of the subsidiary I.K.E

Ioanna has been employed since 2012.

Background as manager of Biovet and experience in the pet and veterinary market.

Physics degree and Master's degree in electronic telecommunications.

No other appointments.

Shareholdings* in Swedencare: 156,790 shares.

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.

Management, subsidiaries – Europe



Loïc Dufour

Country manager of the subsidiary Swedencare France SARL (previously Buccosanté)

Loïc has been employed since 2021.

14 years of experience in marketing, communication and sales team management in the companion animal sector in France.

Marketing license, IUT Lens.

No other appointments.

Shareholdings* in Swedencare: –.



Raquel Tosca

Country Manager of the subsidiary Swedencare Spain SLU

Raquel has been employed since 2019.

An international background in international business, marketing and communications most recently from the animal health company Laboratorios Calier.

Master's degree in Marketing, Communication & Digital Publicity from UOC University in Barcelona and Inesdi Digital Business School.

No other appointments.

Shareholdings* in Swedencare: –.



Renato della Valle

CEO of the subsidiary Innovet Italia SRL.

Renato has been employed since 1996.

Diploma in Agriculture

In 1996, together with his sister Federica (Science Manager), he founded Innovet and has been CEO since then. Renato's experience is mainly in developing and marketing small animal products that are non-prescription.

Shareholding** in Swedencare: 606,799

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.

** Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 1 February 2022.

Management, subsidiaries – USA



Brian Nugent

CEO of the subsidiary StratfordCare USA Inc.

Brian has been employed since 2011.

Over 20 years of experience as founder, COO and CEO of several successful animal health companies based in the USA.

Operations Manager for the Tampa Bay Buccaneers of the National Football League (NFL).

Bachelor of Science in multinational business operations from Florida State University.

No other appointments.

Shareholdings* in Swedencare: 325,000 shares.



Ed Holden

CEO of the subsidiary Pet MD Brands LLC

Ed has been employed since 2011.

Over 10 years of experience in online marketing and eCommerce. Founder and CEO of Pet MD Brands since 2011.

Graduated from Loras College with a degree in Management Information Systems.

No other appointments.

Shareholdings* in Swedencare: 299,600 shares.



Craig Kisciras

CEO of the subsidiary Rx Vitamins, Inc.

Craig has been employed since 1996.

Entrepreneurial background in various sectors. Over 30 years of experience in the nutraceutical industry and over 25 years of experience in the animal health industry.

Founded Rx Vitamins in 1995

No other appointments.

Shareholdings* in Swedencare: 477,710 shares.



Tim Ackerman

CEO of the subsidiary Fulfillment Advantage Ventures Inc. (FAV)

Tim has been employed since 2021.

A strong background in retail and online distribution as well as sales. Tim's experience is focused on licensed products and consumables. The first sale to Amazon was in 1999 and the first consumer purchase was in 2001.

MBA from Fairleigh Dickenson University and a BS in Marketing from Rider University.

No other appointments.

Shareholdings* in Swedencare: –.

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.

Management, subsidiaries – USA



Martin Shimko

CEO of the subsidiaries SwedencareUSA Inc. and Swedencare Tillverka Inc.

Martin has been employed since 2005.

A background as management trainee from NASSCO and the management group in The Bohle Co.

Bachelor of Science in Engineering from University of Michigan and a degree in accounting from University of California LA.

No other appointments.

Shareholdings* in Swedencare: 1,400,000 shares.



John Kane

CEO of the subsidiary Vetio Animal Health

John has been employed since 2015.

Over 28 years of experience as CEO and VP/GM for public and private companies in speciality chemicals, human nutrition and animal health.

Prior to working in animal health, John worked for Balchem

Corporation managing their human nutrition and health business.

Bachelor of Science in Chemical Engineering from Villanova University and MBA from Wilmington University.

No other appointments.

Shareholdings* in Swedencare: 51,972 shares.



Scott Garmon

CEO NaturVet

Scott has been employed since 1979.

Scott holds a bachelor's degree in accounting from Cal Poly Pomona.

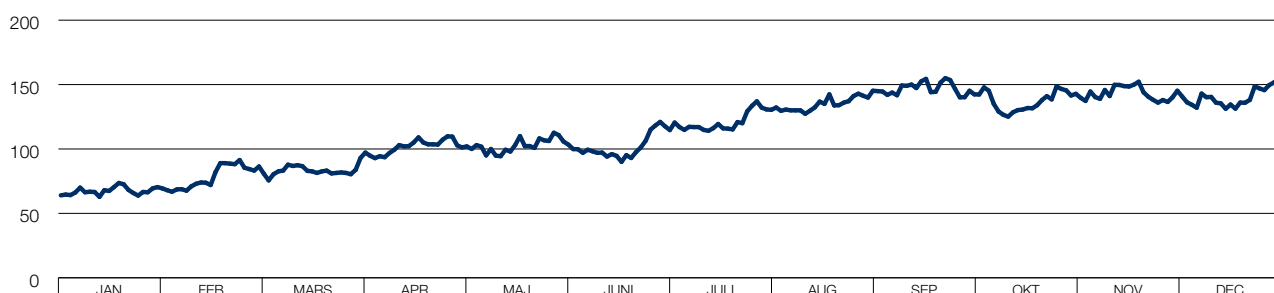
No other appointments.

Shareholding** in Swedencare: 3,722,691 shares

* Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 31 December 2021.

** Own or related parties' holdings of shares and other financial instruments in Swedencare. Holdings as of 1 February 2022.

Shares



Swedencare's shares were listed on the Nasdaq First North Growth Market on 14 June 2016. In connection with the listing, a new share issue was carried out for a total of approximately SEK 34.5 million before listing costs, which amounted to approximately SEK 4.3 million. The subscription price was set at SEK 2,801.

At the start of 2021, the share price was SEK 65, corresponding to a price increase of 2,221% from the IPO on 14 June 2016. During the year, the share price developed positively and 2021 ended with a share price of SEK 153.9, corresponding to a share price increase of 137% for the year and 5,396% since the IPO. The highest quoted bid price for the share was recorded on 23 September 2021 at SEK 155. During the year, MSCI Global Small Cap included Swedencare in its index.

During the year, Swedencare AB (publ) completed the acquisitions of four US companies; Pet MD Brands, Rx Vitamins, Vetio and Fulfillment Advantage Ventures (FAV). Four non-cash issues were made to the sellers in connection with these. There was also a directed share issue to part-finance the acquisition of Vetio, which will take effect on 1 July 2021.

A share split (5:1) was carried out on 25 May 2021, whereby existing shares in the company were divided into 5 shares of the same class. The share capital amounts to 1,181,500 divided into 118,150,028 shares.

Number of shares	01-01-2021	20,884,743
Non-cash issue Pet MD	04-01-2021	199,732
Non-cash issue Rx	01-04-2021	95,542
Share split 5:1	25-05-2021	84,720,068
New issue	30-06-2021	11,954,200
Non-cash issue acquisition Vetio	01-07-2021	184,190
Non-cash issue acquisition of Fulfillment Advantage Ventures	01-10-2021	111,553
Number of shares	31-12-2021	118,150,028

For financial year 2021, the Board proposes a dividend to shareholders of SEK 0.20 per share.

The proposed record date for the dividend is 2 May 2022. The dividend proposed to the Annual General Meeting will be paid to shareholders on 5 May 2022. A comprehensive assessment of the financial position of the parent company and the Group indicates that the dividend is justified in the light of the provisions of the Swedish Companies Act (Chapter 17, Section 3, paragraphs 2 and 3). The Board of Directors is of the opinion that the proposed dividend will neither prevent the company from fulfilling its obligations in the short and long terms, nor from making necessary investments.

Shareholders (the table summarises Swedencare's ownership structure as at 31 December 2021).

Shareholder	Number of shares	Ownership
Håkan Svanberg & Co Health Care AB	23,007,275	19.5 %
Symrise AG	15,204,961	12.9 %
JCC Group Invest Sweden AB (Johan Bergdahl through the company)	7,526,755	6.4 %
Mastan AB (Håkan Lagerberg through the company)	5,551,810	4.7 %
AMF Aktiefond Småbolag	4,797,500	4.1 %
DNCA Investments	4,216,700	3.6 %
Handelsbanken Fonder	3,877,026	3.3 %
SEB Fonder	2,901,775	2.5 %
Swedbank Robur Fonder	2,335,007	2.0 %
Aktia Asset Management	1,955,640	1.7 %
Matthew Shaw – CEO Nutravet	1,935,897	1.6 %
Joh. Berenberg, Gossler & Co. KG Act oBo Universal Inv. Funds	1,661,864	1.4 %
Grandeur Peak Global Advisors, LLC	1,518,063	1.3 %
Martin Shimko – CEO Swedencare USA	1,400,000	1.2 %
ODIN Fonder	1,400,000	1.2 %
Enter Fonder	1,263,550	1.1 %
Nordnet Pensionsförsäkring	1,256,678	1.1 %
Consensus Asset Management	1,197,000	1.0 %
Other	35,142,527	29.74 %
Total	118,150,028	100.00 %
Free Float*	76,702,466	64.92 %

Holdings including related parties

*Shares not owned by members of the Board, management, their related parties, shareholders with more than 10% or that are part of lock-up agreements.

¹⁾ Historical figures are adjusted for share split (5:1).



A photograph of a dog, possibly a Weimaraner, sitting on a grassy area. The dog is white with brown patches and is looking towards the left. It is wearing a black collar. In the foreground, the legs of a person wearing blue jeans and white sneakers are visible, sitting on the grass. The background is a large, leafy tree with a thick trunk, and the scene is lit with soft, natural light.

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Management report

Information about the business

The Group's business consists mainly of development, production, marketing, and sales of Pet Health Care products with a wide range of high-quality brands within several therapy areas for Cats, Dogs and Horses. Raw material and manufacturing of the Group's products are carried out through subsidiaries and subcontractors in Sweden, Norway, France, US, and Ireland.

The ProDen PlaqueOff® product family, developed by Swedencare, contains several premium products within dental health, primarily for dogs and cats. In 2021, the company acquired several brands and product families in animal health. Some of these are Pet MD®, VetWELL®, Rx Vitamins® and Vetio which are well known in the veterinary sector in the US. With the acquisitions, the Group has broadened its portfolio of high-quality dietary supplement products for Dog, Cat, and Horse.

Sales were conducted in 2021 through sixteen own subsidiaries in France, Ireland, the Nordics, UK, Spain, Greece, and the US, as well as through an international distribution network, in about 55 countries.

The parent company Swedencare is responsible for the Group's strategy, business plan and management. This is done by controlling the Group's trademarks, patents, sales rights, collaboration agreements and sales companies.

The parent company has its head office in Malmö. The parent company's shares are listed on Nasdaq First North Growth Market, Stockholm.

Financial year 2021

The Group's net revenue

Net revenue for 2021 amounted to 770.4 MSEK, which corresponds to an increase of 221% compared with 2020. Growth was divided into 17% organic growth, 208% acquired growth and -4% currency impact. The companies acquired in 2021, which are therefore not included in the organic growth, all showed good growth, Pet MD Brands (11%), Rx Vitamins (20%), Vetio South (9%) and Vetio North (45%). For Stratford and Nutravet, which were acquired in July and October 2020, only the organic growth for the same corresponding period of 2021 is included in the organic growth. Stratford and Nutravet had an organic growth of 14% and 36% during 2021.

Sales in 2021 were geographically distributed in North America (71%), UK/Ireland (17%), Asia (4%), Rest of Europe (6%), Sweden (1%) and Rest of the World (1%).

In 2021, ProDen PlaqueOff® accounted for 20% of sales, Nutraceuticals 30%, Topicals/Dermatology 39%, Pharma 4% and Other 7%.

The Group's profit

Operational EBITDA in 2021 amounted to 190.2 MSEK (75.6 MSEK), corresponding to a margin of 24.6% (31.4%). Operational EBIT in 2021 amounted to 125.1 MSEK (57.0 MSEK), corresponding to a margin of 16.2% (23.7%).

The increased depreciation during the year is mainly attributable to the completed acquisition analyzes, where part of the surplus value has been reallocated from goodwill to identifiable intangible assets, some of which are fixed term. Of the total depreciation of 72.8 MSEK, 18.2 MSEK is depreciation of tangible assets, of which 10.3 MSEK is attributable to IFRS16. The remaining 54.6 MSEK is amortization of intangible assets. The depreciation rate on intangible assets at the turn of the year 2021/2022 corresponds to 22.2 MSEK per quarter. Impairment losses for 2021 amounted to 0.1 MSEK.

Exchange rate fluctuations affect the Group's profit to some extent as the invoicing is mainly done in USD and Euro. The group's international subsidiaries help balance these fluctuations by operating in local currency and by purchasing from subcontractors in France, USA and Ireland.

The Group's cash flow

Cash flow from operating activities amounted to 126 MSEK (37 MSEK), after changes in working capital during 2021.

Items not affecting cash flow for the full year 2021 include an adjustment of cost of goods of 43.3 MSEK for the acquired companies Nutravet, Pet MD Brands and Rx Vitamins as cost of goods is reported at fair value compared with previous purchase value.

In 2021, cash flow amounted to -155 MSEK (238 MSEK). The cash parts of the purchase prices for all acquisitions made during 2021 amounted to 1,841 MSEK. Investments in tangible and intangible assets during the year amounted to 28 MSEK, which mainly refers to investments in the new production facility in Florida.

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

The Group's financial position

Swedencare's equity as of December 31, 2021, amounted to 2,419.8 MSEK (918.4 MSEK), of which 1.2 MSEK (1.1 MSEK) was restricted equity. The increase is mainly explained by the directed new share issues of a total of 1,150 MSEK made in 2021 to partially finance the acquisition of Vetio.

Swedencare's cash and cash equivalents as of December 31, 2021, amounted to 136.1 MSEK (284.1 MSEK), as of the same date the Group had interest-bearing long-term and short-term liabilities totaling 721.5 MSEK (178.7 MSEK). As of December 31, 2021, Swedencare had a net debt rising to 585.5 MSEK (-105.4 MSEK).

Sustainability work

Swedencare's ambition is for our sustainability work to be a natural part of our entire business. We will follow current environmental laws and regulations and continuously improve our sustainability work. We will economize with raw materials and energy sources and strive to use these of renewable origin. Through a constant dialogue, we will set environmental and quality requirements on our business partners and on ourselves. We will constantly increase the competence and commitment of our employees regarding environmental and sustainability issues. We take advantage of the opportunities that exist for recycling paper, plastic, glass, and metal and use energy-efficient alternatives in our offices.

We base our sustainability work on the global goals for sustainable development adopted by the UN General Assembly. The goals that are most relevant to us are: 12 Responsible consumption and production and 14 Life below water and 5 Gender equality.

More about the Group's sustainability work is presented on pages 28-31.

Personnel

As of December 31, 2021, Swedencare had a total of 280 employees distributed as following: Sweden (10), England (19), France (2), US (222), Ireland (15), Spain (1) and Greece (11). The gender distribution is 47% men and 53% women.

Research and Development

Swedencare's costs for research and development during the year amounted to 251 KSEK (276 KSEK), with the majority referring to costs linked to clinical studies on the flagship product ProDen PlaqueOff® to obtain the right to use the VOHC seal (Veterinary Oral Health Council). All studies showed efficacy far above VOHC's requirements. Studies have also been performed on Canagan's dry food which contains ProDen PlaqueOff®. The results of these studies have formed the base for the right to use the VOHC seal on their dry food.

Vetio North's main business consist of research and development for external customers; hence it is not a cost for the Group.

Industry and market-related risks

Swedencare continuously work to assess and manage the risks that the Group is exposed or may be exposed to. Identifiable risks can be managed both strategically through business plans and product development and operationally in the daily work with purchasing, marketing, and sales measures.

Market risk/macroeconomic risks

Risk

Swedencare sells Pet Health Care products to veterinary clinics and chains, pharmacy chains, pet stores and chains as well as online. The sales are done through own subsidiaries and distributors in selected geographical markets. There is a risk that the demand in the geographical markets in which Swedencare is active is negatively affected by factors beyond Swedencare's control. General economic conditions such as a recession can lead to higher unemployment and therefore less purchasing power. There is also a risk that the general demand for Pet Health Care products decreases and that the Pet Health Care segment where Swedencare is, or will be active, decreases in favor of other segments due to regulatory reasons, which would have a negative impact on the Group's operations, financial position, and profit.

Risk management

Swedencare has subsidiaries in nine countries and the Group's products are sold in 55 markets. The decline in one market due to the general economic condition can be partially offset by an increase in sales in another market, therefore the market risk is judged to be low. Furthermore, Swedencare believes that the Group's broad product portfolio, with a focus on premium products with a proven effect, is well adapted to the shift in preferences that has taken place over several years where consumers increasingly choose efficacy and quality over price. This trend is also expected to continue in the future.

Competition and price press

Risk

Swedencare has a large number of international competitors of varying sizes and strong financial positions. If the competitive situation in the Pet Health Care industry changes or intensifies, for example due to increased price competition, launch of new products or increased investments in marketing activities by competitors, it can have a negative impact on Swedencare's operations, profit, and financial position.

Risk management

Swedencare possesses a deep and broad knowledge in Pet Health Care products for cats, dogs, and horses, which means that new needs for products can be met quickly and efficiently. A large part of the products that the Group currently sells have been developed and produced by our employees and companies, who have extensive experience in the industry. In July 2021 and January 2022, Swedencare made two strategic acquisitions that, in addition to deep knowledge and long experience, also contribute with modern production facilities with a high level of technology and in-house development. During the autumn of 2021, a new facility was inaugurated to produce Soft Chews, a format with strong growth. The Group is continuously developing new products where some examples are a new product line focused on the so-called millennials and new products for obesity and aging. The knowledge we possess and the ability to respond quickly and efficiently to existing and new needs means that the risk of competition and price pressure is low for the Group.

Key employees

Risk

Swedencare is dependent on qualified and motivated employees to achieve the Group's goals, strengthen the distribution network, broaden the product portfolio, and increase marketing activities. It is essential for Swedencare to be seen as an attractive employer to be able to recruit and retain key figures. Loss of key employees can lead to a delayed, hampered or more expensive growth of the business which in turn can have a negative impact on Swedencare's operations, financial position and results.

Risk management

Swedencare strives to be an attractive employer. The Group ensures that employees are equipped with the right tools and have the right knowledge and support to handle daily situations. Swedencare offers competitive benefits for health, pensions, education, etc. at the same time as the Group advocates a good work life balance, therefore the risk of not being able to recruit and retain key employees is considered low.

Supplier risks

Risk

In the short and medium term, Swedencare might be dependent on a specific supplier for production, raw material deliveries or transport to be able to fulfill individual customer agreements. Therefore loss of one or more suppliers could have negative consequences for the Group's operations, financial position, profit, and customer relationships.

Risk management

Swedencare owns several modern production and logistics facilities in Ireland and the US, where a large part of the Group's production takes place. The facilities have capacity and are prepared to increase production in line with the Group's growth targets. Increasing the share of in-house production has a high priority, as exemplified by the acquisitions of Vetio and NaturVet. Both acquired companies have very efficient facilities with large production capacity, which significantly reduces the dependence on external suppliers.

Swedencare works with several raw material suppliers to reduce the dependence on individual actors. For ProDen PlaqueOff®, Swedencare has secured the supply of raw materials through an exclusive agreement with a supplier of algae for dental products for both North America and Europe. Additional measures to minimize dependence and to secure future deliveries include relatively long contract periods and exclusivity in certain areas of use. Quality and volume requirements are not considered to constitute a significant risk. At the same time, the Group continues to work with selected subcontractors in several markets. Swedencare's rapid increase in sales with demands for fast deliveries is met through our own production facilities and with several subcontractors, which is why the supplier risk is not considered significant.

Product dependency

Risk

Swedencare has an extensive product portfolio with strong brands and products in most therapy areas. There is a risk that customers choose products from other suppliers that cover the same therapy areas as Swedencare's products. Another risk may occur if Swedencare's products do not meet the customer's requirements, which results in complaints and recalls. In addition, Swedencare may also be subject to claims from third parties claiming that Swedencare's products have caused property damage, bodily injury, or other adverse effects. Product liability requirements can have a negative impact on Swedencare's operations, profit, and financial position.

Risk management

When selling the Group's products, Swedencare takes responsibility towards its customers. Swedencare has a broad portfolio of strong brands and products in most therapy areas, such as ProDen PlaqueOff®, NutriScience, Animal Pharmaceuticals, Stratford, Nutravet®, PetMD®, Vetwell®, Rx Vitamins® and NaturVet® where no product represents more than 20% of total revenue. The Group has a deep knowledge of Pet Health Care products for cats, dogs, and horses, which means that new needs can be met quickly and efficiently.

Pet owners are considered to be brand loyal, and in the dental and oral hygiene area, Swedencare believes that ProDen PlaqueOff®, as the only product with a systemic and proven effect, runs a relatively low risk of being exchanged for another product. Swedencare experiences great customer satisfaction, e.g., manifested by positive feedback from customers in our markets.

Credit risk

Risk

Swedencare is subject to credit risk. Credit risk is exposure to losses if a counterparty in a transaction cannot fulfill its contractual financial obligations. Swedencare's credit risk mainly relates to outstanding receivables from customers. If Swedencare fails to manage these financial risks, this could have a negative impact on Swedencare's profit and financial position.

Risk management

Historically, customer losses in the Group have been low. Swedencare has a wide geographical spread among customers, which minimizes credit risks in individual markets. The risk is also reduced through credit assessments of new customers and ongoing follow-up of old receivables at both company and group level.

Acquisition risk

Risk

Swedencare works based on an active growth strategy and has made several successful acquisitions over the years. There is a risk that Swedencare will not be able to find suitable acquisition objects, which may affect the Group's growth rate. An additional risk is that the integration process has a negative effect on expected synergies by taking longer or being more costly than expected. Acquired companies' intangible assets such as customer relationships, brands relationships with suppliers and key people can also be negatively affected by new ownership relationships.

Another risk that may affect Swedencare's growth strategy is the financing risk, which at a given time may be made more difficult or more expensive or may not be made possible within the Group's acceptable terms.

Risk management

Swedencare has in several cases acquired companies that were previously customers/suppliers/partners to the Group, which means that there has been a long relationship between the acquisition object and the Group at the time of acquisition. In addition, an analysis is made of the acquired objects, a so-called due diligence where risks are identified and managed before an acquisition decision is made. Swedencare is not dependent on acquisitions to grow, which has been confirmed by organic growth of 17% in 2021.

Since June 2020, Swedencare has completed a total of nine acquisitions in the American, British, and Italian markets, which confirms the Group's extensive experience in both acquisitions and the integration process. Swedencare's clear goals, strategies and strong balance sheet provide good conditions for a continued active acquisition strategy. The acquisition risk is therefore judged to be low.

Immaterial property rights

Risk

Swedencare has immaterial property rights that are protected primarily by trademark protection for the product portfolio. In 2021, the patent for ProDen PlaqueOff® expired in most markets. The Group's operations, financial position and earnings may be negatively affected if Swedencare is exposed to an infringement of its immaterial property rights or the expiry of patent protection.

Risk management

The risks associated with the expiry of patent protection are primarily managed through investments in the ProDen PlaqueOff® brand. The expiry of the patent has not had any significant impact on product growth, which during the first quarter without patents showed a growth of 10% and 20% in 2021. The risk is therefore not considered significant.

Customer dependence

Risk

Swedencare operates in a global, fast-growing, and competitive market, therefore there may be a risk that several major customers will choose to reduce their purchases from Swedencare in whole or in part, which may negatively affect Swedencare's operations, financial position and profit.

Risk management

Swedencare's customers, distributors in selected geographical markets and veterinary clinics and chains, pharmacy chains, pet store chains and online actors, have a good spread in terms of size as well as geographically. Swedencare estimates that the increasing number of customers in combination with the spread reduces the risk of customer dependence. As Swedencare is not dependent on one or more specific customers, the risk is not considered significant.

Pandemic

Risk

Swedencare produces products both in own factories and through cooperation with external producers. The products are sold via stores, pharmacies, and veterinary chains, which during a pandemic may be forced to close, something that may affect Swedencare's operations, financial position, and profit. The great uncertainty and volatility that has been created due to the pandemic, measures taken by countries, companies and authorities can affect product demand, supply of raw materials and the possibility of delivery, which can lead to disruptions in production and supply chains. Own production can also be affected by illness, as well as quarantined production personnel.

Risk management

By using its own production to an increased extent, the Group has better control over the supply of products. By offering products via the major online actors such as Chewy and Amazon and on their own web portals, customers are given access to the Group's products despite the lock-down of physical stores, pharmacies, and veterinary chains. Swedencare works with several raw material suppliers to reduce the dependence on individual actors. To reduce the risk of shutting down its own production facilities, the Group follows local advice and recommendations. The risk regarding the pandemic is difficult to assess due to the uncertainty that is still ongoing, however, we do not see any major risk when it comes to our business due to the above argumentation.

Unstable situation in Ukraine/War

Risk

Demand for Swedencare's products may be indirectly affected by the unstable situation in Ukraine, which has led to uncertainty in the global market. The Russian invasion of Ukraine is expected to mainly affect the supply, trade, and prices of raw materials as well as transport prices and delivery options. Higher gas and oil prices can lead to higher costs for the companies, which can result in higher final prices for consumers, which in turn can affect their purchasing ability. The indirect effects of the war on the global market may affect Swedencare's operations, financial position, and profit. In addition to what is described above, it is highly likely that the war will affect several other risks described in this section on Risks and Management.

Risk management

Swedencare has already in 2021 taken a stand against higher prices, because of the pandemic, on raw materials, packaging materials and transport by implementing price increases, which compensates for increased prices for raw materials at current time. As mentioned above, Swedencare works with several raw material suppliers, which reduces the risk of dependence on individual actors. Swedencare has no sales to Ukraine and sales to Russia corresponding to 0.1% of the Group's total sales in 2021, which means that the impact on our total profit is currently very low. The continued effects of the war on us, our customers and supply chains are very uncertain and not possible to predict. We are closely following the development of the war to be able to act quickly against any changes in demand due to macroeconomic effects.

Currency risk

Risk

Swedencare is exposed to currency risks in the form of transaction risk and conversion risk. Transaction risk arises when a group company sells or buys products or services in a currency other than the local currency. Conversion risk refers to the conversion into SEK of income statements and net assets in foreign subsidiaries. There are no guarantees that Swedencare's hedging strategy will adequately protect the business's profit from exchange rate fluctuations or that Swedencare will be able to manage such risks adequately in the future. Fluctuations in exchange rates can therefore have a significant negative effect on Swedencare's operations, profit, and financial position.

Risk management

Subsidiary operations are primarily conducted in local currency, by using subcontractors in the local market, which limits the Group's transaction exposure. Due to invoicing in USD and Euro, Swedencare is primarily exposed to these currencies.

Swedencare reports the income statement and balance sheet in SEK, which means that when consolidating foreign subsidiaries, conversion is made from each country's currency to SEK. The conversion exposure at the balance sheet date amounted to 186.9 MSEK.

Tax risk

Risk

Swedencare is, through its subsidiaries, active in several countries and as far as the board members are aware, the business complies with current tax legislation. There is a risk that the Group's interpretation of applicable laws, guidelines and regulations will be questioned by local tax authorities. The legislation may also change in the future, which may affect Swedencare's past or current tax situation, which may have a negative impact on Swedencare's operations, profit, and financial position.

Risk management

Both internal and external transactions in the business are conducted in accordance with the Group's interpretation of applicable tax laws as well as guidelines and regulations. Independent tax advisers are hired for certain issues. Transactions between Group companies take place at arm's length. The tax risk is therefore judged to be low.

Disputes

Risk

There is a risk for the Group to get involved in litigation. Litigation and disputes can be time-consuming, disrupt daily operations, refer to significant amounts or issues of principle and cause significant costs which can have a negative impact on Swedencare's operations, profit, and financial position.

Risk management

Swedencare carefully complies with all applicable laws, rules and regulations in the respective markets. The Group works actively to respond to identified future changes, therefore the risk is not considered significant.

The Group has also presented risks relating to financial instruments which include market risks, credit risks and liquidity risks in accordance with IFRS 7 in Note 29.

Significant events during the year

Canagans Dental dry food, which contains Swedencare's ProDen PlaqueOff®, has been approved by VOHC.

Swedencare AB (publ) has completed the acquisition of Pet MD (formerly Holden 2) as of January 1, 2021, and part of the purchase price is settled with a new issue in kind of shares.

Swedencare AB (publ) acquires Rx Vitamins as of April 1, 2021, an American company focusing on dietary supplements for the veterinary channel.

The Annual General Meeting decided on a share split of the company's existing shares, whereby one existing share is divided into 5 shares of the same share class (share split 5:1). Reconciliation date for the share split was May 25, 2021.

Swedencare AB (publ) acquires Vetio, a leading North American CDMO group active in Pet Health Care as of July 1, 2021.

Swedencare AB (publ) is carrying out a directed new share issue of 11,954,200 shares, thereby adding approximately 1,150 MSEK, which after issue costs of 1,675 KSEK provided a net contribution of 1,148 MSEK, to finance the American business acquisition.

Swedencare AB (publ) signs license agreement with Dr. Pol, the charismatic and famous veterinarian and star of National Geographic WILD's Reality TV series "The incredible Dr. Pol".

Swedencare AB (publ) acquires Fulfillment Advantage Ventures (FAV), an American logistics company for e-commerce of Pet Health Care products on October 1, 2021.

Swedencare AB (publ) sets new financial target. In 2026, sales will reach 4 Billion SEK with an operating profit before depreciation and amortization (EBITDA) of at least 30%.

Significant events after the yearend

Swedencare AB (publ) carries out a directed new share issue of 35.5 million shares on January 26, 2022, thereby adding 3,550 MSEK, which, after issue costs of 16.5 MSEK, gave a net contribution of 3,533.5 MSEK to partially finance the acquisitions of NaturVet and Innovet.

Swedencare AB (publ) acquires the leading American pet supplement company NaturVet, which was completed on February 1, 2022. The purchase price of a total of approximately 4,148 MSEK was paid through a cash payment of 3,717 MSEK and a new issue in kind of shares of 431 MSEK.

Swedencare AB (publ) acquires the Italian Pet Health Care company Innovet focused on the veterinary segment, which was completed on March 1, 2022. The purchase price of a total of approximately 534 MSEK was paid through a cash payment of approximately 457 MSEK and a new issue in kind of shares of 606,799 shares in Swedencare, approx. 77 MSEK.

The unstable situation in Ukraine, due to the Russian invasion, has not currently had any significant impact on Swedencare's operations, financial position, and profit. The Group's sales to Russia in 2021 corresponded to 0.1% of total sales. The Group has no sales to Ukraine.

Historical overview

Group	2021	2020*	2019	2018	2017
Net revenue	770 441	239 946	126 769	99 136	85 490
Total revenue	773 208	240 295	126 874	99 389	85 660
EBIT	64 555	41 415	36 914	29 428	21 896
Profit of the period	54 622	33 354	29 913	23 320	17 014
Parent company	2021	2020	2019	2018	2017
Net revenue	49 424	51 769	41 653	36 718	34 554
Total revenue	52 756	54 151	41 752	36 962	34 611
EBIT	16 860	11 116	13 291	12 693	10 318
Profit of the period	75 525	20 970	26 200	9 594	6 512
Kpi's	2021	2020	2019	2018	2017
Balance sheet total	3 471 119	1 164 038	149 447	117 866	99 848
Equity	2 419 800	918 351	131 328	98 269	74 203
Change of revenue (%)	222	89	28	16	58
Gross margin (%)	50	61	73	74	74
EBIT-margin (%)	8	17	29	30	26
Profit margin (%)	7	14	24	24	20
Solvency (%)	70	79	88	83	74
Interest-bearing net debt	585 447	-105 373	-43 776	-18 059	-6 013
Cash	136 086	284 081	45 737	28 435	24 077
Number of shares at yearend **	118 150 028	104 423 715	79 009 900	78 853 110	78 853 110
Average number of shares **	111 951 297	86 791 515	78 892 310	78 853 110	78 853 110
Earnings per share (SEK)	0,49	0,38	0,38	0,30	0,22
Equity per share	20,48	8,79	1,66	1,25	0,94

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

**Converted to the number of shares after the 5:1 share split

For definitions of the Group's key ratios, see Note 36

Suggestion of profit allocation

The following profit is available to the Annual General Meeting:

Retained earnings and share premium fund	2 187 227 182
Net income	75 524 453
	2 262 751 635

The Board of Directors suggest the following profit allocation:

Dividend to shareholders 0,20 SEK x 158 111 805	31 622 361
Transferred to retained earnings	2 231 129 274
	2 262 751 635

Proposed record date for dividend is May 2, 2022. In this case, the dividend proposed for the AGM will be paid out to the shareholders on May 5, 2022. A comprehensive assessment of the financial position of the parent company and the Group means that the dividend is justifiable in accordance with what is stated in the Companies Act (Chapter 17, sections 3, second and third paragraphs). The Board's opinion is that the proposed dividend does not prevent the group from fulfilling its obligations in the short and long term, nor to fulfill the necessary investments. This Annual financial report and consolidated accounts was approved by the board of directors on April 6, 2022. The annual report will be presented on the annual board meeting in Malmö on April 28, 2022. The consolidated and parent company's financial position are disclosed in the following profit and loss, balance sheet and cash statements with complementary information.

Consolidated profit and loss (KSEK)

	NOTE	2021-01-01 2021-12-31	2020-01-01 2020-12-31**
Net revenue	3	770 441	239 946
Other revenue		2 767	349
		773 208	240 295
Expenses			
Cost of sales		-384 569	-92 936
Other external costs	4-5	-149 846	-43 623
Personnel costs	6-8	-109 085	-43 769
Depreciation of tangible and intangible fixed assets		-72 823	-13 455
Impairment of tangible and intangible fixed assets		-119	-6
Other costs	28	7 789	-5 091
		-708 653	-198 880
Operating profit		64 555	41 415
Financial costs			
Interest and other items	27-28	-7 654	-1 696
		-7 654	-1 696
Operating profit after financial income		56 901	39 719
Net income before tax		56 901	39 719
Current tax	9	-23 465	-10 139
Deferred tax		21 186	3 774
Net income		54 622	33 354
Earnings per share before and after dilution (SEK)		0,49	0,38

Report on the Group's other comprehensive income (KSEK)

Net income	54 622	33 354
Items that may be reclassified to profit and loss		
Conversion difference of foreign subsidiaries*	186 857	-51 964
TOTAL EARNINGS	241 479	-18 610

*The conversion difference for the year mainly consists of the conversion of foreign operations acquired during the year and the conversion of the year's capital contribution to foreign subsidiaries.

**Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Consolidated balance sheet (KSEK)

ASSETS	NOTE	2021-12-31	2020-12-31*
Assets			
Intangible assets			
Customer relationships	10	952 421	117 168
Brands	10	211 198	54 842
Intellectual property	10	44 760	-
Technology-related assets	10	37 038	42 728
Marketing-related assets	10	25 365	22 967
Other intangible assets	10	32 061	31 123
Goodwill	11	1 464 390	438 935
		2 767 233	707 763
Tangible assets			
Buildings and land	12	171 810	29 841
Machinery and other tech assets	13	67 452	5 212
Tools, furniture and fixtures	14	8 035	6 019
		247 297	41 072
Financial assets			
Deferred tax asset	15	4 580	1 541
Other long-term assets		273	60
		4 853	1 601
TOTAL NON-CURRENT ASSETS		3 019 383	750 436
Current Assets	18		
Inventory			
Inventory	16	158 299	75 379
		158 299	75 379
Short-term receivables			
Accounts receivables	17	110 271	49 061
Tax receivables		6 521	-
Other receivables		8 555	1 419
Prepaid costs and deferred revenue	18	32 004	3 662
		157 351	54 142
Cash		136 086	284 081
TOTAL CURRENT ASSETS		451 736	413 602
TOTAL ASSETS		3 471 119	1 164 038

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Consolidated balance sheet (KSEK) - cont.

EQUITY AND LIABILITIES	NOTE	2021-12-31	2020-12-31*
Equity			
Share capital	25	1 182	1 044
Statutory reserve		22	22
Share Premium		2 141 723	864 946
Conversion reserves		136 400	-50 456
Retained earnings including net income		140 473	102 795
TOTAL EQUITY		2 419 800	918 351
Long-term liabilities	18-19		
Debt to credit institutions	21-22	616 970	117 500
Leasing liabilities	4	86 749	21 432
Deferred tax liability	15	232 818	28 155
		936 537	167 087
Short-term liabilities			
Debt to credit institutions	18-22	-	35 500
Accounts payable		36 262	18 991
Tax liabilities		14 100	6 457
Leasing liabilities	4	17 814	4 275
Other liabilities	19,22	10 231	6 852
Accruals and deferred revenue		36 375	6 525
		114 782	78 600
TOTAL LIABILITIES		1 051 319	245 687
TOTAL EQUITY AND LIABILITIES		3 471 119	1 164 038

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Consolidated change of equity (KSEK)

	Share capital	Statutory reserve	Share premium	Conversion reserve	Retained profit and total profit	Total Equity
Beginning balance 2020-01-01	790	22	48 507	1 507	80 502	131 328
Total profit	-	-	-	-	33 354	33 354
New share issue	254	-	816 439	-	-	816 693
Dividend	-	-	-	-	-11 061	-11 061
Other total profit	-	-	-	-51 963	-	-51 963
Ending balance 2020-12-31*	1 044	22	864 946	-50 456	102 795	918 351

Beginning balance 2021-01-01	1 044	22	864 946	-50 456	102 795	918 351
Total profit	-	-	-	-	54 622	54 622
New share issue	138	-	1 276 777	-	-	1 276 915
Dividend	-	-	-	-	-16 944	-16 944
Other total profit	-	-	-	186 856	-	186 856
Ending balance 2021-12-31	1 182	22	2 141 723	136 400	140 473	2 419 800

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Consolidated cash flow statement (KSEK)

	NOTE	2021-01-01 2021-12-31	2020-01-01 2020-12-31*
Operating cash flow			
Operating income after financial costs		56 901	39 719
Depreciation		72 942	13 461
Paid tax		-20 423	-8 592
Non-cash flow items	30	37 603	10 335
Operating cash flow before change of working capital		147 023	54 923
Cash flow - working capital			
Change of inventory		-17 720	-8 093
Change of accounts receivable		13 184	-4 200
Change of other receivables		-11 901	-1 150
Change of accounts payable		-20 705	3 058
Change in current liabilities		15 965	-8 036
Operating cash flow		125 846	36 502
Non-operating cash flow			
Acquisitions	31	-1 840 963	-618 679
Investments in tangible assets		-27 782	-977
Cash flow from investments		-1 868 745	-619 656
Financial cash flow			
New share issue		1 149 307	682 406
Amortization on leasing agreement		-9 514	-2 847
Dividend		-16 944	-11 061
Loan		478 000	165 000
Amortization of loan		-13 000	-12 000
Financial cash flow		1 587 849	821 498
Total cash flow		-155 050	238 344
Cash and cash equivalents at the beginning of period			
Cash balance at beginning of period		284 081	45 737
Exchange difference in cash			
Exchange difference in cash		7 055	-
Cash balance at end of period		136 086	284 081

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Parent company profit and loss (KSEK)

	NOTE	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net revenue		49 424	51 769
Other revenue		3 332	2 382
		52 756	54 151
Expenses			
Cost of sales		-12 922	-14 991
Other external costs	4-5	-15 690	-13 772
Personnel costs	6-8	-14 145	-9 383
Amortization and depreciation		-750	-513
Other costs		7 611	-4 376
		-35 896	-43 035
Operating profit		16 860	11 116
Financial costs			
Profit from shares in group companies	27	63 358	11 199
Interest expenses and other items	27	-7 277	-1 311
Interest income and similar profit and loss items	27	2 065	115
		58 146	10 003
Operating profit after financial income		75 006	21 119
Yearend adjustments	23	3 000	-
Net income before tax		78 006	21 119
Tax on profit	9	-2 481	-149
Net income		75 525	20 970

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Parent company - financial reports

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Parent company balance sheet (KSEK)

ASSETS	NOTE	2021-12-31	2020-12-31
Assets			
Intangible assets			
Brands	10	1 470	1 960
Other intangible assets	10	2 053	347
		3 523	2 307
Tangible assets			
Machinery and other tech assets	14	103	37
		103	37
Financial assets			
Shares in subsidiaries	24	2 817 938	826 615
		2 817 938	826 615
TOTAL NON-CURRENT ASSETS		2 821 564	828 959
Current assets			
Inventory			
Inventory	16	2 209	1 769
		2 209	1 769
Short-term receivables			
Accounts receivables		5 105	9 729
Deferred tax assets		77	2 555
Receivables from Group companies		21 751	15 267
Other receivables		1 373	788
Prepaid costs and deferred revenue		4 061	1 230
		32 367	29 569
Cash		34 260	230 047
TOTAL CURRENT ASSETS		68 836	261 385
TOTAL ASSETS		2 890 400	1 090 344

Parent company balance sheet (KSEK) - cont.

EQUITY AND LIABILITIES	NOTE	2021-12-31	2020-12-31
Equity			
Restricted equity			
Share capital	25	1 182	1 044
Reserves		22	22
		1 204	1 066
Retained earnings			
Share premium		2 141 723	864 946
Retained earnings		45 503	41 479
Net income		75 525	20 970
		2 262 751	927 395
TOTAL EQUITY		2 263 955	928 461
Long-term liabilities			
Debt to credit institutions	18-19 22	616 970	117 500
		616 970	117 500
Short-term liabilities			
Advance payment from customers		365	47
Accounts payable		2 985	5 641
Debt to credit institutions	18-22	-	35 500
Liabilities to Group companies		498	-
Other liabilities		587	402
Accruals and deferred revenue		5 040	2 793
		9 475	44 383
TOTAL LIABILITIES		626 445	161 883
TOTAL EQUITY AND LIABILITIES		2 890 400	1 090 344

Management report

Group - financial reports

Parent company - financial reports

Notes

Audit report

Parent company change of equity (KSEK)

	Share capital	Statutory reserve	Share premium	Balanced result	Net income	Total Equity
Beginning balance 2020-01-01	790	22	48 507	26 340	26 200	101 859
Allocation of previous year's results	-	-	-	26 200	-26 200	-
New share issue	254	-	816 439	-	-	816 693
Dividend				-11 061		-11 061
Net income	-	-	-	-	20 970	20 970
Ending balance 2020-12-31	1 044	22	864 946	41 479	20 970	928 461
Beginning balance 2021-01-01	1 044	22	864 946	41 479	20 970	928 461
Allocation of previous year's results	-	-	-	20 970	-20 970	-
New share issue	138	-	1 276 777	-	-	1 276 915
Dividend	-	-	-	-16 944	-	-16 944
Net income	-	-	-	-	75 525	75 525
Ending balance 2021-12-31	1 182	22	2 141 723	45 503	75 525	2 263 955

Parent company cash flow statement (KSEK)

	NOTE	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating cash flow			
Operating income after financial costs		78 006	21 119
Depreciation		750	513
Paid tax		-3	-2 498
Non-cash flow items	30	-801	-
Operating cash flow before change of working capital		77 952	19 134
Cash flow - working capital			
Change of inventory		-440	-200
Change of accounts receivable		9 644	-6 381
Change of short-term receivables		-7 447	-10 838
Change of accounts payable		-2 640	2 278
Change of short-term payables		2 749	249
Operating cash flow		79 818	4 242
Non-operating cash flow			
Acquisitions		-1 863 715	-623 910
Investments in tangible assets		-2 032	-353
Loans to group companies		-8 022	-
Cash flow from investments		-1 873 769	-624 263
Financial cash flow			
New share issue		1 149 307	682 406
Dividend		-16 944	-11 061
Loan		478 000	165 000
Loan amortization		-13 000	-12 000
Financial cash flow		1 597 363	824 345
Total cash flow		-196 588	204 324
Cash balance at beginning of period			
Cash balance at beginning of period		230 047	25 723
Exchange difference in cash		801	-
Cash balance at end of period		34 260	230 047

NOTE 1 Nature of the business

Swedencare develops, markets, and sells premium products in the global and fast-growing market for Pet Health Care products for cats, dogs, and horses. The Group has an extensive portfolio with strong brands and products in most therapy areas, which includes Animal Pharmaceuticals®, Nutravet®, NutriScience, Pet MD®, Stratford®, VetWELL® and ProDen PlaqueOff® for oral health for dogs and cats. The Group's products are currently sold in approximately 55 countries to veterinarians, pet stores and online via a distribution network containing seventeen subsidiaries and an international network of retailers. Swedencare's revenue have increased significantly over the last few years with strong margins and results.

The Group's parent company, Swedencare AB (publ) (org.nr. 556470-3790), is a public company with its registered office in Malmö, Sweden. The head office is located at Per Albin Hanssons Väg 41, 205 12 Malmö, telephone number +46 (40) 859 33. The parent company's shares are listed on Nasdaq First North Growth in Stockholm.

In this report, Swedencare AB (publ) is referred to either by its full name or as the parent company and the Swedencare Group as Swedencare or the Group. The report covers all subsidiaries in the Group.

The consolidated financial statements are presented in the currency SEK, which is also the parent company's accounting currency. All amounts are expressed in thousands of Swedish crowns, KSEK, unless otherwise stated. The most important accounting and valuation principles that have been used in the preparation of the financial statements are summarized below. In cases where the parent company applies deviating principles, these are stated under the parent company below.

NOTE 2 General information and grounds for establishment

The Group's financial reports have been prepared in accordance with Årsredovisningslagen, Rådet för finansiell rapporterings rekommendation RFR1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company applies ÅRL and RFR 2 Accounting in legal entity. In cases where the parent company's accounting and valuation principles deviate from the Group's principles, this is stated under the parent company below. The annual and consolidated accounts have been prepared on the condition that the group conducts its operations in accordance with the principle of continued operations.

Standards, amendments, and interpretations concerning existing standards which have not yet come into effect and have not been applied prematurely by the Group

Per the approval date of these financial statements, certain new standards, amendments, and interpretations of existing standards have been published by the IASB. These have not yet come into effect and have not been applied prematurely by the Group.

Significant accounting and valuation principles

The most important accounting principles that have been used in the preparation of the consolidated financial statements are summarized below.

Grounds for establishment

The Group's financial reports have been established through the application of the accrual principle and based on acquisition values. Monetary amounts are expressed in Sweden's currency (SEK) and rounded off to the nearest thousand, unless otherwise stated.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported as Other operating expenses.

Consolidated financial statements

The consolidated financial statements consolidate the parent company and all subsidiaries in which the parent company directly or indirectly has more than 50% of the voting rights or otherwise has the controlling influence and thus has a right to modify the company's financial and operational strategies to obtain financial benefits. Subsidiaries are included in the consolidated financial statements from the time of acquisition up to and including the time when the controlling effect ceases.

Amounts reported in the subsidiaries' annual reports have been adjusted where necessary to ensure compliance with the Group's accounting and valuation principles. All subsidiaries have a balance sheet date of December 31.

All intercompany transactions and balance sheet items are eliminated on consolidation, including unrealized profits and losses on transactions between Group companies. Changes in internal profit during the financial year have been eliminated in the consolidated income statement. Transfer pricing between Group companies is conducted at market conditions.

All items in the balance sheet have been recalculated at the closing exchange rate. All items in the income statement have been recalculated at the average exchange rate during the financial year. Differences that arise are reported directly in equity.

Business acquisitions

The consolidated financial statements have been prepared in accordance with the acquisition method. The purchase price for the business is valued at actual value at the time of acquisition, which is calculated as the sum of the cash consideration paid and the actual value of issued equity shares at the time of acquisition in exchange for controlling influence over the acquired business. Acquisition-related costs are reported in the income statement when they arise.

Acquisition analysis/Allocation of purchase price

In the case of business acquisitions where the purchase price exceeds the actual value at the time of acquisition of identifiable acquired net assets, the difference is reported as goodwill in the balance sheet. If the difference is negative, this is reported as a profit on an acquisition at a low price directly in the income statement after reconsideration of the difference.

The acquisition analysis prepared in connection with business acquisitions involves a high degree of assessment and appreciation in connection with the identification of net assets, the allocation of surplus value, and the adjustment of acquired net assets to fair value. In connection with the acquisition analysis, brands, customer relationships, intellectual property, marketing and technology-related assets and deferred tax have been identified and valued. Acquired inventory has been adjusted to fair value. Brands and marketing-related assets have an indefinite useful life and are therefore not depreciated but are tested for impairment annually.

Goodwill

Goodwill is the difference that arises if the acquisition value of the acquired unit is higher than the value of the acquired unit's net assets.

Goodwill that arises in an acquisition is reported at acquisition value, determined at the time of acquisition as described in the section Business acquisitions above, less any accumulated depreciations. Goodwill has an indefinite period of use and is therefore tested for impairment annually.

When selling a subsidiary, the remaining reported value of goodwill is included in the calculation of the capital gain.

Impairment testing of goodwill and intangible fixed assets with an indefinite useful life

To assess the need for impairment, Group management calculates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an appropriate interest rate to discount these cash flows. Uncertainties lie in assumptions about future operating profit and the determination of an appropriate discount rate. In 2021, the Group made no write down of goodwill, brands and marketing-related assets.

In the impairment test, goodwill, brands and marketing-related assets are distributed to the cash-generating units that are expected to benefit from the synergies that arise from the acquisition. Goodwill, brands and marketing-related assets must be tested annually for any impairment need, or more often if there is an indication that the carrying amount may not be recoverable. If the recoverable amount, which is the higher of fair value less the cost of disposal and the value in use for a cash-generating unit, is determined to be lower than the carrying amount, the write-down amount is distributed. To determine value in use, Group management estimates expected future cash flows from each cash-generating unit and determines an appropriate discount rate to be able to calculate the present value of these cash flows. First, the carrying amount of goodwill attributable to the cash-generating unit is reduced, and then the carrying amount of intangible fixed assets with an indefinite useful life in one unit is reduced. A reported write-down of goodwill cannot be reversed in a later period.

Equity, reserves, and dividends

Share capital represents the quota value of issued shares.

Share premium fund includes any premiums received in connection with a new share issue of share capital. Any transaction costs associated with the new share issue of shares are deducted from equity, considering any income tax effects.

Other equity incl. profit for the year (group) includes:

- conversion reserve, i.e., conversion differences from conversion of financial statements for the Group's foreign operations to SEK
- retained earnings, i.e., all retained earnings (and losses) from previous financial years.

All transactions with the parent company's owners are reported separately in equity.

Dividends to be paid to shareholders are included in the item Other liabilities when the dividends have been approved at a general meeting before the balance sheet date.

Revenue from customer agreements

The income mainly refers to revenue from the sale of Pet Health Care products for Dog, Cat and Horse and is reported in the item net sales in the income statement. When assessing whether an income should be reported, the Group follows a 5-step process:

1. Identify the agreement with the customer
2. Identify performance commitments
3. Determination of the transaction price
4. Distribute the transaction price on the performance commitments
5. Report the income at the time of fulfillment of the performance commitment, either at a specific time or over time.

Revenues from goods that are not customized/tailored to the customer are reported when the Group fulfills the performance commitments by transferring the promised goods to the customer. The transaction price is determined on basis of pre-determined unit prices. Discounts and bonuses are distributed per delivered item.

Revenues from customized goods/services are reported over time as the Group is entitled to payment for products/services that have no alternative use. The transaction price is determined based on the cost/time incurred, which represents the work performed, to fulfill a performance commitment in relation to the total expected costs for completing the performance commitment.

The Group reports a contractual liability when they have received compensation regarding unfulfilled performance commitments and reports these amounts as other liabilities in the balance sheet. Similarly, if the group meets a performance commitment before the group receives compensation, the Group recognizes either a contract asset or a receivable in the balance sheet, depending on if something other than the time factor is crucial for when compensation is due.

Fixed assets

Intangible and tangible fixed assets are reported at acquisition value less the accumulated depreciation as planned and eventual write downs. Depreciation is linear over the expected useful life regarding the substantial residual value. Intangible assets have both a definable and indefinite useful life. Intangible assets with an indefinite useful life are not amortized but are tested annually for impairment together with the impairment of goodwill.

Depreciation of intangible fixed assets

Brands	Indefinite useful life
Customer relationships	7-17 years
Intellectual property	10-15 years
Marketing-related assets	Indefinite useful life
Other intangible assets	4-15 years

Depreciation of tangible fixed assets

Buildings	25-50 years
Machinery and other tech assets	4-7 years
Tools, furniture, and fixtures	3-10 years

Financial instruments

Management determines the classification of the financial assets at the first reporting date. The Group does not hold any hedging instruments.

Accounting and valuation

Financial assets and liabilities are reported when the Group becomes a party to the instrument's contractual terms. Financial assets are removed from the balance sheet when the contractual rights regarding the financial asset expire, or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the balance sheet when it is extinguished, i.e., when it is fulfilled, canceled or terminated.

Financial assets

All financial assets are reported for the first time at fair value adjusted for transaction costs. Financial assets are classified based on both the company's business model for managing the asset and the characteristics of the contractual cash flows from the financial asset. The Group only has financial assets classified as valued at accrued acquisition value.

Financial assets valued at accrued acquisition value

Financial assets are valued at accrued acquisition value if the assets meet the following conditions and are not reported at market value through profit or loss:

- they are held within a business model whose objective is to hold the financial assets and collect the contractual cash flows, and
- the contractual terms for the financial assets cause cash flows that are only payments of principal amounts and interest on the outstanding capital amount.

After the first reporting occasion, these are valued at accrued acquisition value using the effective interest method. The application of the effective interest method means that receivables that are interest-free or have an interest rate that deviates from market interest rates and have a maturity of more than 12 months are reported at a discounted present value and the change in time value is reported as interest income in the income statement. For receivables with maturities of less than 12 months, the discounting effect is deemed to be insignificant. The Group's cash, accounts receivable and other long-term and short-term receivables belong to this category of financial instruments.

Depreciation of financial assets

The reporting of expected credit losses is assessed in accordance with the expected credit loss model in IFRS 9. The financial assets covered by the model for expected credit losses are accounts receivable and contractual assets that are reported and valued in accordance with IFRS 15.

The assessment of credit risk and the reporting of expected credit losses is not dependent on the Group first identifying a credit loss event, but the Group also considers more comprehensive information such as past events, current conditions and reasonable and substantiated forecasts that affect the expected possibility of obtaining future cash flows from the asset. The Group uses the simplified method for accounts receivable and contract assets and reports expected credit losses for the remaining term. In the calculation, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

In assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics. For the assessment of the expected losses, the Group makes a follow-up of the actual losses during the last two financial years. A calculation of ascertained customer losses during 2020-2021 has been made, which showed a loss of 0%. The calculation is performed and re-evaluated every six months. Given the short period of time that accounts receivable is exposed to credit risk and as the Group has historically not had any significant customer losses, no collective provision is made as it has not been considered significant. However, the Group makes an individual assessment of expected credit losses on accounts receivable that have fallen due for payment, as this, together with the lack of a payment plan are indicators that there is no probable expectation of receiving full payment.

Total revenue and expenses relating to financial assets reported in the income statement are classified as Interest expenses or Interest income, except for expected credit loss in accounts receivable which is classified as Other external expenses.

Financial liabilities

Financial liabilities are initially valued at market value adjusted for transaction costs. Financial liabilities are valued after the first reporting date at accrued acquisition value using the effective interest method. All interest-related fees are included in the items Interest expenses and similar income items.

Leasing agreement*Swedencare as a lessee*

The Group's leasing agreements are reported as useful assets and the corresponding leasing liability, on the day on which the leased asset is available for use by the Group. The useful asset is initially valued at acquisition value, which consists of the initial value of the leasing liability with additions for leasing fees paid at or before the beginning of the agreement. Agreements where the leasing period is shorter than 12 months and contracts of lesser value are thus excluded and expensed on an ongoing basis. The useful asset represents a right to use the underlying asset and the lease liability represents an obligation to pay lease payments. The Group has useful assets with associated leasing debt for cars and leased premises.

Rights of use are reported under tangible fixed assets and current assets, respectively. The leasing liability, which is divided into long-term and short-term parts, is initially valued at the present value of the remaining leasing fees during the leasing period. The useful assets are depreciated during the leasing period. The costs for leasing agreements are reported as depreciation and interest expense, respectively. The lease payment is divided into an interest part and an amortization part.

Inventory

The inventory has been valued at the lower of its acquisition value and its net sales value as of the balance sheet date. Net sales value refers to the goods' estimated sales price less sales costs. The chosen valuation method means that obsolescence in the inventory has been considered.

Manufactured inventory has been valued at expenses that are directly attributable to manufactured units. Acquired inventory is adjusted to fair value in connection with the acquisition analysis.

Income taxes

The tax expense reported in the income statement consists of the sum of the deferred tax and current tax that is not reported in equity. Calculation of current tax is based on tax rates and tax rules that apply as of the balance sheet date.

Current tax

Current tax refers to income tax for the current financial year and the part of the previous financial year's income tax that has not yet been reported. Current tax is calculated based on the tax rate that applies per balance sheet date.

Deferred tax

Deferred tax is income tax that refers to future financial years because of previous events. Reporting takes place according to the balance sheet method. According to this method, deferred tax liabilities and deferred tax assets are reported on temporary differences that arise between book and tax values for assets and liabilities and for other tax deductions or deficits.

Deferred tax assets are reported net against deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated based on the applicable tax rate on the balance sheet date. Effects of changes in current tax rates are recognized in the income statement in the period in which the change has been statutory. Deferred tax assets are reported as financial fixed assets and deferred tax liabilities as provisions.

Deferred tax assets relating to deficit reduction or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against future taxable profits. The temporary difference is the same as the holdings' reported values.

Compensations to employees

Compensations to employees refers to all forms of compensations that the company provides to the employees. Short-term compensations consist of, among other things, salaries, paid holidays, paid absences, bonuses, and post-employment benefits (pension). Short-term compensation is reported as an expense and a liability when there is a legal or informal obligation to pay compensation because of a previous event and a reliable estimate of the amount can be made.

In the Group, only defined contribution pension plans exist. Plans are defined as defined contribution plans where fixed fees are paid and there are no obligations to pay anything additional in addition to these fees. Costs for defined contribution plans are reported as an expense during the period in which the employees perform the services on which the obligation is based.

Cash flow analysis

The cash flow analysis is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in deposits or withdrawals.

Cash

Cash consist of cash and available balances with banks and corresponding institutions.

Parent company

The income statements and balance sheets follow the presentation methods in the Årsredovisningslagen (ÅRL). There are differences in terms, especially regarding financial items in the income statement and equity. The statement of changes in equity has been adjusted to the items to be included in the balance sheet according to ÅRL. Shares in subsidiaries are valued at acquisition value less any write downs. All leasing agreements are expensed on a straight-line basis over the leasing period.

Estimates and assessments

Assumptions

Below is information on estimates and assumptions that have the most significant effect on accounting and valuation of assets, liabilities, revenue, and expenses. The outcome from these can deviate significantly.

Shares in subsidiaries as a financial asset in the parent company

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs.

The acquisition value includes the purchase price paid for the shares and the acquisition costs.

Any capital contributions are added to the acquisition value when they arise. The need for impairment of financial assets shall be tested at least at the end of each reporting period to determine whether there is objective evidence of impairment of a financial asset or group of financial assets.

Uncertainty in impairment testing of goodwill, brands, and marketing related assets

To assess the need for impairment, Group management calculates the recoverable amount for each asset or cash-generating unit based on expected future cash flows and using an appropriate interest rate to be able to discount the cash flow. Uncertainties lie in assumptions about future operating profit and the determination of an appropriate discount rate.

NOTE 3 Revenues from agreements with customers

	GROUP	
	2021	2020
Product areas		
ProDen PlaqueOff®	154 642	129 404
Nutraceuticals	233 733	55 563
Topicals/Dermatology	298 878	47 431
Pharma	33 100	-
Other	50 088	7 548
Total net revenue	770 441	239 946
Time for revenue recognition		
The performance commitment is fulfilled over time	132 535	-
The performance commitment is fulfilled at a certain time	637 906	239 946
Total net revenue	770 441	239 946
Geographic markets		
Sweden	8 000	6 524
UK/Ireland	132 068	55 836
Rest of Europe	46 866	38 436
North America	544 041	107 789
Asia	33 070	28 090
Rest of the World	6 396	3 271
Total net revenue	770 441	239 946

Usual payment terms from invoice date.

The Group has no significant obligations regarding returns.

NOTE 4 Leasing agreement (lessee)

	2021-12-31	2020-12-31
Short-term leasing liabilities	17 814	4 275
Long-term leasing liabilities	86 749	21 432
Summa	104 563	25 707

The Group leases thirteen office and warehouse premises as well as five company cars through operational leasing agreements. The Group leases five company cars through financial leasing agreements. Future minimum lease fees are as follows:

Minimum lease fees							
December 31, 2021	Within 1 year	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	After 5 yrs.	Total
Leasing fees	18 496	17 513	16 689	16 432	14 296	31 132	114 558
Financing cost	-682	-1 085	-1 580	-1 568	-1 439	-3 628	-9 982
Present value	17 814	16 428	15 109	14 864	12 857	27 504	104 576

Minimum lease fees							
December 31, 2020	Within 1 year	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	After 5 yrs.	Total
Leasing fees	4 961	5 324	3 806	3 197	3 128	-	28 504
Financing cost	-686	-575	-462	-364	-277	-	-2 979
Present value	4 275	4 749	3 344	2 833	2 851	-	25 707

Leasing costs during the financial year amount to 11 241 KSEK (2020 to 3 079 KSEK) in the form of minimum lease fees. Interest expenses amount to 1 697 KSEK.

The leases are divided into office and warehouse premises as well as company cars. None of the company cars have longer contracts than 48 months, with current due dates between February 2022 and March 2025.

Leasing agreements that are not reported as a liability

The Group has chosen not to report a leasing liability regarding short-term leasing agreements (leasing agreements with an expected leasing period of 12 months or less) and for leasing agreements for which the underlying asset has a low value. Payments relating to such leasing agreements are expensed on a straight-line basis. In addition, certain variable leasing fees are not permitted to be reported as leasing liabilities, which is why these are also expensed on an ongoing basis. The cost of leasing fees that are not included in the calculation of the leasing debt is as follows:

	2021-12-31	2020-12-31
Leasing agreements with underlying assets with low value	159	-
Total	159	-

Total cash flow relating to leasing for the financial year ending on December 31, 2021, amounted to 11 241 KSEK (2020 to 3 079 KSEK). Additional information on the right of use per asset category is as follows:

	Reported value	Depreciations
Buildings	97 329	8 859
Cars and inventory	6 428	1 436
Total	103 757	10 295

Rights of use as of December 31, 2021:

Part of Buildings and Land: 97 329 KSEK (22 032 as of December 31, 2020)

Part of Machinery and other tech assets: 6 428 KSEK (3 627 KSEK as of December 31, 2020)

For OB/CB reporting of rights of use, see notes 12 and 13.

NOTE 5 Costs for auditors

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Grant Thornton Sweden AB				
Auditing assignments	963	902	963	902
Auditing activities in addition to auditing assignments	149	86	149	86
Tax advisory	13	27	13	27
Other services	369	252	369	252
Warrent Averett				
Auditing assignments	900	-	-	-
Auditing activities in addition to auditing assignments	-	-	-	-
Other services	-	-	-	-
JPA Brenson Lawlor Limited				
Auditing assignments	69	72	-	-
Auditing activities in addition to auditing assignments	9	9	-	-
Other services	9	26	-	-
Langricks Ltd.				
Auditing assignments	221	-	-	-
Auditing activities in addition to auditing assignments	-	-	-	-
Other services	-	-	-	-
Total	2 702	1 373	1 494	1 267

NOTE 6 Costs for employee compensations

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Salaries - Board of directors and CEO	3 821	2 599	3 821	2 599
Salaries - others	91 429	30 789	5 380	3 757
Pensions CEO and BoD	581	353	581	353
Other pensions	1 590	964	848	462
Other social costs	10 670	5 527	3 245	2 042
Total	108 091	40 232	13 875	9 213

	Basic salary/ board remuneration	Variable remuneration	Other benefits	Share- based payment	Total
Chairman of the Board - P. Malmström	600	-	-	-	600
Board member - H. Svanberg	200	-	-	-	200
Board member - J. Bergdahl	200	-	-	-	200
Board member - T. Eklund	200	-	-	-	200
Board member - S. Brandt	200	-	-	-	200
Board member - H. Lagerberg	-	-	-	-	-
CEO	2 400	21	714	-	3 135
Total	3 800	21	714	-	4 535

The amount for salaries includes bonus of 0 KSEK (2020: 0 KSEK).

The Group has entered into an agreement with the CEO, which means that the CEO has a notice period of three (3) months.

In the event of termination by the company or the CEO, no severance pay is paid.

NOTE 7 The average number of employees

GROUP

	2021		2020	
	Average number of employees	Of which are male	Average number of employees	Of which are male
Sweden	10	2	9	2
Ireland	15	9	14	8
UK	19	6	18	4
France	2	1	2	1
USA	222	107	32	17
Spain	1	-	1	-
Greece	11	7	9	5
Total	280	132	85	37

PARENT COMPANY

	2021		2020	
	Average number of employees	Of which are male	Average number of employees	Of which are male
Sweden	9	2	8	2
Total	9	2	8	2

NOTE 8 Gender distribution board

One woman in the board of directors 2021 (2020:1).

NOTE 9 Current and deferred tax

The most important components of the tax expense for the financial year and the ratio between expected tax expense based on the Swedish effective tax rate for the Group of 20,6% (2020: 21,4%) and reported tax expense in the net income are as follows:

	GROUP		PARENT COMPANY	
	2021	2020*	2021	2020
Net income before tax	56 901	39 719	78 006	21 119
Current tax rate for the parent company	20,6%	21,4%	20,6%	21,4%
Expected tax	11 722	8 500	16 069	4 519
Adjustment for differences in tax rate abroad	-4 762	466	-	-
Dividend from group companies	-	-	-13 052	-3 631
Utilization of non-capitalized deficits	-7 495	-	-	-
Non-deductible expenses	3 362	205	12	1 248
Other	-548	-2 806	-548	-1 987
Total	2 279	6 365	2 481	149
Current tax	23 465	10 139	2 481	-
Tax previous year	-	-	-	149
Deferred tax	-21 186	-3 774	-	-
Total	2 279	6 365	2 481	149

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

NOTE 10 Customer relationships, trademarks, intellectual property, and similar rights

GROUP 2021	Marketing related assets	Customer relationships	Intellectual property	Trademarks	Technology related assets	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	22 967	120 499	-	54 842	45 961	34 943	279 212
Purchases	-	-	-	-	-	2 194	2 194
Through acquisitions of group companies	-	819 433	44 244	143 142	-	-	1 006 818
Sales/disposals	-	-	-	-	-	-1 010	-1 010
Conversion difference	2 398	56 829	2 415	13 213	4 800	3 156	82 811
Reclassifications	-	-	-	-	-	-	-
Ending accumulated acquisition values	25 365	996 760	46 659	211 198	50 760	39 282	1 370 025
Depreciation	-	-3 331	-	-	-3 232	-3 821	-10 384
Annual depreciation	-	-38 605	-1 801	-	-9 192	-3 867	-53 464
Sales/disposals	-	-	-	-	-	1 000	1 000
Reclassifications	-	-	-	-	-	-	-
Conversion difference	-	-2 403	-98	-	-1 297	-534	-4 333
Ending accumulated depreciation	-	-44 339	-1 899	-	-13 722	-7 222	-67 181
Total reported amount	25 365	952 421	44 760	211 198	37 038	32 060	1 302 843

All intangible fixed assets, except trademarks and marketing-related assets that are deemed to have an indefinite useful life, are amortized. Through the connection to the current operations, brands and marketing-related assets are considered to have an indefinite useful life and are expected to be used as long as the operations continue. This is since these assets, primarily brands, are considered well-established in their respective markets and the Group intends to retain and further develop them, through product development and marketing. Assets with an indefinite useful life are tested annually to identify any need for impairment and are reported at acquisition value less accumulated impairment losses.

The impairment test is performed for both goodwill and other intangible assets jointly by calculating the recoverable amount of the cash-generating units to which goodwill and brands are allocated, as cash flows attributable to brands cannot be distinguished from other cash flows within each cash-generating unit.

GROUP 2020*	Marketing related assets	Customer relationships	Intellectual property	Trademarks	Technology related assets	Other intangible assets	Total intangible fixed assets
Beginning acquisition values	-	-	-	-	-	5 303	5 303
Purchases	-	-	-	-	-	373	373
Through acquisitions of group companies	25 837	130 686	-	58 402	51 703	33 046	299 674
Sales/disposals	-	-	-	-	-	-	-
Conversion difference	-2 870	-10 187	-	-3 560	-5 742	-3 780	-26 139
Reclassifications	-	-	-	-	-	-	-
Ending accumulated acquisition values	22 967	120 499	-	54 842	45 961	34 943	279 212
Depreciation	-	-	-	-	-	-2 283	-2 283
Annual depreciation	-	-3 666	-	-	-3 636	-1 751	-9 053
Sales/disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Conversion difference	-	335	-	-	404	213	952
Ending accumulated depreciation	-	-3 331	-	-	-3 232	-3 821	-10 384
Total reported amount	22 967	117 168	-	54 842	42 728	31 122	268 828

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

PARENT COMPANY 2021	Trademarks	Others intangible assets	Total intangible fixed assets
Incoming acquisition value	2 450	755	3 205
Purchase	-	1 939	1 939
Ending accumulated acquisition values	2 450	2 694	5 144
Depreciation	-490	-408	-898
Annual depreciation	-490	-233	-723
Ending accumulated depreciation	-980	-641	-1 621
Total reported amount	1 470	2 053	3 523

PARENT COMPANY 2020	Trademarks	Others intangible assets	Total intangible fixed assets
Incoming acquisition value	2 450	402	2 852
Purchase	-	353	353
Ending accumulated acquisition values	2 450	755	3 205
Depreciation	-	-402	-402
Annual depreciation	-490	-6	-496
Sales/disposals	-	-	-
Reclassifications	-	-	-
Ending accumulated depreciation	-490	-408	-898
Total reported amount	1 960	347	2 307

NOTE 11 Goodwill

	GROUP	
	2021-12-31	2020-12-31
SwedencareUSA, Inc.	5 412	4 900
Swedencare UK Ltd.	4 925	4 483
Swedencare France Sarl	3 004	2 949
Swedencare Ireland Ltd.	36 195	35 525
Biovet I.K.E.	1 444	1 322
Stratford Care USA, Inc.	67 233	60 876
Animal Pharm Care USA, Inc.	126 806	114 616
Nutravet (UK) Ltd.	235 361	214 264
Pet MD Brands LCC	57 917	-
RX Group	133 767	-
Vetio Group	754 630	-
Fulfillment Advantage Ventures, Inc.	37 696	-
Total	1 464 390	438 935

	GROUP		PARENT COMPANY	
	2021-12-31	2020-12-31*	2021-12-31	2020-12-31
Beginning accumulated acquisition values	438 935	49 140	-	-
Acquisition	984 010	518 736	-	-
Conversion difference	41 445	39	-	-
Reclassifications	-	-128 980	-	-
Ending accumulated acquisition values	1 464 390	438 935	-	-
Reported value	1 464 390	438 935	-	-

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

Impairment test

At the annual impairment test, goodwill per cash-generating unit is assessed.

The recoverable amount per subsidiary was determined based on calculations of value in use, which included a detailed five-year forecast, followed by an extrapolation of expected cash flows for the subsidiaries' remaining useful lives using a declining growth rate determined by Group management. The present value of the expected cash flow per subsidiary is determined by applying a discount rate that corresponds to the market's assumption of the time value of money and specific risks for the segment.

In the impairment test, the subsidiaries have been assessed individually. Animal Pharm has been a part of Stratford since January 1, 2022, which means that the brand Animal Pharm now is being sold under Stratford's operations. The test of the value for Vetio and FAV was made in connection with the acquisition analysis during Q3 and Q4 2021, therefore these have not been included in the table below:

Eternal growth: 2%

	WACC	Average growth rate (2022-2026)
Biodistra AB	14,24%	14,8%
Biovet I.K.E.	14,23%	12,1%
Swedencare France Sarl	14,20%	3,5%
Swedencare Ireland Ltd.	14,28%	13,9%
Swedencare Nordic AB	13,28%	14,2%
Swedencare Spain Slu	14,21%	35,9%
Swedencare UK Ltd.	12,92%	8,3%
Swedencare USA Inc.	13,39%	15,9%
StartfordCare USA Inc.	13,37%	19,8%
Animal Pharm Care USA, Inc.	13,37%	39,0%
Nutravet (UK) Ltd.	12,92%	12,0%
Pet MD Brands LLC	13,37%	25,4%
RX Group	13,35%	9,3%

The total impairment test for the Group was estimated to have an indicative value in use of the cash-generating unit with a reassuring margin of over 285% of the booked goodwill value.

Growth rates

The growth rates reflect average long-term growth rates for the product lines and operations included in the subsidiaries. The growth rate differs between the subsidiaries due to different conditions in the local markets in which they are located. The reason for a lower growth rate in Swedencare France Sarl is due to changes in responsibility where sales to geographic markets outside France have been relocated to the parent company. Spain, which was started in 2019, has now established itself in the market and therefore has a higher growth rate in comparison with other EU countries. North America exceeds the overall long-term growth rates on average as the geographic market is expected to grow faster than average in the foreseeable future.

Discount rates

The discount rates reflect appropriate market risk adjustments and specific risk factors for each segment.

Cash flow assumptions

The operations have stable profit margins in all geographic markets. The cash flow calculations reflect the stable profit level achieved just before the last budget period. No expected efficiency measures have been included in the calculations and prices and wages reflect public inflation expectations in this sector.

NOTE 12 Buildings and land

GROUP 2021	Buildings and land	Buildings IFRS 16	Total buildings and land
Beginning acquisition value	8 943	24 905	33 848
Purchases	10 064	-	10 064
Through acquisitions of group companies	56 247	81 626	137 873
Sales/disposals	-	-1 494	-1 494
Conversion difference	3 112	1 115	4 227
Reclassifications	-	-	-
Ending accumulated acquisition values	78 366	106 152	184 518
Depreciation	-1 524	-2 483	-4 007
Annual depreciation	-2 865	-8 859	-11 724
Sales/disposals	-	1 361	1 361
Reclassifications	-	-	-
Conversion difference	504	1 158	1 662
Ending accumulated depreciation	-3 885	-8 823	-12 708
Net book value	74 481	97 329	171 810

GROUP 2020	Buildings and land	Buildings IFRS 16	Total buildings and land
Beginning acquisition value	8 477	-	8 477
Purchases	83	4 348	4 431
Through acquisitions of group companies	-	20 557	20 557
Sales/disposals	-917	-	-917
Conversion difference	-2 375	-	-2 375
Reclassifications	3 675	-	3 675
Ending accumulated acquisition values	8 943	24 905	33 848
Depreciation	-273	-	-273
Annual depreciation	-170	-2 483	-2 653
Sales/disposals	432	-	432
Reclassifications	-1 654	-	-1 654
Conversion difference	141	-	141
Ending accumulated depreciation	-1 524	-2 483	-4 007
Net book value	7 419	22 422	29 841

The building with address Unit 8, IDA Industrial Park, Cork Road, Waterford Ireland, has not been pledged as security for any loan.

The building with address 15335 Park of Commerce Blvd, Ste 121, Jupiter, FL 33478, USA, has not been pledged as security for any loan.

NOTE 13 Machinery and other tech assets

GROUP 2021	Machinery and other tech assets	Machinery and other tech assets IFRS 16	Total machinery and other tech assets
Beginning acquisition value	3 447	5 075	8 522
Purchases	13 048	4 606	17 654
Through acquisitions of group companies	47 201	-	47 201
Sales/disposals	-130	-219	-349
Conversion difference	3 251	-160	3 091
Reclassifications	-	-	-
Ending accumulated acquisition values	66 817	9 302	76 119
Depreciation	-1 862	-1 448	-3 310
Annual depreciation	-3 172	-1 436	-4 608
Sales/disposals	115	52	167
Reclassifications	-	-	-
Conversion difference	-874	-42	-916
Ending accumulated depreciation	-5 793	-2 874	-8 667
Net book value	61 024	6 428	67 452

Management report

Group - financial reports

Parent company - financial reports

Notes

Audit report

GROUP 2020	Machinery and other tech assets	Machinery and other tech assets IFRS 16	Total machinery and other tech assets
Beginning acquisition value	3 410	6 480	9 890
Purchases	174	1 937	2 111
Through acquisitions of group companies	-	1 353	1 353
Sales/disposals	-	-870	-870
Conversion difference	-137	-150	-287
Reclassifications	-	-3 675	-3 675
Ending accumulated acquisition values	3 447	5 075	8 522
Depreciation	-1 497	-2 966	-4 463
Annual depreciation	-441	-819	-1 260
Sales/disposals	-	672	672
Reclassifications	-	1 654	1 654
Conversion difference	76	11	87
Ending accumulated depreciation	-1 862	-1 448	-3 310
Net book value	1 585	3 627	5 212

NOTE 14 Furniture and fixtures

	GROUP		PARENT COMPANY	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Beginning acquisition values	9 015	4 120	141	141
Through acquisitions of group companies	976	4 465	-	-
Purchases	3 194	1 132	92	-
Sales/disposals	-1 623	-319	-56	-
Conversion difference	878	-843	-	-
Reclassifications	-290	-	-	-
Ending accumulated acquisition values	12 150	8 555	177	141
Depreciation	-2 996	-2 123	-104	-87
Purchases	-	-	-	-
Sales/disposals	780	312	56	-
Conversion difference	-253	208	-	-
Reclassifications	43	-	-	-
Annual depreciation	-1 689	-933	-26	-17
Ending accumulated depreciation	-4 115	-2 536	-74	-104
Net book value	8 035	6 019	103	37

NOTE 15 Deferred tax asset/tax liability

	GROUP	
	2021-12-31	2020-12-31*
Ending internal profit	2 445	831
Deficit deduction	1 155	781
Leasing agreements	196	34
Temporary differences regarding differences between reported and tax values of fixed assets	784	-105
Deferred tax assets	4 580	1 541

	GROUP	
	2021-12-31	2020-12-31*
Intangible assets	232 818	28 155
Deferred tax liability	232 818	28 155

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

GROUP 2021				
Change deferred tax	Opening balance 2021-01-01	Reported in the income statement	Through acquisitions	Ending balance 2021-12-31
Intangible assets	-28 155	18 147	-222 810	-232 818
Internal profit	831	1 614	-	2 445
Deficit deduction	781	374	-	1 155
Leasing agreements	34	162	-	196
Temporary differences regarding differences between reported and tax values of fixed assets	-105	889	-	784
Total	-26 614	21 186	-222 810	-228 238

GROUP 2020				
Change deferred tax	Opening balance 2020-01-01	Reported in the income statement	Through acquisitions	Ending balance 2020-12-31
Intangible assets	-	3 122	-31 277	-28 155
Internal profit	564	267	-	831
Deficit deduction	425	356	-	781
Leasing agreements	5	29	-	34
Temporary differences regarding differences between reported and tax values of fixed assets	-	-	-	-105
Total	994	3 774	-31 277	-26 614

Tax receivables are reported with (+) and tax liabilities with (-) in the table above.

NOTE 16 Inventory

	GROUP		PARENT COMPANY	
	2021-12-31	2020-12-31*	2021-12-31	2020-12-31
Raw material	65 464	6 711	2 206	1 769
Finished goods	92 206	68 668	3	-
Goods under construction	629	-	-	-
	158 299	75 379	2 209	1 769

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

In 2021, 4,874 KSEK (2020: 453 KSEK) was expensed because of disposal of inventories. These items are no longer in stock. Reversal of previously made impairment losses amounted to 0 KSEK (2020: 0 KSEK).

NOTE 17 Accounts receivable

Accounts receivables are reported net after provision for expected customer losses. In accordance with IFRS 9 simplified method for accounts receivable, a reserve is reported at the first reporting date corresponding to expected credit losses throughout the term. The size of the provision consists of the difference between the asset's carrying amount and the value of estimated future cash flows from the date the receivable arises. The reserved amount is reported in the income statement. When assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics. For the assessment of expected credit losses, the Group monitors established customer losses during the last two financial years.

	GROUP	
	2021	2020
Net revenue	770 441	239 946
Confirmed customer losses	350	6
	0,05%	0,00%

	2021-12-31	2020-12-31
Reconciliation of the bad debt reserve		
Opening balance	721	-
Recovered customer losses	-159	-34
New risk	-	761
Confirmed loss	-350	-6
Ending balance	212	721

Maximum credit exposure amounts to 118 826 KSEK (2020: 50 480 KSEK).

NOTE 18 Financial assets and liabilities

	GROUP	
	2021-12-31	2020-12-31
Financial assets at accrued acquisition value		
Deposition	273	60
Other financial current assets	32 004	3 662
Accounts receivable and other receivables	118 826	50 480
Cash	136 086	284 081
	287 189	338 283

	2021-12-31	2020-12-31
Financial liabilities at accrued acquisition value		
Long-term debt	616 970	117 500
Short-term debt	-	35 500
Accounts payable	36 262	18 991
	653 232	171 991

NOTE 19 Reconciliation of liabilities related to financing activities

Change in the Group's liabilities.

GROUP	Long-term liabilities	Short-term liabilities	Total
2020-01-01	-	615	615
Cash flow:			
Loan	129 500	35 500	165 000
Amortizations	-12 000	-	-12 000
Non-cash flow:			
Leasing debt	21 432	3 660	25 092
2020-12-31	138 932	39 775	178 707

GROUP	Long-term liabilities	Short-term liabilities	Total
2021-01-01	138 932	39 775	178 707
Cash flow:			
Loan	476 970	-	476 970
Amortizations	-13 000	-	-13 000
Reclassification	35 500	-35 500	-
Non-cash flow:			
Leasing debt	65 317	13 539	78 856
2021-12-31	703 719	17 814	721 533

NOTE 20 Pledged collateral and contingent liabilities

GROUP/PARENT COMPANY	2021-12-31	2020-12-31
Corporate mortgage for long-term and short-term debt to credit institutions	28 000	28 000
	28 000	28 000

The Board of Directors has not identified any contingent liabilities.

NOTE 21 Liabilities to credit institutions

	GROUP		PARENT COMPANY	
	Loan amount 2021-12-31	Loan amount 2020-12-31	Loan amount 2021-12-31	Loan amount 2020-12-31
Handelsbanken	616 970	153 000	616 970	153 000
Short-term part of total debt	-	35 000	-	35 000

The loan has financial KPI's regarding the financial net debt in relation to EBITDA and interest coverage ratio. During the year, Swedencare complied with the KPI's set by the bank in connection with the loan.

NOTE 22 Other current liabilities

	GROUP	
	2021-12-31	2020-12-31
Advances from customers	365	47
Leasing liabilities	17 814	4 276
VAT & personnel-related taxes	9 866	6 804
	28 045	11 127

NOTE 23 Year-end adjustments

	PARENT COMPANY	
	2021	2020
Group contributions received	3 000	-
	3 000	-

NOTE 24 Specification of shares in subsidiaries

PARENT COMPANY

Swedencare Nordic AB	Main business: Marketing and sales of the Group's Pet Health Care products in the Nordic region.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	500	50
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
559001-4568	Malmö, Sweden	1 591	604

SwedencareUSA, Inc.	Main business: Marketing and sales of the Group's ProDen PlaqueOff® Pet Health Care products in North America.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	5 342
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
200501010189	Rosenberg, Texas	19 516	6 888

Swedencare UK Ltd.	Main business: Marketing and sales of the Group's Pet Health Care products within the UK.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100	5 367
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
07851598	Leeds, UK	6 681	4 340

Swedencare France SARL	Main business: Marketing and sales of the Group's Pet Health Care products in southern Europe.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	50 000	4 715
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
481599447	Purget-sur-Argens, France	5 502	1 734

Biodistra AB	Main business: Marketing and sales of the Group's human product, ProDen PlaqueOff® Teeth and Gums.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100 000	905
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
556670-7815	Malmö, Sweden	961	243

Swedencare Ireland Ltd.	Main business: Production- and logistic center for the Group's Pet Health Care products and sales of NutriScience Pet Health Care products.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	53 334	43 785
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
20161101	Waterford, Ireland	24 244	13 236

Stratford Care USA, Inc.

Main business: Marketing and sales of the company's proprietary products in a number of therapy areas for dogs and cats in North America.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	157 763
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
P20000037765	Odessa, Florida	162 760	5 951

Animal Pharm Care USA, Inc.

Main business: Marketing and sales of the company's proprietary products in a number of therapy areas for dogs and cats in North America.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	217 363
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
P20000073246	Odessa, Florida	223 988	251

Nutravet (UK) Limited

Main business: Marketing and sales of the company's proprietary dietary supplements in the premium segment for dogs, cats and horses in the UK.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100	382 855
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
7338477	Bolton, UK	36 839	38 896

Swedencare Spain S.L.

Main business: Marketing and sales of the Group's Pet Health Care products in Spain.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	5 000	4 258
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
B67392670	Mataró, Spain	1 276	-895

Biovet I.K.E.

Main business: Marketing and sales of the Group's and other Pet Health Care products as well as some veterinary equipment in Greece and Cyprus.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	386 000	5 847
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
58820604000	Thessaloniki, Greece	5 847	880

Swedencare Tillverka Inc.

Main business: Production center of ProDen PlaqueOff® powder in North America.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	-
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
853648974	Rosenberg, Texas	-829	-695

Pet MD Brands LLC

Main business: Marketing and sales of high-quality Pet Health Care products via online channels.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100	176 101
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
275347392	Odessa, Florida	33 665	15 396

RXv Enterprises Corp.

Main business: Marketing and sales of high-quality Pet Health Care products to the veterinary channel.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	5 000	199 752
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
821360757	Elmsford, New York	76 590	14 116

**Tropicchem Blocker Corp.
(Vetio Animal Health)**

Main business: Contract development and manufacturing model in pharmaceuticals and OTC products, especially dermatology and dietary supplements in the Pet Health Care sector.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1 000	1 571 483
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
475607670	Jupiter, Florida	414 472	18 036

**Fullfillment Advantage
Ventures, INC.**

Main business: Logistics company for e-commerce of Pet Health Care products.

OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100	42 353
ORG.NR.	REG. LOCATION	EQUITY	NET INCOME
811746064	Odessa, Florida	5 572	338

SUMMARY BOOKED VALUE**2 817 939**

	2021-12-31	2020-12-31
Opening balance	826 615	66 063
Purchases	1 989 686	757 984
Reclassification	-	-
Shareholder contributions in subsidiaries	1 638	2 568
Ending accumulated acquisition values	2 817 939	826 615

Biodistra AB, Swedencare Nordic AB, Swedencare UK Ltd., Nutravet (UK) Ltd. and Swedencare Ireland Ltd. has audited annual reports for 2021. Annual reports for all subsidiaries are included in Swedencare AB (publ) 2021 consolidated accounts and is part of the Group auditor's review.

NOTE 25 Number of shares and quota value

	PARENT COMPANY	
	NUMBER OF SHARES	QUOTA VALUE
Subscribed and paid shares		
Opening balance 2021-01-01	20 884 743	0,05
Share split 5:1	84 720 068	-
New share issue	12 545 217	-
Total outstanding shares 2021-12-31	118 150 028	0,01
Opening balance 2020-01-01	15 801 980	0,05
New share issue	5 082 763	-
Total outstanding shares 2020-12-31	20 884 743	0,05

NOTE 26 Principles and routines for asset management

The Group's goals with asset management are:

- to ensure the Group's ability to continue operations,
- to provide an appropriate return to shareholders by pricing products and services corresponding to the level of risk.

The Group monitors capital based on the reported value of equity less cash and cash equivalents as reported in the statement of financial position and cash flow hedges reported in other comprehensive income and through the ratio for Net debt/EBITDA and the Group's equity/assets ratio. Within the framework of asset management, the Group controls the following key ratios that are included as financial covenants in accordance with the bank's terms: net debt in relation to Proforma EBITDA and interest rate subscription.

Management assesses the Group's capital needs to maintain an effective overall financing structure and at the same time avoid excessive leverage effects. This also includes subordinate levels of the Group's various debt classes. The Group manages the capital structure and adjusts in the event of changed economic conditions and regarding the risk properties of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

The amounts managed as capital by the Group for the current financial year are summarized as follows:

	2021-12-31	2020-12-31*
Total equity	2 419 800	918 351
Cash	-136 086	-284 081
Capital	2 283 714	634 270
Total equity	2 419 800	918 351
Borrowing	616 970	153 000
Total financing	3 036 770	1 071 351
Capital adequacy ratio	0,75	0,59
Net debt	585 447	-105 373
EBITDA	129 708	59 967
Net debt/EBITDA**	4,5	-1,8
Equity	2 419 800	918 351
Balance sheet total	3 471 119	1 164 038
Solvency	69,7%	78,9%

*Previous periods have been adjusted with regard to completed acquisition analyzes, see Note 32

**Net debt/Proforma EBITDA: 2.62

NOTE 27 Financial costs

GROUP	2021	2020
Exchange rate gains	1 355	-
Financial total revenue	1 355	-
Leasing interest	1 697	369
Other interest	7 312	1 327
Financial expenses	9 009	1 696
Financial costs	7 654	1 696

PARENT COMPANY	2021	2020
Dividend from group companies	63 358	11 199
Interest income group companies	710	115
Exchange rate gains	1 355	-
Financial total revenue	65 423	11 314
Leasing interest	-	-
Other interest	7 277	1 311
Financial expenses	7 277	1 311
Financial costs	-58 146	-10 003

NOTE 28 Exchange rate differences in the income statement

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences on operating receivables and operating liabilities are included in operating profit, while exchange rate differences on financial receivables and liabilities are reported among financial items.

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
In operating profit	7 789	-5 091	7 611	-4 376
In financial costs	1 355	-	1 355	-
Total	9 144	-5 091	8 966	-4 376

NOTE 29 Risk regarding financial instruments

Risk management goals and principles

The Group is exposed to various risks regarding financial instruments. Summary information on the Group's financial assets and financial liabilities divided into categories can be found in Note 17.

The main types of risks are market, credit, and liquidity. The Group's risk management is coordinated at its head office. The Group does not actively trade in financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group does not hold any hedging instruments. The Group is exposed to market risk through its use of financial instruments and especially to currency risk.

Currency risk

Exchange rate developments affect the Group's earnings to a certain extent as invoicing mainly takes place in USD and Euro, this is largely balanced through the Group's international subsidiary operations and through purchases from subcontractors in France, the US and Ireland. All foreign currency accounts are translated to the closing balance sheet rate.

Net revenue in the US correspond to 71% of the Group's total net revenue. A currency change of USD of +/- 10% would mean a change of +/- 56 MSEK. A currency change of EUR and GBP of +/- 10% would mean a change of +/- 17 MSEK.

Interest rate risk

Interest rate risk refers to the effect on earnings that a change in interest rates causes. As the Group is a net borrower and does not invest money in listed instruments, it is primarily the Group's debt to credit institutions that is affected by interest rate changes. The agreement runs at a variable interest rate and thus future cash flows are affected by changes in the variable interest rate. An interest rate change of +/- 1 percentage point has a profit effect of +/- 6 169,7 KSEK calculated on the debt to credit institutions 616 970 KSEK at the end of the year if the entire loan portfolio runs at a variable interest rate. The Group strives to balance between a reasonable current cost of its borrowing and the risk of having a significant negative impact on earnings in the event of a major change in interest rates. The average interest rate on the Group's bank loans for 2021 was 2.13 percent.

Credit risk analysis

Credit risk is the risk that a counterparty does not fulfill an obligation to the Group. The Group is exposed to this risk through various financial assets such as cash and cash equivalents in the bank, accounts receivable and other receivables.

Credit risk management

Credit risk is managed at Group level based on the Group's policies and routines for managing credit risk. The credit risk regarding cash and cash equivalents in banks and bank deposits is managed by using only large and reputable financial institutions. The Group uses advance payments for new customers. Credit terms vary between 30 and 180 days. The current credit risk is managed through a regular review of the age analysis per customer. Accounts receivable consist of a medium-sized number of corporate customers in different geographical areas.

Collateral

The Group does not hold any collateral regarding other financial assets (for example, derivative instruments and cash and cash equivalents with banks).

Accounts receivable

In assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics. For the assessment of expected credit losses, the Group monitors established customer losses during the last two financial years. A calculation of confirmed customer losses during 2020–2021 has been made, which showed a customer loss of 0%.

The calculation is performed and re-evaluated every six months. Given the short period of time that accounts receivable is exposed to credit risk and as the Group has historically not had any significant customer losses, no collective provision is made as it has not been deemed to be significant. However, the Group makes an individual assessment of expected credit losses on accounts receivable that have fallen due for payment, as this, together with the lack of a payment plan, are indicators that there is no probable expectation of receiving full payment. See note 17.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations.

The Group's cash and cash equivalents as of December 31, 2021, amounted to 136 086 KSEK (284 081 KSEK), as of the same date the Group had interest-bearing long-term and short-term liabilities totaling 721 533 KSEK (174 432 KSEK). As of December 31, 2021, the Group has net cash amounting to 585 447 KSEK (-105 373 KSEK).

Every quarter, the Group generates a positive cash flow from operating activities.

The Group considers expected cash flows from financial assets when assessing and managing the payment term risk, especially cash reserves and accounts receivable. The Group's existing cash reserves and accounts receivable significantly exceed the current requirements for cash outflows. Cash flows from accounts receivable and other receivables all fall due within six months. As of December 31, 2021, the Group's non-derivative financial liabilities have the following maturities as follows:

	SHORT-TERM		LONG-TERM	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
2021-12-31				
Bank loans	4 017	4 017	625 004	-
Leasing obligations	8 914	8 914	59 245	27 504
Accounts payable and other liabilities	36 262	-	-	-
	49 193	12 931	684 249	27 504

	SHORT-TERM		LONG-TERM	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
2020-12-31				
Bank loans	20 007	20 007	125 082	-
Leasing obligations	2 154	2 121	13 777	7 655
Accounts payable and other liabilities	38 825	-	-	-
	60 986	22 128	138 859	7 655

NOTE 30 Cash flow

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Interest rates				
Interest received	-	-	710	115
Interest paid	-7 312	-1 327	-7 277	-1 311
Interest, net	-7 312	-1 327	-6 567	-1 196

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Non-cash flow items				
Exchange rate differences	-3 162	-	-801	-
Deferred tax	-2 530	-	-	-
Inventory fair value adjustment	43 295	10 335	-	-
Total	37 603	10 335	-801	-

NOTE 31 Acquisitions

Acquisitions completed during the period

Pet MD Brands (previously Holden2)

– Acquisition of an American e-commerce company focusing on Pet Health Care products

The agreement was signed on December 16, 2020, and on January 1, 2021, 100% of Pet MD Brands was acquired. The purchase price amounted to approximately 175 MSEK and was paid through a cash payment of approximately 122 MSEK and an issue in kind of shares totaling 199,732 shares (corresponding to 998,660 shares after share split 5:1) in Swedencare, corresponding to approximately 53 MSEK. Through the acquisition, Swedencare will have strong online-only brand, Pet MD® and VetWELL®, a leading e-commerce team with, among other things, unique Amazon knowledge and a business with both strong growth and high profitability. Pet MD Brands which was founded by Edward Holden in 2011, is completely focused on offering high-quality Pet Health Care products via online channels. The products, which are sold under the Pet MD® and VetWELL® brands, are offered via the major online platforms Amazon and Chewy.com, which account for over 90% of total sales. Pet MD Brand's revenue were approximately 149 MSEK during the twelve-month period October 2019 - September 2020 with an adjusted EBITDA of approximately 24 MSEK, corresponding to an EBITDA margin of 16%. The company will continue to be led by Stephen Watters and Edward Holden, who will also be major shareholders in Swedencare. At the time of the acquisition, Pet MD Brands had a total of 8 employees. In the short term, synergies in sales and marketing can be achieved partly through Swedencare's product family ProDen PlaqueOff®, which complements Pet MD Brand's product offerings, and partly through its experience in online trading and then mainly the large platforms Amazon and Chewy.com. Swedencare also expects that Pet MD Brands will quickly benefit from synergies in logistics through cooperation with our other subsidiaries in the US. In 2021, Pet MD® was launched on Amazon UK and other parts of Europe, followed by other markets, primarily Asian.

Rx Group

– Acquisition of an American company with a focus on dietary supplements for the veterinary channel

On April 1, Swedencare acquired 100% of the American company RxV Enterprises with its wholly owned subsidiary Rx Vitamins ("Rx Vitamins" or "Rx"), a dietary supplement specialist focusing on premium brands for pets. The purchase price of a total of approximately 200 MSEK is paid through a cash payment of approximately 160 MSEK and a new issue in kind of shares of a total of 95,542 shares (corresponding to 477,710 shares after share split 5:1) in Swedencare, corresponding to 40 MSEK. The company, which was founded by owner Craig Kisciras in 1998, is completely focused on offering high-quality Pet Health Care products to the veterinary channel. As one of the founders of the National Animal Supplement Council (NASC), Rx Vitamins is a reputable and respected player in the industry. The customer base at Rx is primarily veterinary clinics that order directly, supplemented with some sales to specialized local distributors in the US. The company also sells for export to a dozen markets and has a smaller range of dietary human supplement products, which are sold to a few major customers. Rx Vitamins had a revenue of approximately 74 MSEK in 2020 with an adjusted EBIT of 22.6 MSEK, corresponding to an EBIT margin of 31%. Only pure and high-quality ingredients are used in the manufacture of all Rx Vitamins' various pet products.

Vetio Group

– Acquisition of leading North American CDMO group active in Pet Health Care

On July 1, Swedencare acquired 100% of the American company Vetio, North America's leading Contract Development Manufacturing Organization (CDMO) player with operations in contract development and manufacturing. The purchase price of a total of approximately 1,557 MSEK is paid through a cash payment of approximately 1,539 MSEK and a new issue in kind of shares of a total of 184,190 shares in Swedencare, approximately 18 MSEK. Vetio's business offering is a contract development and manufacturing model in pharmaceuticals and OTC products, primarily dermatology and dietary supplements, for world-leading companies in the Pet Health Care sector. Vetio has long customer relationships based on first-class production capacity, intellectual property rights, know-how and specialist expertise in pharmaceuticals and OTC products for the veterinary sector. Over the past two years,

Vetio has expanded with an FDA-certified manufacturing facility in Montreal, and with this, it has further strengthened its position as a leader in drug development and production for the veterinary market. The company has signed several large customer agreements in development and production, which will start in the coming years. Vetio had a revenue of approximately 274.6 MSEK in 2020 with an adjusted EBITDA of 55.3 MSEK, corresponding to an EBITDA margin of 20%. Sales for the twelve-month period June 2020 - May 2021 was approximately 322 MSEK with an adjusted EBITDA of 73 MSEK, corresponding to an EBITDA margin of 23%.

Fulfillment Advantage Ventures

– Acquisition of an American logistics company for e-commerce of Pet Health Care products

On October 1, Swedencare acquired 100% of the US company Fulfillment Advantage Ventures, Inc. (FAV), a direct-to-consumer (B2C) logistics company that focuses on direct delivery and logistics solutions for the pet sector. The purchase price of a total of approximately 41.5 MSEK is paid through a cash payment of approximately 25.0 MSEK and a new issue in kind of shares of a total of 111,553 shares in Swedencare, approximately 16.5 MSEK to sales management. With this strategic acquisition, Swedencare gets a higher level of e-commerce expertise regarding the flow directly to consumers towards its own customers and for its own brands. The acquisition also means that we get a comprehensive solution that satisfies the entire supply chain, which generates faster deliveries at reduced costs. In addition, Swedencare will also expand its network of platform customers which will form an important basis for our latest licensing program with Dr. Pol, which was announced on September 8. The project will be launched on several different online platforms at the same time, something that would not have been possible without FAV, which has built up a strong drop-ship program with several leading online platforms including Amazon, Chewy and Target. FAV had a revenue of 24.3 MSEK during the twelve-month period September 2020 - August 2021 with a negative EBITDA of 0.9 MSEK. FAV's own DTC brands, which generated approximately 11.3 MSEK in sales during the period, will benefit from Swedencare's product portfolio, marketing programs and international networks. The purchase price of 41.5 MSEK, on a debt- and cash-free basis, corresponds to 1.7 times the company's revenue during the twelve-month period September 2020 - August 2021.

Acquisitions completed after the end of the period

NaturVet

– Acquisition of the leading American pet supplement company

On February 1, 2022, Swedencare acquired 100% of the American company NaturVet, one of the largest and most profitable companies in the premium segment of the pet market in the premium segment. The purchase price of a total of approximately 4,148 MSEK will be paid through a cash payment of approximately 3,717 MSEK and a new issue in kind of shares of a total of 3,854,978 shares in Swedencare, approximately 431 MSEK upon acquisition. A condition-based purchase price (earn-out) of a maximum of approximately 255 MSEK may be paid if certain conditions are met as of June 30, 2022, this part of the purchase price is settled in cash. The preliminary, unaudited, financial statements for the financial year 2021 show a revenue of 548 and an adjusted EBITDA of approximately 179, corresponding to an EBITDA margin of 32.7%. Through the acquisition, Swedencare will have a very strong position in premium products in the American pet market, while NaturVet's products can gradually be offered within Swedencare's global distribution network. The acquisition is included in the consolidated accounts from February 1, 2022, the account of the business combination (acquisition analysis) is incomplete as of the reporting date, which is why certain information could not be provided in this annual report. Analysis of closing balances is ongoing, which is why no preliminary acquisition analysis has been drawn up.

Innovet

– Acquisition of an Italian company with focus on the veterinary segment

On March 1, Swedencare acquired 100% of the Italian company Innovet, one of Italy's leading and most profitable dietary supplement companies focused on the veterinary segment. The purchase price of a total of approximately 534 MSEK will be paid through a cash payment of approximately 457 MSEK and a new issue in kind of shares of a total of 606,799 shares in Swedencare, approximately 77 MSEK upon closing. Innovet had a revenue of 128.8 MSEK during the twelve-month period October 2020 - September 2021 with an adjusted EBITDA of 45.7 MSEK corresponding to an EBITDA margin of 35.4%. Through the acquisition, Swedencare will have a strong position in dietary supplements in the Italian pet market,

while Innovet's internationalization will have increased resources through Swedencare's global distribution network. Analysis of closing balances is ongoing, which is why no preliminary acquisition analysis has been prepared.

Acquisitions completed in 2020

Stratford

– Acquisition of leading American Pet Health Care company

On July 1, Swedencare acquired 100% of the US company Stratford Pharmaceuticals' operations from Stratford Care USA INC., a subsidiary of Swedencare, and thus became part of Swedencare. The purchase price of a total of approximately 17 MUSD, approximately 158 MSEK, was partly paid with a new issue in kind of shares of 1.5 million shares and with an acquisition credit of 50 MSEK. Sales are made through a multi-channel strategy to more than 10 000 veterinary clinics and animal hospitals in the United States, large purchasing organizations and actors in e-commerce. For a couple of years now, Stratford has also been selling to selected international markets. The company also has a unique co-branding program where individual clinics can have their own label on the products and thereby create a unique relationship with the pet owner. Through the acquisition, Swedencare strengthened its presence in the US, the world's largest market for pets, and significantly expanded its product range. With Stratford, Swedencare can reach many new customers in the veterinary channel, which complements our existing channel distribution. Swedencare identifies several synergies in logistics and administration between the US subsidiaries and in sales and marketing in general between Stratford Care USA and the Group's subsidiaries in various markets. The acquired business had total revenue of approximately 7.6 MUSD in 2019 with an EBITDA profit of approximately 1.6 MUSD, corresponding to an EBITDA margin of 21%. Revenue increased in 2020 by 38% to approximately 10.5 MUSD, while EBITDA increased by 14% to approximately 1.8 MUSD. Approximately 5.7 MUSD of total revenue and 1 MUSD in EBITDA, respectively, were credited to Swedencare in 2020.

Nutravet

– Acquisition of American business with veterinary focus

On October 1, Swedencare acquired 100% of the British company Nutravet (UK) Limited. The purchase price amounted to 33 MGBP, on a debt- and cash-free basis. The purchase price was paid through a cash payment of approximately 286 MSEK and through a new issue in kind of shares of a total of 580 769 shares in Swedencare. Through the acquisition, Swedencare will have a broad and unique portfolio of dietary supplements in the premium segment for dogs, cats, and horses, which are sold exclusively through thousands of British and European veterinary clinics and pet hospitals. The company, which was founded by Matthew Shaw in 2008, is today the UK's leading "exclusive-to-vet" company with thousands of veterinary clinics and pet hospitals on its customer list. Nutravet will be led by the CEO, Matthew Shaw, the company's founder, and previous owner, who is also now one of Swedencare's major shareholders. The acquired business's revenue in 2019 is approximately 5.1 MGBP with an EBITDA profit of approximately 2.6 MGBP, corresponding to an EBITDA margin of 51%. Sales increased in 2020 by 15% to approximately 5.9 MGBP, while EBITDA increased by 16% to approximately 3 MGBP, corresponding to an EBITDA margin of 52%. Approximately 1.7 MGBP of sales and 0.9 MGBP in EBITDA was included in Swedencare's financials 2020.

Animal Pharm

– Acquisition of American business with veterinary focus

On October 1, Swedencare acquired 100% of the American company Animal Pharmaceuticals® operations through a newly established subsidiary of Swedencare, Animal Pharm Care INC. The purchase price, which amounted to a total of 25 MUSD, was paid through a cash payment of approximately 177 MSEK and through a new issue in kind of shares of a total of 251 994 shares in Swedencare. The company, which was founded by Jason Braun in 2003, today reaches approximately 8 500 veterinary clinics with a broad self-developed portfolio of dietary supplements that covers several therapy areas where dermatology and skin and coat products account for just under 60%. The acquired business's revenue in 2019 is approximately 6 MUSD with an EBITDA of approximately 2.2 MUSD, corresponding to an EBITDA margin of 37%. Sales increased by 5% in 2020 to approximately 6.3 MUSD, while EBITDA decreased by 15% to approximately 1.9 MUSD. The decrease is mainly due to investments in new administrative systems and routines. Approximately 1.6 MUSD of sales and 0.4 MUSD in EBITDA was included in Swedencare's financials 2020.

Acquisition	Pet MD Brands	Rx Group	Vetio Group	Fav
Purchase price				
Cash payment for this year's acquisition	122 059	159 615	1 538 723	24 992
Issue in kind of shares	53 408	39 430	18 769	16 454
Total purchase price	175 467	199 045	1 557 492	41 446

The Group does not have any outstanding additional purchase consideration for this year's acquisitions.

Acquired assets and liabilities	Pet MD Brands	Rx Group	Vetio Group	Fav	Total
Intangible assets					
- Brands	75 735	27 436	37 522	-	140 693
- Customer relationships	55 058	39 928	721 408	-	816 394
- Intellectual property	-	-	44 146	-	44 146
Tangible assets	-	199	104 341	284	104 824
Inventory	28 631	26 164	37 073	4 587	96 455
Accounts receivable	5 422	4 688	54 349	2 823	67 282
Other current receivables	486	575	24 480	1 358	26 899
Cash	18	-	4 827	104	4 949
Total acquired net assets	165 350	98 990	1 028 146	9 156	1 301 642
Accounts payable	-2 477	-3 821	-24 327	-2 944	-33 569
Other current liabilities	-2 971	-405	-20 689	-1 174	-25 239
Deferred tax liability	-37 428	-24 380	-148 207	-	-210 015
Total acquired net liabilities	-42 876	-28 606	-193 223	-4 118	-268 823
Goodwill	52 993	128 661	722 569	36 408	940 631
Total	175 467	199 045	1 557 492	41 446	1 973 450

Payments for acquisitions	Pet MD Brands	Rx Group	Vetio Group	Fav
Payment for this year's acquisition	175 467	199 045	1 557 492	41 446
Acquired cash and bank balances	18	-	4 827	104
Issuance costs that are deductible items in equity	-3 090	-134	-808	-83
Transaction costs that are included in Net income as Other external costs	-634	-706	-13 991	-907
Total paid	171 761	198 205	1 547 520	40 560

Contributions from acquired companies

Contribution from the time when the controlling influence existed	Pet MD Brands	Rx Group	Vetio Group	Fav
Total revenue	173 359	53 802	131 855	9 118
Net income	15 396	14 116	18 036	336

Contribution if the acquisition had been made January 1, 2021

	Pet MD Brands	Rx Group	Vetio Group	Fav
Total revenue	173 359	73 137	296 787	28 225
Net income	15 396	11 518	36 676	-4 220

Note 32 Adjustments and completed acquisition analyzes

Swedencare AB (publ) acquired the following companies during the period Q4 2020 - Q4 2021:

- Animal Pharm Care (2020)
- Nutravet (acquired in 2020)
- Pet MD Brands (acquired in 2021)
- RX Vitamins (acquired in 2021)
- Vetio (acquired in 2021)
- FAV (acquired in 2021)

In the initial preliminary acquisition analyzes, which were presented in the year-end report 2020, annual report 2020 and interim report Q3 2021, the surplus value was allocated to goodwill. These have been adjusted to reflect the information, facts and circumstances that existed at the time of acquisition. The adjustment has been made in accordance with IAS 8 and within the time limit of one year from the date of acquisition. In connection with the adjustment and determination of the acquisition analyzes, part of the surplus value has been allocated from the preliminarily reported goodwill to brands, customer relationships, intellectual property, and deferred tax liabilities. Goodwill and trademarks have an indefinite useful life and are not amortized but are tested for impairment annually or upon indication. The companies that Swedencare has acquired have well-established brands whose useful life is impossible to predict. Swedencare will continue to use these brands in its operations in the future, hence the useful life has been estimated to be indefinite. Goodwill and trademarks are not amortized but are tested for impairment annually or upon indication.

Other acquired intangible assets are amortized over the estimated useful life. A new assessment of the useful life has been made over the period for all intangible assets in the Group, which meant that the acquired inventories were adjusted to fair value. The revenue effect of this fair value is normally reported as an expense during the period in which the inventory is sold. As the acquired inventory has already been sold, the entire revenue effect of 53.6 MSEK has been reported as an expense during 2020 and 2021.

During the year-end work, an adjustment has been made in the initial acquisition analyzes for Nutravet, Pet MD Brands, RX Group and the determination of the acquisition analyzes for Vetio and FAV, which are presented under Note 31. Previous periods have been adjusted regarding revised acquisition analyzes, see pages 118-120 for the consolidated balance sheet and income statement for the full year 2020.

In connection with the revision of existing and new acquisitions during the year, we have created a process that will be followed in new acquisitions in the future. The process means that acquisition analyzes for new companies must be determined before the quarterly report for the period when the acquisition took place.

December 31, 2020 - Consolidated balance sheet (KSEK)

	According to previously established annual report 2020-12-31	Adjustment	After adjustment 2020-12-31
ASSETS			
Assets			
Goodwill	567 915	-128 980	438 935
Other intangible assets	141 413	127 415	268 828
Buildings and land	29 841	-	29 841
Machinery and other tech assets	5 212	-	5 212
Tools, furniture, and fixtures	6 019	-	6 019
Other financial assets	60	-	60
Deferred tax asset	5	1 536	1 541
TOTAL NON-CURRENT ASSETS	750 465	-29	750 436
Current Assets			
Inventory	61 792	13 587	75 379
Accounts receivable	49 061	-	49 061
Deferred tax assets	-	-	-
Other receivables	1 419	-	1 419
Prepaid costs and deferred revenue	3 662	-	3 662
Cash	284 081	-	284 081
TOTAL CURRENT ASSETS	400 015	13 587	413 602
TOTAL ASSETS	1 150 480	13 558	1 164 038

December 31, 2020 - Consolidated balance sheet (KSEK) - cont.

	According to previously established annual report 2020-12-31	Adjustment	After adjustment 2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	1 044	-	1 044
Statutory reserve	22	-	22
Balanced profit incl. net income*	931 882	-14 597	917 285
TOTAL EQUITY	932 948	-14 597	918 351
Long term liabilities			
Debt to credit institutions	117 500	-	117 500
Other interest-bearing long-term liabilities	21 432	-	21 432
Deferred tax liability	-	28 155	28 155
Short term liabilities			
Debt to credit institutions	35 500	-	35 500
Accounts payable	18 991	-	18 991
Tax liabilities	6 457	-	6 457
Other current interest-bearing liabilities	4 276	-	4 276
Other current liabilities	6 851	-	6 851
Accruals and deferred revenue	6 525	-	6 525
TOTAL LIABILITIES	217 532	28 155	245 687
TOTAL EQUITY AND LIABILITIES	1 150 480	13 558	1 164 038

*Adjusted profit for the year recalculated to:

- The balance sheet date's exchange rate in the balance sheet
- The full year's average exchange rate in the profit and loss

Full year 2020 - Adjusted profit and loss (KSEK)

	According to previously established annual report 2020-12-31	Adjustment	After adjustment 2020-12-31
Net revenue	239 946	-	239 946
Other revenue	349	-	349
Total revenue	240 295	-	240 295
Cost of sales	-82 602	-10 334	-92 936
Gross profit	157 693	-10 334	147 359
Other external costs	-43 623	-	-43 623
Costs for employee compensations	-43 769	-	-43 769
Operating profit before depreciation (EBITDA)	70 301	-10 334	59 967
Amortization and depreciation	-4 844	-8 617	-13 461
Other costs	-5 091	-	-5 091
Operating profit (EBIT)	60 366	-18 951	41 415
Net financial items	-1 696	-	-1 696
Operating profit after financial income	58 670	-18 951	39 719
Net income before tax	58 670	-18 951	39 719
Tax on profit	-10 139	-	-10 139
Deferred tax	-	3 774	3 774
Net income	48 531	-15 177	33 354
Earnings per share	0,56	-0,17	0,38

NOTE 33 Proposed allocation of profits

The following profit is available to the Annual General Meeting:

Retained earnings and share premium fund	2 187 227 182
Net income	75 524 453
	2 262 751 635

The Board of Directors suggest the following profit allocation (SEK):

Dividend to shareholders 0,20 SEK x 158 111 805	31 622 361
Transferred to retained earnings	2 231 129 274
	2 262 751 635

NOTE 34 Transactions with related parties

There have been no significant transactions with related parties during 2021. Also see Note 6 regarding employee compensation.

NOTE 35 Significant events after the yearend

On January 26, 2022, Swedencare AB (publ) carries out a directed new share issue of 35.5 million shares and is thereby adding 3,550 MSEK, which, after issue costs of 16.5 MSEK, gave a net contribution of 3,533.5 MSEK to partially finance the acquisitions of NaturVet and Innovet.

Swedencare AB (publ) acquires the leading American pet supplement company NaturVet, which was completed on February 1, 2022. The purchase price of a total of approximately 4,148 MSEK was paid through a cash payment of 3,717 MSEK and an issue in kind of shares of 431 MSEK.

Swedencare AB (publ) acquires the Italian pet healthcare company Innovet focused on the veterinary segment, which was completed on March 1, 2022. The purchase price of a total of approximately 534 MSEK is paid through a cash payment of approximately 457 MSEK and an issue in kind of shares of 606,799 shares in Swedencare, approximately 77 MSEK.

The unstable situation in Ukraine, due to the Russian invasion, has not currently had any significant impact on Swedencare's operations, financial position, and profit. The Group's sales to Russia in 2021 corresponded to 0.1% of total sales. The Group has no sales to Ukraine.

NOTE 36 Definitions of KPI's

Since the Group has acquired several companies during 2020 and 2021, alternative KPI's are also used to provide a fairer picture of the business.

Net revenue

The main revenue of the Company

Change of revenue (%)

Total revenue in relation to the previous corresponding period

Proforma revenue

Operating net revenue and acquired companies' net revenue during the same period

Gross profit

Sales revenue minus costs for raw materials and components

Gross margin (%)

Gross profit as a percentage of total revenue

Currency-adjusted Organic growth

Change in net revenue excluding acquisitions and exchange rate effects, in proportion to the corresponding period last year

EBITDA

Operating profit before depreciation and other operating expenses

EBIT

Operating profit

EBIT-margin (%)

Operating profit as a percentage of total revenue

Net income margin (%)

Profit after tax as a percentage of total revenue

Solvency (%)

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

Interest-bearing net debt

Interest-bearing debt including financial leasing minus cash

Earnings per share

Net income for the period in relation to the average number of shares during the period. There is no dilution effect

Equity per share

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

NOTE 37 Approval of the annual financial report and consolidated accounts

The Annual financial report and consolidated accounts for the financial year ended December 31, 2021 (including comparative figures) was approved by the Board on April 6, 2022.

Malmö April 6, 2022



Håkan Lagerberg
CEO and Board Member



Per Malmström
Chairman of the Board



Sara Brandt
Board Member



Håkan Svanberg
Board Member



Thomas Eklund
Board Member



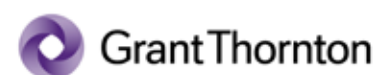
Johan Bergdahl
Board Member

Our audit report has been submitted



Grant Thornton Sweden AB
Petter Rankell
Authorized public accountant

Auditor's report



To the general meeting of the shareholders of Swedencare AB (pub) Corporate identity number 556470-3790

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Swedencare AB (pub) for the year 2021. The company's annual report and consolidated accounts are included on pages 56-123 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-55. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Swedencare AB (pub) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Malmö April 6, 2022

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