

ANNUAL ACCOUNTS 2020



Our vision

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

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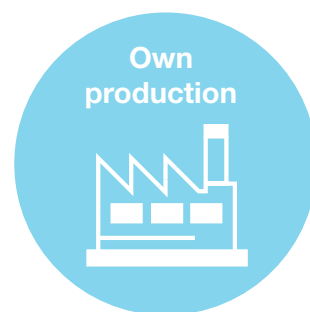
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High quality brands



4
strategic acquisitions
2020

This is Swedencare

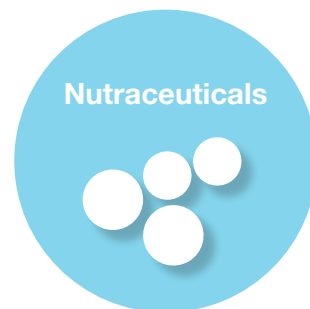
Swedencare develop, produce partly in own facilities, markets and sells premium products in the global and fast-growing market within animal health care for cats, dogs and horses. The company has an extensive portfolio with strong brands and products in most therapy areas, which includes veterinary exclusive brands and the ProDen PlaqueOff® brand for oral health for dogs and cats as the largest.



Net revenue
240 MSEK

Swedencare with its head office in Malmö and the company's products are currently sold in about 50 countries to veterinarians, pet stores and online via a distribution network containing eleven subsidiaries and an international network of retailers.

Swedencare's revenue have increased significantly over the last few years with strong margins and profits.



EBIT
60.3 MSEK
EBIT-MARGIN
25.1%



85
employees



ProDen PlaqueOff®
54%
of total sales
- 100% natural active ingredient



Highlights 2020

Q1

- » Despite Covid-19 impact, sales records were delivered
- » Marketing investment with recruitment of Global Marketing Manager
- » Exclusive agreement with pet food partner in Brazil
- » The UK doubles sales with Amazon compared to previous year

Q2

- » Acquisition of Stratford, a leading American company in animal health care products, and directed new share issue of 1.5 million shares
- » New CEO after strategic acquisition
- » Strong growth in online channels such as Amazon UK and Chewy
- » Received Gold Award for Best Dental Product for Dogs in Greece

Q3

- » Acquisition of Nutravet, a leading British animal health care company
- » Acquisition of the American animal health care company Animal Pharmaceuticals operations with a focus on the veterinary channel
- » New share issue of 2 million shares in connection with the acquisitions
- » Pandemic effects, which affected the first half of the year, deceive, strong quarter with 27% organic growth
- » Record quarter and month for most major external markets such as Australia, Brazil, Russia, South Korea, Japan and China

Q4

- » Ensures exclusive rights to raw materials for dental products for the North American and European markets
- » Signs agreement to acquire Holden2, an American e-commerce company in animal health care products and carries out a new share issue of 750 000 shares
- » ProDen PlaqueOff® CAT and Canagans Dental dry food, which contain ProDen PlaqueOff®, have been approved by VOHC

Our strenghts

Our strong brands

Our flagship ProDen PlaqueOff® launched about twenty years ago and since then the brand has consistently been built up with small but effective means. Today, ProDen PlaqueOff® has a high level of recognition and loyalty and is associated with quality and function. Animal Pharmaceuticals® was launched almost 20 years ago in the USA and is well known in the veterinary field and by its end customers. nutravet® is a clear market leader in the UK in innovative dietary supplement products for the veterinary channel and stands for innovation, quality, function, and a high level of service. Pet MD® is so far a pure online brand that together with VetWELL® is well known among pet owners in the US via primarily the platforms Amazon.com and Chewy.com. In addition to the above, the group has several other brands that are strong in various submarkets and which will also be introduced worldwide in the coming years, such as Stratford®, NutriScience® and Swedencare®.

Our products are the obvious choice for pet owners, specialist retailers and veterinarians in most markets worldwide.

Our wide availability

To meet different consumer needs and meet changing behaviors, we have chosen a wide go-to market strategy. Our high-quality products are sold in most markets in various channels - off- and online - such as veterinarians, pet retailers, pharmacies and in some cases even food chains.

Our many Brand Lovers and Ambassadors

The recognized efficiency of our products has resulted in many satisfied and returning customers - we help them in an efficient, natural, and simple way with their beloved pets. With small marketing efforts, we have been able to grow thanks to loyal customers who have continued to use our products and who in turn have recommended our products to others. Together with the growing popularity of social media, this word-of-mouth marketing has escalated to more and faster spread worldwide.

Our 100% natural & organic raw material

The raw material and active main ingredient in all our ProDen PlaqueOff® products are 100% natural and organic. For other product lines, we strive, where possible, to use only natural raw materials and develop products with that focus. Products with natural and organic ingredients have been a strong trend for a long time in human foods, and this trend can now also be seen in pet food. We have a product that is right for today and right for the future.

Our products help a common & big problem

One of our main strengths is the high and pure quality of our product which really gives effect and visible results, as long as the product is used. Swedencare is committed to offering only high-quality products with a documented effect. We always strive to obtain maximum effect, animal safety and to impact the environment as little as possible. When necessary, we conduct clinical studies to demonstrate effective results.

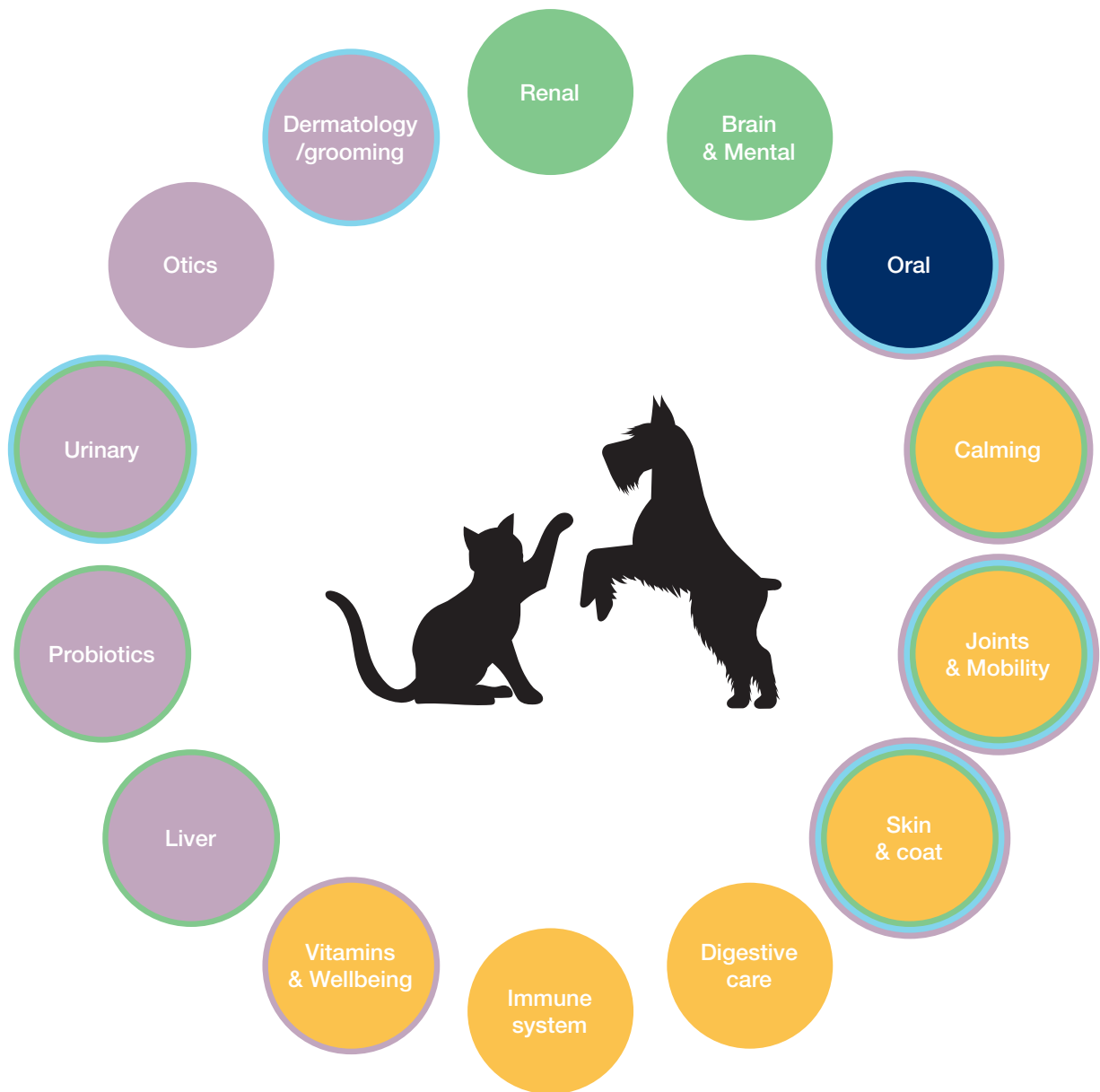
Our global partners and relationships

Swedencare and our products are found in over 50 countries globally thanks to a unique global distribution network with both our own sales offices and external partners. We work closely with our partners, both with brand building as well as sales and marketing support, which is appreciated by our partners and creates strong relationships and mutual trust.

Our high profitability & long-term goals

We operate in a market with high growth, a clear trend that is expected to continue, and increased demand for premium products. We have a strong financial foundation with high profitability which enables us to invest in further growth to achieve our long-term goals.

From pet oral health to animal

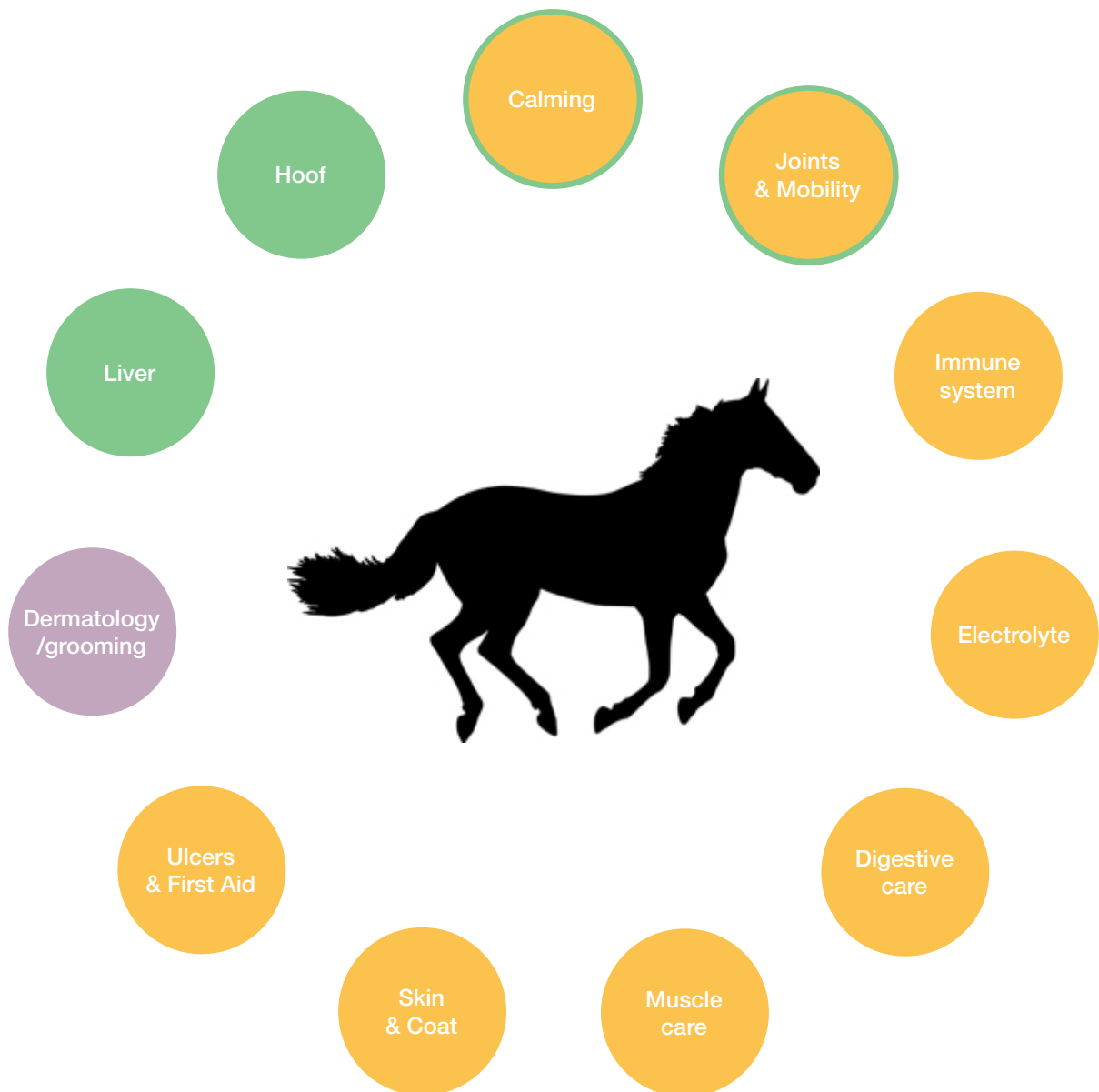


health company

ANIMAL
pharmaceuticals

nutravet[®]

Pet MD[®]



WILDBERRIES

OZON

petmdstore.com

Words from the CEO

2020 - a year of transformation and leveling up

Categorizing 2020 as a transformative year for Swedencare feels natural as it was an extremely intensive year with both strong organic growth and a year when we made four acquisitions that significantly change and strengthen the Group, we raised to a higher level. We have now created a unique organization consisting of growth-focused subsidiaries that we operate separately while their expertise and product portfolios are utilized throughout the group - we call it the global entrepreneurial spirit.

We had sales of 240 MSEK in 2020, an increase of 89%, of which organic growth amounted to 19%, a growth far above the market. The result showed an EBITDA of 70 MSEK, an increase of 80% and an EBITDA margin of 29%, this including acquisition costs of 5 MSEK.

Covid-19 was the biggest challenge of the year and we were already affected during Q1 but mainly during Q2 when it felt like the whole world stopped for a few months and there was uncertainty about how it would develop. As time went on, the market adapted and the shift from sales in physical stores/clinics to online sales took a dramatic development. For example, our online sales of ProDen PlaqueOff® in the UK have doubled to account for over 50% of our total sales in the UK for 2020. Although the pandemic is expected to subside in 2021, I do not think that online sales will be negatively affected, what happened was that the development took a step forward in three years, in just one year. New consumer groups that previously did not shop much online have now become accustomed to it and will probably continue to shop online if we are to believe the experts prediction.



This fact gives us energy in expanding our global and regional online venture. Our strategy is to continue to develop our presence and sales on the major platforms around the world such as Amazon, Chewy, Tmall, Ozone, Zooplus and Vetzoo to name a few. We will also expand our own D2C online sales in 2021 and have prepared our warehouses and logistics centers in Ireland and the USA for this. This also means that through, above all, marketing on social media, we will direct customer inquiries to our own web shops and in that way build a direct contact with pet owners around the world, a customer base that is expected to contribute to improved margins.

The digital way of working without physical meetings is of course also a factor that has played a role in some projects and customer contacts. As we are a flexible organization, we were quick to adapt and have not perceived it as a major problem. There have been several digital fairs, show rooms and more in addition to countless customer meetings with Teams and Zoom. That meetings are the same digitally as physically is probably an exaggeration, but this type of meeting is definitely here to stay, and the level of travel will probably not return to the same as before.

Our accelerating level of acquisitions during the year is a result of a long-term review of the market and individual companies and that our global distribution apparatus has attracted the attention of owners and contractors in companies with export ambitions.

We acquired **Stratford** on July 1st, 2020, and through this we got an important piece of the puzzle with an expanded product range and a direct sales channel to, above all, the American veterinary

market. Stratford has a fast-growing private label business focused on 10 000 veterinary clinics and online retailers. In addition to the above, we also got an organization and a management with the highest competence, experience and energy, something that has delivered excellent results.

We are careful to only acquire companies where the management is comfortable with Swedencare's working methods and that we have the same values culturally and commercially.

On September 1st, 2020, we completed two acquisitions simultaneously, the operations of **Animal Pharmaceuticals** in Florida and **Nutravet** in the UK. Both companies are focused on the veterinary market and have strong brands in the industry. The founders are still working and see Swedencare as the most suitable partner to be able to take the business to the next level. Both companies are also characterized by quality, high profitability, and growth together with excellent and long customer relationships.

The year ended with the announcement of our acquisition of **Holden2**, a pure online retailer with strong brands such as Pet MD® and VetWELL®. With Holden2, the group gained fantastic expertise that will be utilized in our global online venture. In line with what I described above, online will be the strongest growth engine in our group as we see a large potential for fast and profitable growth in this channel. We are at the beginning of our digital development and you can expect that we will grow faster than the market in this category.

When I write my *Words from the CEO* at the beginning of April 2021, we have just announced another acquisition in the United States. With **Rx Vitamins**, the presence in the American veterinary channel is further strengthened and our product portfolio is expanded with a strong brand and with the founder and owner, Craig Kisciras, we get a pioneer in the dietary supplement market that will contribute with a lot of competence and reputation in the industry.

From having focused on growth in products for pet oral health for many years, we have now strengthened Swedencare to have a very wide product range in most therapies, which will be launched worldwide. In general, the product mix will consist of three approximately equal main areas - Oral health, Dermatology and Supplements.

Our strengthening, in terms of products and sales channels, has also increased interest in us from the market, both for companies that are interested in joining the group and by many of the larger players approaching with a desire to be able to collaborate in different ways, we are taking big steps towards the ultimate goal of becoming the leading company in Pet Health Care globally. I look forward with confidence to various strategic discussions over the years to come.

Our new financial goals are as they should be, challenging and inspiring! The entire organization is now working focused to reach the 2 billion in sales in 2025. I am a lucky CEO who has a fantastic organization with so many talented employees who grow and develop day by day and whose efforts you can all read the results of in our reports. Entrepreneurship, speed, customer focus, personal responsibility, and the importance of all parts of an organization having to function are fundamental parts of my leadership, something that is shared by the entire organization.

2021 has begun at a furious pace with both customer projects and internal group projects. I am really looking forward to being able to travel the world again and meet all the new colleagues and customers around the world.

Håkan Lagerberg, CEO

Malmö April 7th 2021

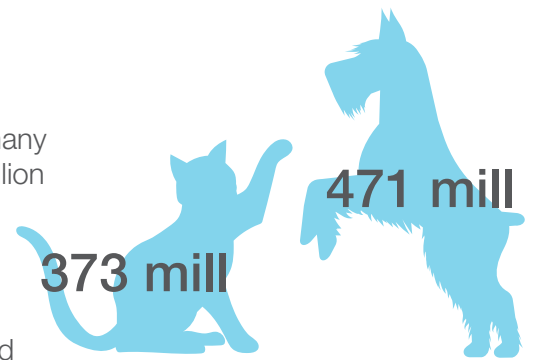
A handwritten signature in blue ink, appearing to read 'Håkan', with a long horizontal flourish extending to the right.

Market & Trends

The global pet market

Dogs and cats as pets in the world

It is difficult, if not impossible, to say with certainty exactly how many pets there are, but statistics show that there are just over 800 million dogs and cats kept as pets worldwide. Dogs are the most popular pet, but the number of cats is gaining ground and is growing faster than the number of dogs. The number of pets and households with pets has grown steadily for many years, a trend that accelerated with Covid-19 when companies switched to working from home, many were quarantined and spent more time at home. For many, it has been a stressful and lonely time and many consumers have therefore bought a pet as company. For aspiring pet owners, the extra time at home has meant an opportunity to have time to raise and take care of their new pet. In the US, 10% reported in December 2020 that they had acquired a new pet*, an increase of 3 percentage points compared to May when 7% stated that they had acquired a new pet. The number of newly registered dogs in Sweden increased by 14% in 2020 vs 2019 and in December the increase was as much as 40% compared with the year before.



The pet - a beloved member in the family

For many years, pet owners have spent more and more money on their pets, a result of the pet being increasingly considered a family member. In a study conducted by Euromonitor** in which more than 23 000 respondents in 40 countries participated, more than 70% agreed with the statement that the pet is a "beloved member of the family" and among the younger, 15-29 years, there were even more who agree. This generation has grown up seeing the pet as a family member in a different way than previous generations have. In the USA, Generation Z and Millennials state that they plan to spend almost twice as much on their pet as the "baby boomer" generation. In other words, the future of the industry looks very bright.

2020 was a tough year and it soon became clear that people turned to their pets for comfort during lockdowns and stay-at-home directives, which further increased the humanization of pets. According to Mintel***, 63% of pet owners stated as early as April that they spent more time with their pet, 38% that they had a stronger bond with their pet and 31% that they focus more on their pet's health after Covid-19 broke out.



* APPA; May to December 2020; >2 000; Both pet owners and non-pet owners were surveyed; Online survey

** Pet Food Processing; Article "Positives more than outweigh the negative impacts of Covid-19 in pet care"

*** Pet Food Industry and the article "Pet treats have plenty of room for growth in 2021"

Only the best is good enough

The increased demand for premium products, where natural and organic products are an important part, has been one of the biggest driving forces in the market. With the increased view of seeing pets more and more as family members, pet owners have also increased their knowledge and awareness of their pets' specific behaviors and needs. Pet owners are increasingly demanding food and products for their pets with the highest possible quality, and today it is believed that food and snacks for pets should maintain the same high standard as their own food, or higher. * In total, 40% of the respondents in a global survey stated that "quality" was the decisive factor in the choice of pet product. As many as 81% of pet owners worldwide agree "completely" or "somewhat" that they want to see the same quality standards for their pet food as for their own. Another very influential trend for pets is natural ingredients. This reflects the transition to "clean label" and the increasing number of customers who look at the ingredient list before they buy. More than half of pet owners (52%) state that "made with natural ingredients" on a product affects their likelihood of buying it.

Health for both me and my pet

Health will continue to be a top priority for people during and after the pandemic, something that has and will continue to spill over to pets. Sales of pet supplements increased by 21% in 2020, driven by consumer concerns about not only their own but also their pet's health and well-being in the wake of Covid-19 - compared to annual growth of 3-5% in previous years. Dietary supplements along with a focus on higher quality food, exercise and quality time are all part of a larger health movement and it is expected that pet owners will continue to spend money on premium products that contribute to a healthier life for their dogs and cats.



Sales of dietary supplements for pets increased by 21% in the US in 2020.

*<https://globalpets.community/article/consumer-trends-drive-pet-food-development-globally>



Trends



Health

Pet owners choose healthy food and want to know what ingredients the products contain. They read tables of contents to make sure they provide their pets with products with natural and nutritious ingredients and without unnecessary additives.



Treats

Pet owners give their pet treats 8-10 times a day. Treats will follow the same trend as food, i.e. they will focus more on health and well-being in the coming years as pet owners not only want to give their pet something that is tasty but also healthy. The interest in functional ingredients has increased in order to prevent rather than remedy various health conditions and the trend for functional treats for, for example, teeth, stomach, fur, joints is increasing as a result.



Direct-2-consumer

More and more manufacturers of pet products have increasingly switched to direct sales to their end customers.

Fun facts

- 81% of dog owners in the UK give their pets birthday presents or Christmas presents
- 44% would rather cuddle with their pet than with their partner
- 29% think that their pets are better at cuddling than their life partner
- 79% of pet owners say that their pets have helped them reduce stress and 73% believe that their lives have been given a new meaning
- More than half of pet owners state that they would rather spend time with their pet than with their partner
- Owning a dog reduces the risk of death from heart attack by 36%
- Studies on students have shown that petting a dog or cat for 10 minutes a day helps reduce cortisol levels in the body and thus stress
- Senior pet owners make 30% fewer hospital visits than peers without pets



*<https://petpedia.co/pet-statistics/>

The pet market in numbers

- Global Pet Care Market Size (2020) 232 billion USD
- Estimated average annual growth rate (2017-2021) 6.1% and (2020-2027) 7%
- The USA is the largest market with about 40% of the global market followed by Brazil, Germany, UK and France

Covid-19

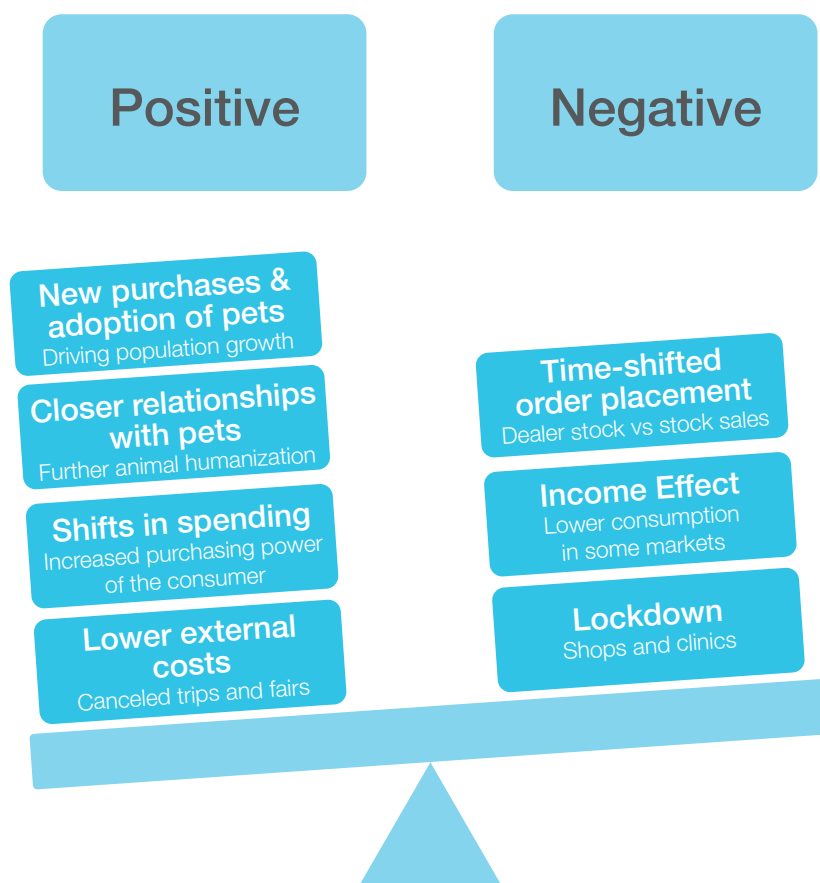
No one is left unaffected by Covid-19, but while the pandemic has had negative effects with transport and logistics as well as longer production and delivery times at most of our partners, something that has affected our sales to some extent, we have also seen positive effects.

The pandemic has, among other things, resulted in time delays in order placement, mainly during the first half of the year and most noticeably in China. The significant increase in online sales in 2020, affected by lockdowns, coincided well with our increased collaboration with Amazon UK and after the acquisition of Holden2, we now have a fantastic platform and competence pool for our continued focus on the online channel.

During the year, most trade fairs and events have been canceled and most meetings have taken place digitally - while we miss meeting our customers and partners, this has had a positive impact with lower costs, less environmental impact and time savings.

Our own production- and logistics center in Ireland was quick to reduce production during Q2 to comply with Irish Covid-19 restrictions but has been able to quickly adapt production to increasing demand. To reduce the risk of subcontracting and to meet the increased demand, we started our own production center in the USA for ProDen PlaqueOff® at the end of 2020.

2020 was a tough year and it soon became clear that people turned to their pets for comfort during lockdowns and stay-at-home directives, which further increased the humanization of pets. More and more people are spending more and more time with their pets, building strong bonds with the four-legged family members, and caring more about their health - so something good actually came out of the pandemic, both for the pets and their owners.



Production

At the end of 2020, we started a company in the US for our own production of ProDen PlaqueOff® powder. The production is in our new premises in Houston, Texas, a perfect logistical location considering that our Dental Bones are produced in Texas.

Production is expected to start at the beginning of Q2 2021 and we aim to produce at least 50% of ProDen PlaqueOff® powder for the North American market inhouse. Through our own production, we will both increase our margins and take control of the availability of finished products.

Our GMP + certified factory- and logistics center in Waterford Ireland continues to develop. Despite a year marked by the Covid-19 pandemic, production has continued without interruption with good growth.

Following the company acquisitions in 2020, the Group has a significantly larger product portfolio. A number of internal projects are underway to channel more and more of the production to our own facility in Ireland, one example being the production of dermatology products. The factory still has the capacity to shift up and adapt production to our needs.

During the year, the work to streamline logistics, online shopping and raw material purchases has meant an increased concentration in our Irish facility, which has resulted in lower transport costs and less environmental impact. In addition, there is an ongoing sustainability work to review more environmentally friendly packages and packaging.

We have a close dialogue with regulatory authorities as our products are sold in an increasing number of markets. Among other things, we are the first Ireland-based company under Pet Food Supplements to apply for registration with the Chinese authorities. We have undergone a number of approved reviews and are awaiting notification of permits in 2021. During the year, projects to extend the best-before date on selected products were also implemented.

Additional investment in the Waterford factory- and logistics center to increase the efficiency of ProDen PlaqueOff® production is planned for 2021, which will increase the throughput rate by 23% to meet the sharply increasing demand for the product.



Ongoing testing of the label machine



SWEDENCARE

ProDen SUPPORTS NORMAL AND HEALTHY TEETH, GUMS AND BREATH ODOR

PlaqueOff®

Pulver

EFFEKTIV MOT DÄLIG
ANDERÄKT, TANDSTEN
OCH PLACK

TEHOKAS PAHANHAUJISTA
HENKITYSTÄ, HAMMA-
KIVETÄ JA PLAKKIA VASTAAN

Recommended by vets  for good oral health

We are present worldwide

Today, our products are sold in more than 50 countries and we have customers on all continents.

The North American pet market

- » The world's largest pet market
- » 67% of all households or 85 million families have at least one pet
- » There are 161 million dogs and cats as pets
- » 104 billion USD spent by pet owners on their pets in 2020 (+ 4.3 billion USD compared to 2019)
- » One spend an average of 1 200 USD a year on your dog
- » The most common breed is the Labrador Retriever

The South American pet market

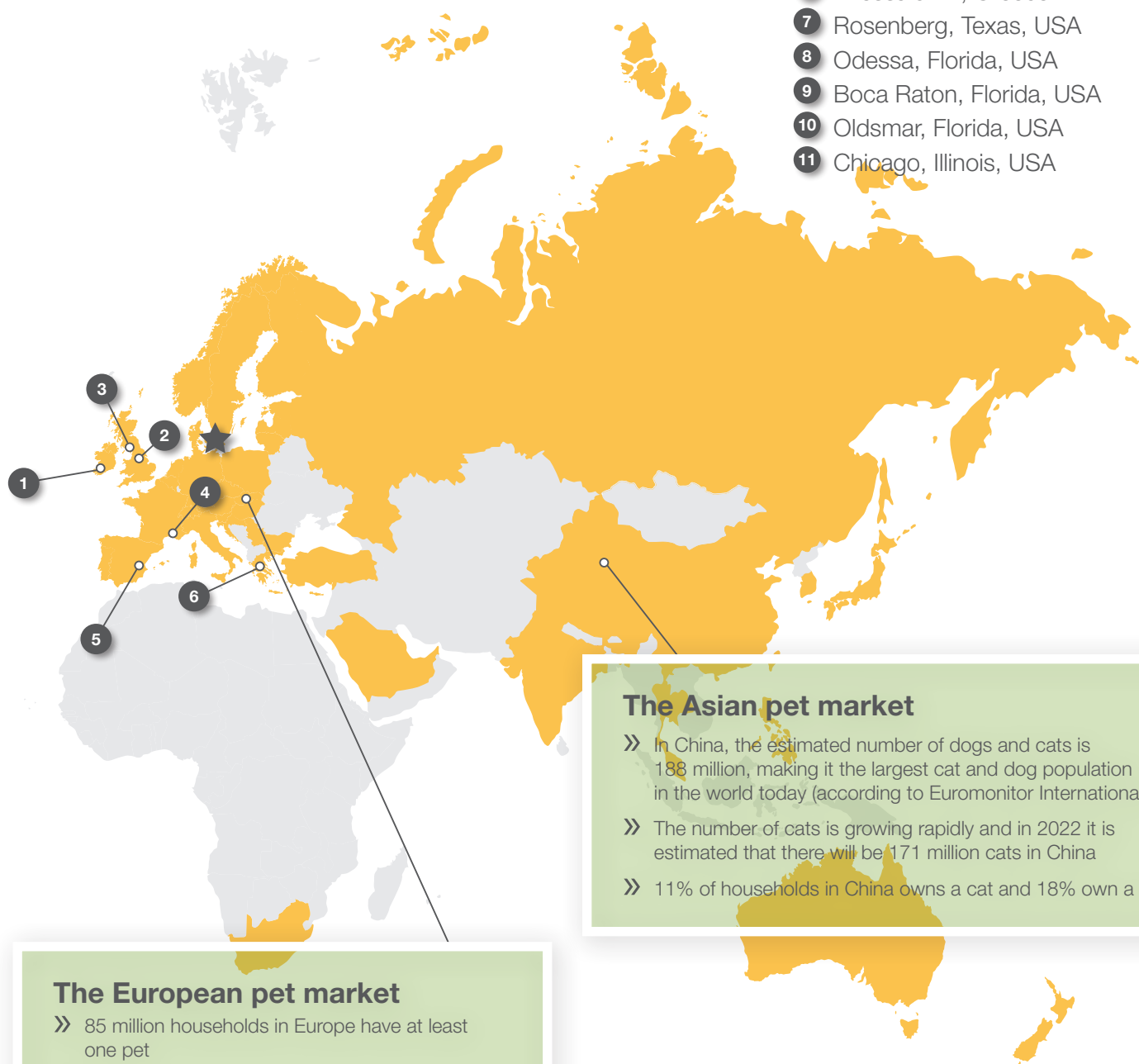
- » Brazil is the largest pet market in South America with over 140 million pets, of which 80 million are dogs and cats
- » Dog is the favorite pet followed by birds and cat as number three
- » The Brazilian pet care market accounts for 5% of the global
- » One spend an average of 339 BRL (equivalent to 515 SEK or 62 USD) per month on ones dog



SWEDENCARE

Offices

- ★ Malmö, Sweden - Head Office
- 1 Waterford, Ireland
- 2 Leeds, UK
- 3 Bolton, UK
- 4 Purget-sur-Argens, France
- 5 Barcelona, Spain
- 6 Thessaloniki, Greece
- 7 Rosenberg, Texas, USA
- 8 Odessa, Florida, USA
- 9 Boca Raton, Florida, USA
- 10 Oldsmar, Florida, USA
- 11 Chicago, Illinois, USA



The European pet market

- » 85 million households in Europe have at least one pet
- » There are 87.5 million dogs and 106.4 million cats as pets in Europe
- » Russia has the largest dog and cat population in Europe with 22.8 million cats and 16.8 million dogs, respectively
- » In the UK, people spend an average of 93 USD a year on pet care products, the highest in Europe

The Asian pet market

- » In China, the estimated number of dogs and cats is 188 million, making it the largest cat and dog population in the world today (according to Euromonitor International)
- » The number of cats is growing rapidly and in 2022 it is estimated that there will be 171 million cats in China
- » 11% of households in China owns a cat and 18% own a dog

 Our presence

We are present worldwide

Our brands

ProDen PlaqueOff® - a loving breath throughout life

ProDen PlaqueOff®

To share a wet kiss with your loving pet is a happy moment! ProDen PlaqueOff® is a natural dental product for dogs and cats that helps maintain fresh breath and clean teeth - from puppies and kittens to senior pets - in a safe and easy way.

- ✓ Reducing plaque
- ✓ Preventing tartar
- ✓ Treating bad breath



ProDen PlaqueOff® is the original developed by dentist Sune Wikner. He discovered a link between a specific algae, which one of his patients ate regularly, and significantly improved oral and dental health. The active ingredient A.N. ProDen™ is a 100% organic and natural algae, sustainably harvested in the cold, clean waters off the Scandinavian coastline. It undergoes a uniquely developed process to maintain the highest quality and maximum effect, which makes it safe and healthy for your pet.



Natural



Efficient



Easy



Clinically proven

Daily dental care with ProDen PlaqueOff® reduces problems and pain in the future, as well as treating bad breath today. With their flexible application methods, our product is easy to use - just sprinkle the powder over the food, give a Bites as a treat after you have played or reward your pet with a Bones to relax with.

This is how ProDen PlaqueOff® works

ProDen PlaqueOff® is unique since it works naturally with the animal's body. Its clinically proven process improves oral health by creating an effect that dissolves existing tartar and prevents new build up. The results - visibly whiter, cleaner teeth and fresher breath - are usually seen within 3-8 weeks, with continued use.



Bestsellers

Within each product type



ProDen PlaqueOff® Dental Care Bones

ProDen PlaqueOff® Dental Care Bones is the only chewing bone on the market that contains the 100% natural and clinically proven algae ingredient. Dental Care Bones help oral problems with double action - A.N ProDen™ works through the animal's body where it dissolves existing tartar and prevents new plaque from forming. The bone's unique shape and abrasive action helps to remove plaque and tartar, helping freshen breath. They also contain omega 3 and 6 fatty acids and antioxidants that support immune health. The Veggie flavor is made out of a vegan recipe and is the perfect reward for your dog to relax with. The product is also available in four other flavors and Mini Bones for smaller dogs. The product is also available in four other flavors and Mini Bones for smaller dogs.



ProDen PlaqueOff® Dental Bites

Our Dental Bites are the perfect treats for the health- conscious pet owner. The Dental Bites contain the 100% natural and organic kelp ingredient A.N ProDen™ shown in clinically trials to reduce plaque, tartar and to improve bad breath. With no added sugar, artificial preservatives or colouring they make a healthy and tasty reward when you have fun together! Dental Bites is also available for cats.



ProDen PlaqueOff® Powder

ProDen PlaqueOff® Powder is your 100% natural and easy solution to pet oral problems - just sprinkle the powder once a day on dry or wet food to reduce problems and pain in the future, as well as treating bad breath today. ProDen PlaqueOff® Powder is approved by the VOHC (Veterinary Oral Health Council)* and are available for both dogs and cats.

Product launches 2020

ProDen PlaqueOff® Soft Chews

ProDen PlaqueOff® Soft Chews are small, soft, and tasty chews for dogs and cats containing our 100% natural and active algae harvested off the Scandinavian coastline. Soft Chews help preventing tartar and treating bad breath. Available in packs of 30 and 60 chews.

Launched by Stratford Care USA: Nov 2020



Soft Chews

NutriScience - premium products for animals

NutriScience is a leading brand with high-quality and reliable dietary supplements with well-proven health benefits for dogs, cats, and horses. From being a brand that was only sold to veterinarians, the products are now also available in the fast-growing sales channels pet retail and directly to consumers. The products aimed at dogs and cats cover several areas of therapy such as skin and coat, stomach, anti-stress, joints and mobility as well as other age-related symptoms.

Dietary supplements for dogs: We care about your dog's health. We are driven by maintaining a high standard to achieve the best quality in our range to produce the absolute best for your pet. After all, the dog is the man's best friend who only deserves the best!

Dietary supplements for cats: We understand cat care. Our range of supplements for cats are specially designed to be tasty and effective to ensure that your cat gets what it needs and likes.

Dietary supplements for horses: NutriScience supplements for high-performing horses are specially formulated. Our supplements help with problems such as joint and mobility, wounds, stomach, muscle recovery and calming.

Product launches 2020

NutriScience Farriers Choice

Farriers Choice is a feed supplement that helps build the horse's hoof wall. Farriers Choice contains a unique combination of substances and minerals that form the building blocks for the hoof wall and support the production of keratin. Farriers Choice also contains the alga *Ascophyllum Nodosum* which is rich in iodine, which counteracts the lack of iodine in feed, and which affects hair, skin and hooves.

Launched in:

Germany:	September 2020
Slovakia/Czech Republic:	November 2020
UK:	February 2021



Bestsellers



ArthriAid Equine

ArthriAid is a food supplement with glucosamine, MSM, HA and chondroitin for horses that helps the horse's joints and mobility. Glucosamine and chondroitin help the body's natural production of cartilage. ArthriAid also contains Omega 3 and 6, which are important for the joints.



NutriScience GastroCare Equine

GastroCare is a scientifically developed product for treating mild to moderate stomach ulcers by neutralizing and binding the stomach acid. GastroCare contains Glutamine which protects the gastric mucosa and is an important amino acid for the cells in the stomach and intestines.



ArthriAid for dog and cat

ArthriAid is a pet food supplement for dogs and cats that helps joints and mobility. ArthriAid contains, among other things, glucosamine, and chondroitin, which help the body's natural production of cartilage, as well as Omega 3 and 6, which are important for the joints.

nutravet[®]

Nutravet - the natural choice for Pet Health Care

Nutravet develop a range of natural nutritional supplements for Pet Health Care that are sold directly and exclusively to veterinary clinics and animal hospitals. Established in 2008, Nutravet supports animal welfare by offering a wide range of products that help support the well-being of dogs, cats and horses.

The key to the success of Nutravet's growth has been its focus and dedication to supporting veterinary practices while providing market-leading products that are pure, ethical and scientifically proven. Nutravet produce supplements for a range of health conditions including their bestselling products for joints and mobility, digestive upset and stress.

Product launches 2020

In 2020, an updated formula for nutraquin was introduced, **nutraquin+**[®], which provides prophylactic support to maintain healthy joints as well as a successful launch of **nutraren**[®] and **nutramarin+**[®].



nutraquin+

A fast-acting (4-7 days) product for the joints, which contains ingredients of the highest quality and with the added benefits of Boswellia, a plant extract that plays an important role in maintaining a smooth and comfortable joint movement. For dogs.

Launched: October 2020



nutraren

nutraren's combination of natural ingredients such as omega-3 from fish oil, calcium, chitosan from Icelandic shrimp and vitamin E helps kidney function, binds toxins in the intestine and supports the animal's quality of life.

Launched: August 2020



nutramarin+

nutramarin+ is used to maintain a healthy liver and when additional help is needed to naturally cleanse the liver, for example when using medications. It combines a unique formulation of SAME, Silybin and turmeric extract that naturally supports and maintains a healthy liver function in pets.

Launched: October 2020

Bestsellers



nutraquin+®

A fast-acting product for the joints, which contains ingredients of the highest quality and with the added benefits of Boswellia, a plant extract that plays an important role in maintaining a smooth and comfortable joint movement. For dogs.



nutracalm®

nutracalm® is a fast-acting natural sedative supplement for dogs, cats and horses. nutracalm® has been specially formulated by veterinarians with a unique combination of natural ingredients to soothe troubled pets.



nutrabio®

Fast-acting probiotic paste for sensitive stomachs in dogs and cats. nutrabio® contains a composition of probiotic bacteria, prebiotics, sweet basil and kaolin that together help to normalize digestive function.



Stratford Animal Health is a leading American company in animal health care products for the veterinarian industry. The company's product line, which is sold exclusively through licensed veterinarians, consists of a complete range of dermatological products, pet health supplements in dosage form and pet food supplements such as medical and soap-free shampoos, ear cleansing and drying solutions, medical flushes, fatty acids, and glucosamine supplements. Stratford Animal Health supplements are manufactured with advanced and patented technology for unique distribution and absorption. All products are manufactured in accordance with cGMP (current good manufacturing practice) and are available at over 10 000 veterinary clinics.

Stratford Animal Health supplements proudly display the NASC (National Animal Supplement Council) seal. Products with NASC's quality seal meet or exceed the stringent manufacturing and labeling guidelines applicable to the animal health industry. The seal is a way for consumers to know that when they buy a product, they buy from reputable company that has successfully completed a detailed and extensive facility audit.

Bestsellers

1



Keto-C® Spray Keto-C® Wipes

Keto-C Spray is an alcohol-free and antiseptic spray against bacteria and skin problems such as yeast, ringworm, and other dermatological disorders against which the ingredients are active. Keto-C controls irritation with a wonderful scent of melon and cucumber. Keto-C Wipes are used on superficial wounds or insect bites to dry and wash off.

2



Product launches -

1

Ear Cleaning Advanced Wipes

An alcohol-free and mild formula to clean the ears and remove odors without irritating, stinging or burning.

Launched: Jan 2020



3

Omega-3 Fatty Acid Soft Chews

Sometimes we do not get all the nutrients that our bodies need from the food we eat, and it is no different for dogs - that is why we have created Omega-3 Fatty Acid Chews with fish oil for dogs - rich in the fatty acids EPA and DHA. Omega 3 Fatty Acids Chews also provide a daily dose of vitamin E and can easily be given as sweets or in food.



4

Keto-C®-Tris Flush

An antiseptic solution for mild cleansing and rinsing of ears and skin. Contains ketoconazole for the treatment of fungi.



2020

2

Hydrocortisone Spray

Hydrocortisone Spray provides quick relief from skin irritations caused by bites and other skin conditions. Reduces inflammation, swelling, itching and redness and prevents continued itching, tearing and biting.

Launched: Dec 2020



Animal Pharmaceuticals, founded in 2003, was the first company and brand to create Pet Health Care products in the United States using popular fragrances and nutritional ingredients that were originally designed for humans.

The company has a complete product line of medical and soap-free shampoos, general ear cleansing and drying solutions, medicated flushes, fatty acid and glucosamine supplements. In a short time, Animal Pharmaceuticals has introduced new products, systems and technologies that have changed the veterinary industry.

In 2018, Animal Pharmaceuticals launched CBD-based soft chews for dogs, a product that quickly became a bestseller. All products are manufactured in accordance with cGMP (current good manufacturing practice) and are available at over 10 000 veterinary clinics.

Bestsellers

1

Pharmaseb Shampoo

When your cat, dog or horse suffers from dermatitis or other skin infection, Pharmaseb Shampoo relieves symptoms and helps the animal stay comfortable. Pharmaseb Shampoo fights fungi and bacteria without drying out the skin and can be used on the whole body, making it perfect for general infections or to prevent a local infection from spreading further.



Product launches

1



2

Krilllex Shed-Free

Krill Oil Shed-Free Soft Chews contain oil from 100% pure Antarctic krill, small crustaceans that thrive in the cool waters of Antarctica. Krilllex Shed Free is an excellent way to prevent a lack of fatty acids in your pet's diet and promotes healthy fur and skin in dogs and cats.



3

Aloe & Oatmeal Cucumber Melon Shampoo

Aloe & Oatmeal Cucumber Melon Shampoo is a soap-free, pH-balanced shampoo for dogs, cats and horses of all ages. The shampoo keeps the skin and coat fresh and combines the soothing power of oatmeal and the healing essence of aloe vera. Suitable for sensitive skin and with a pleasant scent of cucumber and melon.



Scent: Cucumber and melon.

s - 2020

Sanitizing Wipes

Disinfects hair and skin without staining or drying out the skin. Contains 62% ethanol to effectively fight bacteria and viruses, including human coronavirus Covid-19. For use on humans and surfaces.

Launched: May 2020

2



Sanitizing Spray

Disinfects hair and skin without staining or drying out the skin. Contains 62% ethanol to effectively fight bacteria and viruses, including human coronavirus Covid-19. For use on humans and surfaces.

Launched: May 2020

Pet MD[®]

A Trusted Name in Pet Health Since 2002.

Pet MD[®] is a leading brand of Pet Health Care products for the online market. Pet MDs[®] product line contains supplements, vitamins, dental care, ear cleaners, pilling agents and dermatologicals.

Pet MD[®] is sold through a variety of direct to consumer platforms, including PetMDStore.com, Amazon and Chewy. The products are formulated by veterinarians, independently lab tested for quality assurance, and made in the USA. Pet MD[®] customer base is over a million strong and growing.

Bestsellers

1. EAR WIPES

Ear pads with soothing ingredients designed by veterinarians to make it easier and more comfortable to clean your pet's ears. The soft napkins are pre-soaked in an advanced veterinary formula that cleans the ears and leaves a pleasant scent. Regular use eliminates dirt and excess wax to prevent bacteria from building up and ward off ear infections.



Product launches - 2020

DENTAL WIPES

Wipe tartar and plaque with these pre-soaked fresh apple and mint flavored wipes, all while leaving your dog's breath fresh and clean.

Launched: June 2020

WRAP-A-PILL CHEESE & BACON

Wrap-A-Pill is designed to package (hide) your pet's medicine or supplements and to turn an unpleasant experience into a rewarding experience for both you and your pet. Your pet will think they are getting a candy!

Launched: August 2020



2. CHLORHEXIDINE WIPES

An antiseptic and antifungal solution for the local management of bacterial skin problems and skin problems caused by fungi in dogs and cats. Helps eliminate the most common bacteria and yeast associated with skin problems.



3. HYDROCORTISONE 1% SPRAY

Provides rapid relief from itching caused by fleas, insect bites, dermatitis and other minor skin irritations. The non-scorching formula is free of odors and dyes that can cause further irritation. Helps reduce inflammation and redness which breaks the circle of biting and tearing.



SALMON OMEGA BITES

Delicious soft chews that help limit itching, tearing and biting due to dry flaky skin, allergies and other skin conditions. Provides a high quality source of DHA and EPA, as well as Omega-3 and Omega-6 fatty acids to support healthy skin and a shiny coat.

Launched: May 2020

Scientific basis

We develop products through known science and research where we collaborate with external professors in animal health.

Swedencare has over the years had several clinical studies performed on the flagship product ProDen PlaqueOff®. In 2020, two studies were performed for ProDen PlaqueOff® CAT. The studies came back with successful results with a significant reduction in plaque and tartar. With the results of the studies, the product has received the right to apply the VOHC seal. VOHC (Veterinary Oral Health Council) is an international organization with high scientific requirements before they award the rights to use their labeling. All studies showed efficacy far above VOHC's requirements.



During the year, studies were also performed on Canagan's dry food, which contains ProDen PlaqueOff®. The results from these studies have formed the basis for the approval of VOHC that the feed has received, which means that the product is considered to prevent the formation of plaque and tartar.

Previous studies have been performed for ProDen PlaqueOff® Dental Bites and ProDen PlaqueOff® Powder, both with successful results and we have received the right to use the VOHC seal on both products.



This is the fourth ProDen PlaqueOff® product, and the first dry pet food product with the ingredient, awarded the VOHC certification! With solid scientific documentation, this continues to confirm the effectiveness of our products. Of course, it is also exceptionally good 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. I am convinced that this recognition also will have a major impact on sales of Canagan's Dental product line, which has already been successful.

says Håkan Lagerberg, CEO Swedencare.

INFLUENCE OF PRODEN PLAQUEOFF® POWDER WITH ASCOPHYLLUM NODOSUM ON ORAL HEALTH IN DOGS. A DOUBLE-BLIND, PLACEBO CONTROLLED, RANDOMIZED STUDIES.

Gawor Jerzy, Klinika Aski Kraków, Poland - **Michał Janik,** Division of Pharmacology and Toxicology Faculty of Veterinary Medicine, Warsaw University of Life Sciences, Poland - **Katarzyna Jedkowska,** Faculty of Veterinary Medicine, Warsaw University of Life Sciences, Poland - **Emilia Klim,** Klinika Putawska Warszawa, Poland - **Ulla K Svensson,** UKS Life Science Consulting AB, Lund, Sweden

Objective
To determine the influence of the product ProDen PlaqueOff® Powder containing the brown alga *Ascophyllum nodosum* on plaque, dental calculus accumulation and gingival bleeding index in dogs.

Materials and Methods
Product: ProDen PlaqueOff® Powder containing the alga *Ascophyllum nodosum*.
Placebo: Powder without the alga consisting of microcrystalline cellulose.
Type of studies: Two double blind, placebo controlled, randomized, uni-center studies.
Clinical endpoints: Plaque index, calculus index and gingival bleeding index.
Safety parameters: Weight, general appearance, blood tests.
Dogs included: 60 dogs, 30 dogs in each study, male and females (Jack Russell Terrier, Cavalier King Charles Spaniel, Miniature schaucaus, Japanese Chin, Welsh Corgi, Chihuahua, Yorkshire terrier and mixed breeds). **Intervention duration:** 30 days. **Model:** Clean mouth model. **Analyses:** Outcome for all endpoints were analysed after 30 days.

Results
After 30 days of oral administration, ProDen PlaqueOff® Powder significantly reduced the accumulation of plaque and calculus as well as reduced the gingival bleeding index. The mean reduction was 32% (plaque index), 35% (calculus index) and 67% (gingival bleeding index). P2 was PlaqueOff and P1 was placebo.

Figure 1
Influence of ProDen PlaqueOff® on plaque, calculus and gingival bleeding, results from study 2

Conclusion
In both conducted studies, ProDen PlaqueOff® Powder containing *Ascophyllum nodosum* efficiently and significantly decreased plaque and calculus accumulation as well as gingival bleeding. Based on the results of these studies product ProDen PlaqueOff® Powder was awarded by VOHC approval.

ProDen PlaqueOff

Table 1

	Plaque index (mean ± SD)	Calculus score (mean ± SD)	Gingival bleeding index (mean ± SD)
P1 Group	2.207 ± 0.587	0.8778 ± 0.2414	0.3852 ± 0.2417
P2 Group	1.480 ± 0.2858	0.6259 ± 0.2083	0.1025 ± 0.1712
Statistical test	Parametric, not paired t-test	Parametric, not paired t-test	Parametric, not paired t-test
Statistical significance (p-value)	YES 0.0020	YES 0.0411	YES 0.0026
Difference between P2 vs. P1 in %	32%	28%	59%

Table 2

	Plaque index (mean ± SD)	Calculus score (mean ± SD)	Gingival bleeding index (mean ± SD)
P1 Group	2.206 ± 0.5936	0.8815 ± 0.2389	0.4111 ± 0.2347
P2 Group	1.480 ± 0.4058	0.5924 ± 0.2059	0.1027 ± 0.1529
Statistical test	Parametric, not paired t-test	Parametric, not paired t-test	Parametric, not paired t-test
Statistical significance (p-value)	YES 0.0108	YES 0.0444	YES 0.0007
Difference between P2 vs. P1 in %	31%	42%	74%

Strategic decisions 2020

Stratford

– Acquisition of leading American Pet Health Care company

The agreement was signed June 24th and on July 1st, 100% of Stratford Pharmaceuticals' operations were acquired by Stratford Care USA inc., a subsidiary of Swedencare, and thus became part of Swedencare. The purchase price amounted to 17 MUSD, approximately 158 MSEK, and was partly financed with a directed new share issue of 1.5 million shares and with an acquisition credit of 50 MSEK. We have had contact with CEO Brian Nugent for several years and the company has been on our wish list for a long time.

Stratford has been active in the US veterinary market since 2011. The company has a broad self-developed product portfolio of dietary supplements in several therapy areas, including skin and coat, joints and gastrointestinal for dogs and cats.

Sales are made through a multi-channel strategy to more than 10 000 veterinary clinics and pet hospitals in the USA, 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 offers 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.

Stratford Care USA has a highly competent and experienced management team led by the CEO, Brian Nugent (Founder) and Nicole Ladue (Vice President), who have built the business to become a leading actor in the veterinary market in USA with its 20 employees.

Through the acquisition, Swedencare strengthened its presence in the USA, the world's largest market for pets, and significantly expanded its product range. With Stratford, Swedencare can reach a large number of new customers in the veterinary channel, which complements our existing distribution.

Swedencare identifies several synergies in logistics and administration between the subsidiaries in the USA and in sales and marketing in general between Stratford Care USA and the Group's subsidiaries in various markets.

The acquired business's revenue in 2019 is approximately 7.6 MUSD with an EBITDA profit of approximately 1.6 MUSD, corresponding to an EBITDA margin of 21%. Sales increased by 38% in 2020 to approximately 10.5 MUSD, while EBITDA increased by 14% to approximately 1.8 MUSD. Approximately 5.7 MUSD of sales and 1 MUSD in EBITDA was included in Swedencare's financials in 2020.



Nutravet

– Acquisition of leading British Pet Health Care company

The agreement was signed September 24th and on October 1st 100% of Nutravet (UK) Limited was acquired. 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 non-cash issue 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. In 2017, a collaboration was initiated with Europe's leading veterinary chain, IVC, which has a large network of clinics and animal hospitals in 11 countries. Until now, the collaboration has been including clinics in the UK but will be expanded in 2021 to apply to the chain's other markets. The product portfolio, which is self-developed, covers most therapy areas except dental products, here Swedencare's ProDen PlaqueOff® as an ingredient in a completely new format will complement the customer offering.

Early synergies, in addition to product collaborations, are logistics and administration, where our Irish production and logistics center has already started working with Nutravet to avoid some administrative costs due to Brexit for trade and transport between the UK and the EU.

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.

nutravet®

Animal Pharm

– Acquisition of American business with veterinary focus

The agreement was signed September 24th and on October 1st 100% of Animal Pharmaceuticals® business were acquired through a newly started 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 non-cash issue 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 a number of therapy areas where dermatology and skin and coat products account for just under 60%.

Through the acquisition, we further strengthened our presence in the United States, the world's largest market for pets, and significantly expanded our product range. Together with Stratford, Swedencare now reaches the three leading veterinary distributors on the American market.

In the short term, synergies in sales and marketing can be achieved through various group companies. Animal Pharm will benefit from synergies in logistics, finance, administration, and sales through Stratford Care USA. In the longer term, synergies are expected in connection with marketing and sales of Animal Pharm's product portfolios and concepts in Swedencare's international distribution network.

Online sales via Amazon and Chewy are new sales channels which will be introduced during the first half of 2021. At the same time, they will launch an updated version of its veterinary exclusive product line Animal Pharm 2.0 to its loyal veterinary customers.

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.





Holden2

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

The agreement was signed on December 16th and on January 1st, 2021, 100% of Holden2 LLC was acquired. The purchase price, which amounted to 21 MUSD, was paid through a cash payment of approximately 122 MSEK and a non-cash issue of 199 732 shares in Swedencare.

Through the acquisition, Swedencare will add two strong online-only brands, 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.

Holden2, 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.

The company will continue to be led by Stephen Watters and Edward Holden, who will also become major shareholders in Swedencare. The company has a total of 8 employees.

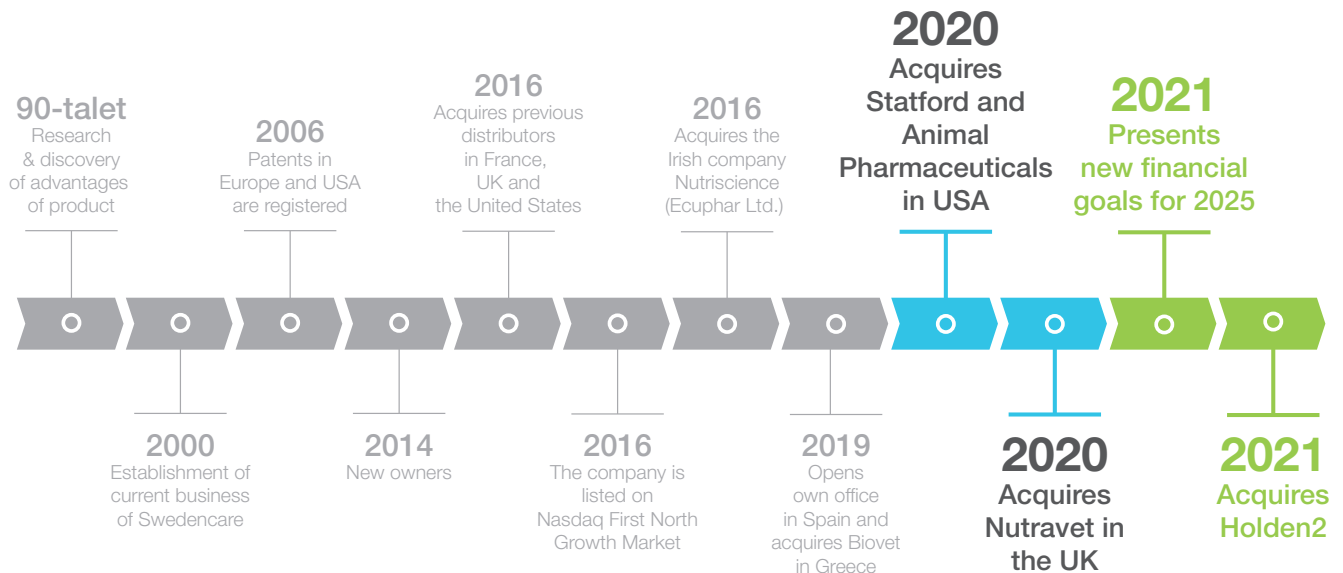
In the short term, synergies in sales and marketing can be achieved partly through Swedencare's product family ProDen PlaqueOff®, which complements Holden2's product offerings, and partly through its experience in online trading and then mainly on the major platforms Amazon and Chewy.com. Swedencare also expects that Holden2 will quickly benefit from synergies in logistics through cooperation with our other subsidiaries in the USA. Already in 2021, Pet MD® will be launched on Amazon UK and other parts of Europe, followed by other markets, primarily in Asia.

The acquired business's revenue in 2019 is approximately 9.3 MUSD with an EBITDA of approximately 1.5 MUSD, corresponding to an EBITDA margin of 17%. Sales increased by 93% in 2020 to approximately 17.9 MUSD while EBITDA increased by 88% to approximately 2.9 MUSD, corresponding to an EBITDA margin of 16%. When the company was acquired on January 1st, 2021, Swedencare's accounts were not affected by the acquisition during the past year.

Holden²

Swedencare

- history and current situation



Swedencare 2020

Swedencare is today an entrepreneurial and fast-growing Pet Health Care company with a number of strong brands and a global presence. We are growing from a platform with 11 sales and marketing offices and two own production facilities as well as distributors and partners in over 50 countries.

For many years, we built the business around our product family in dental health, ProDen PlaqueOff®. With ProDen PlaqueOff®'s strong brand and long market presence, we have succeeded in building a global distribution network on all continents, this in a fragmented and very local-based market.

In 2019, work began on broadening the product portfolio while at the same time as we wanted to increase our presence in the veterinary and digital sales channels. We laid the foundation for an active acquisition strategy, which in 2020 resulted in the acquisition of four prominent companies with several strong brands - Stratford®, Animal Pharmaceuticals®, nutravet® and Pet MD®. The acquisitions also significantly strengthened our presence in the veterinary and digital channels, respectively.

When we enter 2021, we will do so with a broad product offering in a variety of therapy areas for Dog, Cat and Horse, we do it globally and in all sales channels - now we are ready for the next step in our development towards becoming the leading Pet Health Care company globally.

The starting position described with pro forma figures

Swedencare, including pro forma 2020 for acquired companies and for Holden2, has a revenue of 527 MSEK and EBITDA of 144 MSEK.

Strategies for continued growth

Target, focus areas and strategies 2021-2025

Target 2025

In connection with the year-end report on February 18, 2021, we communicated our **new financial target which is to reach a revenue of 2 BSEK and an operating (EBIT) margin exceeding 30% by 2025.**

The goals will mainly be achieved through continued high organic growth, but the ambition is to continue to strengthen the company and the customer offer through acquisitions.

Focus areas

1 Develop and improve the product portfolio

The work of developing and strengthening the product portfolio remains a high priority. This is partly to utilize and strengthen Swedencare's brand as a reliable actor in the premium segment, and partly to utilize the company's efficient global sales organization.

2 Marketing efforts

Here, we work based on a long-term marketing plan to support and strengthen our brands, strong focus is placed online and with an ambition to also increase sales directly to consumers.

3 Acquisitions

Swedencare will continue to be an active part in the ongoing industry consolidation. Future acquisitions are analyzed based on our criteria that they should be similar to us in terms of entrepreneurship, growth and profitability.

Strategy

The focus areas are supported by strategic work with the various parts of the value chain, which can be briefly summarized as below.

A growing product portfolio

In addition to ProDen PlaqueOff®, which today is considered a leading dental product for pets in many markets, in China, for example, the product is already ranked as the market leader, Swedencare now has several strong brands and product offerings. A common thread through our business is that we only offer high-quality products in the premium segment. Pet owners today are a very conscious customer group with high quality requirements, which is why growth in the premium segment is remarkably high.

Our products have a documented effect, and our end customers see a noticeable difference after just a few weeks of use for most of our products, something that generates repurchases and a high level of loyalty - we have many "brand lovers" who love our brands and our products.

The product portfolio will be developed through further development of our existing product families, own development of new products and acquisitions of complementary products. One example of further development is the product family ProDen PlaqueOff® with Powder, Dental Bites, Dental Bones and as an ingredient in feed which is constantly developed through new taste options, product sizes and alternative forms of distribution.

Another example is the work together with pet food producers that continues to develop. The pet food market, the largest sub-market in the pet industry, has in recent years developed towards a rapidly increasing share of premium pet food with nutritious content and preferably with health effects. In the supplement industry, the dental therapy area is a leader in terms of size, which is why the combination of premium pet food and supplements for better dental health is a sought-after combination.

Here we see more future collaborations both for ProDen PlaqueOff® and for our new brands with proven health effects.

Increased marketing efforts

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

As part of achieving our vision, the marketing efforts will therefore focus on reaching more pet owners by increasing awareness of our various brands with end customers and on creating test purchases to recruit new customers who will eventually become loyal customers.

An important part of this work is the continued development of global platforms and strategies to create greater clarity and uniformity around our brands. We work in our own social channels and digital platforms to reach the end customer and establish a close relationship with them and to meet and be seen in contexts and discussions where they are. We also work to develop our digital platforms to meet the needs of our B2B customers even better.

A global sales organization

Swedencare's global sales organization has been significantly strengthened in 2020 through the acquisitions that were made. Today, we have our own sales force in Europe (7 offices) and North America (4 offices) and resellers in several markets in Europe, Asia, Australia, and South America. In total, we reach consumers in over 50 markets and we are represented on all continents. To meet all consumer needs and meet demand and buying behavior, we have chosen a broad go-to-market strategy. We therefore conduct sales in specialist shops, veterinary clinics, pharmacies and in the digital channels.

We continue to build and strengthen the sales organization at the same time as we prioritize collaborations between our local sales offices both in terms of product range and knowledge/experience within the various sales channels.

Production and logistics

Swedencare has a modern factory- and logistics center in Waterford, Ireland and a newly established production facility for ProDen PlaqueOff® in Houston, USA, where large parts of the Group's production take place. Some production also takes place at selected contract manufacturers in Sweden, France, and the USA, among others.

The company's own production facilities give Swedencare better control over the supply of finished products at the same time as the profit margin is increased. With global sales, efficient logistics is a strong competitive factor.

The sharp increase in demand in animal health in recent years has posed challenges for the industry to expand production capacity in line with demand. Through production facilities in Europe and the USA and through collaborations with subcontractors, Swedencare has been able to manage growth without major interruptions in the supply of goods. We intend to continue to strengthen the business in this critical part and see opportunities with both our own initiatives and possible acquisitions.

Acquisition

During the period 2019 - 2020, Swedencare established an acquisition strategy with the ambition of being a leading actor in the ongoing consolidation of the industry. The strategy led to four acquisitions in 2020, where we significantly strengthened the product offering at the same time as our presence in the veterinary channel was increased by just over 20 000 veterinary clinics in, primarily, the USA and the UK. We also strengthened our presence in the digital channels in the USA through the acquisition of Holden2, a resource that we are now also using in the European digital channels.

Swedencare will continue to actively search for acquisition objects that complement the group. The companies we are looking for must have high-quality products with strong brands, which have a great market potential when they enter a global context, and the business must be run by a management that shares our entrepreneurial philosophy while wanting to enter a global organization with exchange between markets and products.



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



Our sustainability work

Swedencare's ambition is that our sustainability work should 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. Our core business and our mission have been the starting point for which of the global goals we should focus our work and our efforts on.

DEBIO is a Norwegian label for organic production and the labeling requirements are based on EU rules for organic production. DEBIO manages, regulates and controls organic production and its regulations and their certification indicates a good ecological environmental choice for you as a consumer.



In 2020, our ProDen PlaqueOff® powder was certified for "import, packaging, storage, distribution and export of organic seaweed-based pet food" by the Irish Organic Association.





We choose sustainable solutions & options

As a producer, we have an important and large responsibility to take measures to reduce our negative impact on 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 fulfill our producer responsibility and participate in and pay for the general recycling stations where you can leave our cartons and packaging materials. We also review all our packaging and components to find more environmentally friendly alternatives.

Other actions in this area are:

- » We email invoices and delivery notes to the customer instead of printing on paper
- » We use cardboard from recycled paper as packaging
- » We reduce the need for packaging materials and deliveries by having goods in stock and send in bulk instead of several partial deliveries

Something that also has a positive impact on the environment is the efforts we make within our social responsibility. By donating products with short shelf life as well as products with damaged or expired packaging to various pet organizations and homes for homeless dogs that are operated on a nonprofit basis, our products will be used instead of discarded. In addition to helping vulnerable animals, it reduces the impact on the environment.



We protect the ocean

The raw material for our main product has, since 2017, met all the requirements for being called organic and therefore has the DEBIO marking, which is a Norwegian mark for organic production. In 2020, our ProDen PlaqueOff® powder was also organically certified by the Irish Organic Association. Our raw material is harvested sustainably in specially selected areas in the icy waters off Norway and at the Arctic Circle, in one of the cleanest places on earth. Our supplier has harvested the raw material for more than 80 years in a rigorous process with technology and tools that are so advanced that they leave the environment completely unaffected. The post-process takes place in close proximity to where the raw material is harvested to keep all benefits intact. Together with our supplier, we have developed this unique process to obtain a product of pure and high quality and with the greatest possible effect on oral health.

Protecting the sea and marine resources therefore means a lot to us. One initiative we have taken in this area is to become so-called coast rescuers. The degradation of our seas is one of the greatest environmental problems of our time. At the same time, it is a problem we can all help solve. From coast to coast, we prevent debris from falling into the sea, one bag at a time. The more who helps, the greater difference we can make.



We contribute to a more equal society

Gender equality is a prerequisite for sustainable development.

Gender equality is about a fair distribution of power, influence and resources. In total, the organization consists of 44% men and 56% women.

In management, the distribution is 50% men and 50% women for senior executives and in other senior positions (responsible for subsidiaries) the distribution is 70% men and 30% women.

We work continuously on how we can get better.

Online - a sales channel in strong growth

2020 was a year when online shopping gained extra momentum, the main reason being that the pandemic forced shops and veterinary clinics to be closed completely or partially during parts of the year. 2020 has also been the year when many purchased pets, especially the younger generation - so-called millennials. This has been one of the factors why pet food and pet products have increased dramatically online as the younger generation is used to shopping online, but also that older generations have been forced to adapt to the new reality.

In the USA, 3 out of 5 pet owners bought products on Amazon and just over half chose to buy their products from Chewy, making them the two largest e-commerce platforms for pet products.

Swedencare has for a long time had a digital presence at various e-tailers but also a presence with its own e-commerce. In 2020, Amazon and Chewy accounted for as much as 19% and 5% of Swedencare's total revenue, respectively. The potential online is large, and in 2020 one of our focus areas has been to get our products into different markets in the digital arena, which remains a focus area in 2021. In total, online sales accounted for 32% of our total revenue in 2020.

The collaboration with Amazon

- » Shopping directly with Amazon gives Swedencare products enormous exposure in a growing online market in partnership with the world's largest online retailer.
- » We have full control over the delivery of products to the dealer, by undertaking to deliver directly from Swedencare, the Amazon depots have products in stock that enables fast delivery to the customer.
- » Swedencare has control over how our brands are presented and displayed on the platform.
- » In collaboration with Amazon, Swedencare can use and participate in direct marketing opportunities to the end user, encourage and deliver in use and repeated purchases.

Of our four most recent acquisitions, Stratford Care, Animal Pharm and Holden2 have online shops directly for the end customer where they offer a wide range of Pet Health Care products.

Swedencare's digital year 2020

In 2020, ProDen PlaqueOff® was launched on Amazon Germany, Amazon India and one of Russia's largest online marketplaces, Ozon. In November 2020, a new e-commerce project was also launched between Swedencare Ireland and the company's German distributor Natural Horse Care, a project that contributed to a 25% increase in sales for Natural Horse Care.

During the autumn, our new brand platform for ProDen PlaqueOff® was launched, which means that we can now accelerate our new visual identity online. During the end of 2020 and the beginning of 2021, we also launched a new Amazon Store in several markets and strengthened our content on Chewy.com. New advertising material used in various online channels, such as Google and Facebook, to build and strengthen our brand, has also been replaced in line with our new graphic profile.

At the end of the year, an internal e-commerce project was launched where the focus is on sales to end customers.

amazon

chewy.com

VetZoo

HEMLEVERANS AV FODER OCH TILLBEHÖR

天猫
TMALL.COM

淘宝网
Taobao.com

波奇网
boqii.com

WILDBERRIES

OZON

zooplus

ZOO.se

petmdstore.com

Vision & targets

Business concept

Swedencare's business concept is to offer the global pet market a broad product portfolio of premium products in pet healthcare, distributed to veterinarians, pet shops, and pharmacies among others through an efficient distribution network in-house supplemented with local distributors.

2 MDSEK
30%

Vision

Swedencare is established in all major markets as an innovative and reliable pet healthcare company. With a global presence and a product range that is appreciated by our customers, it our vision to **establish ourselves as the leading company within Pet Health Care on all larger markets.**

Financial objective

Swedencare's financial objective is to achieve revenue of 2 MDSEK during 2025 with an EBIT margin more than 30%. The financial objective will be achieved primarily through organic growth.

Dividend

Swedencare will pay a dividend that considers the Group's earnings performance and the need for consolidation and investment, liquidity and financial position. The target is to pay a dividend of 40 percent of profit after tax.



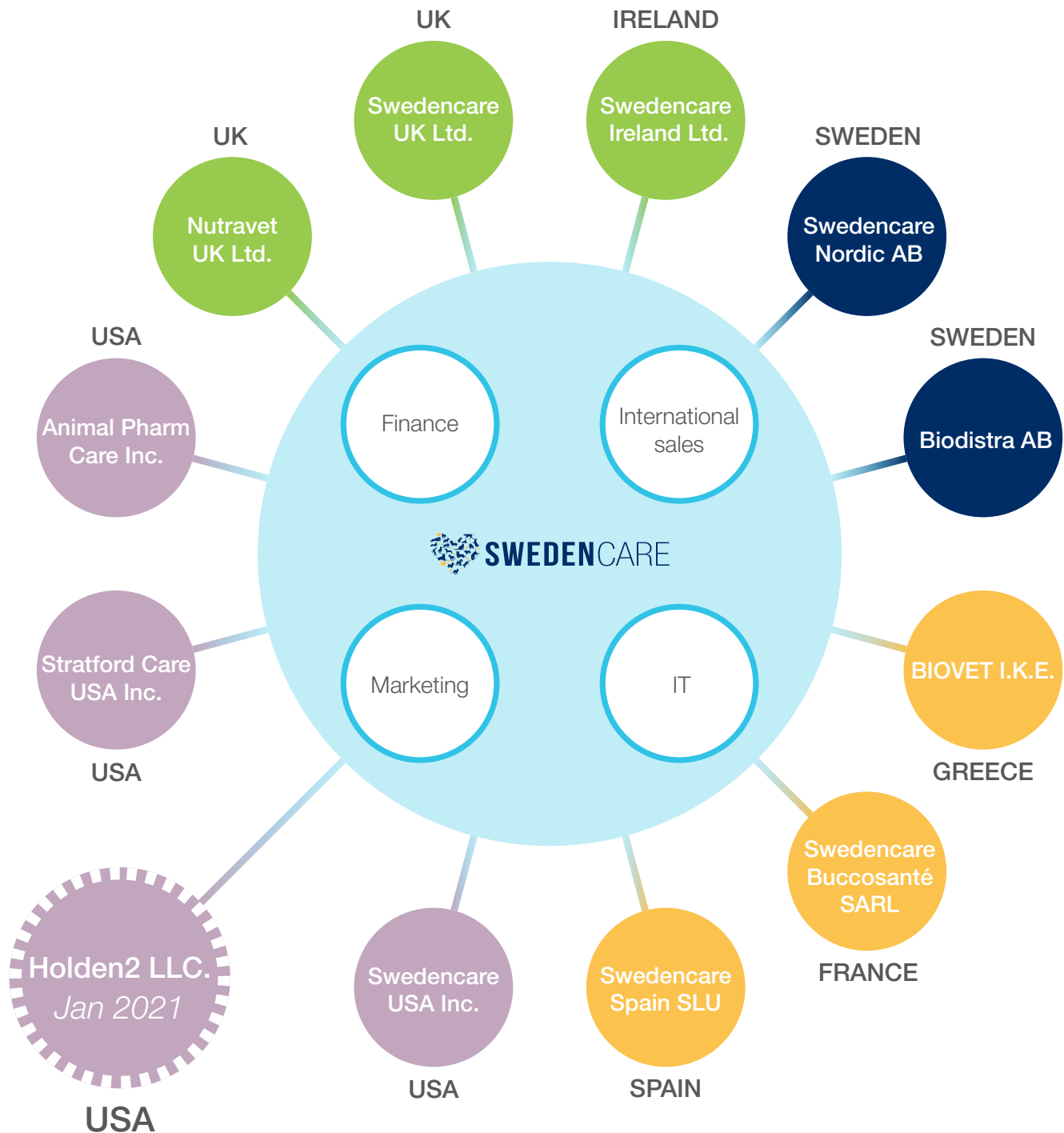
Mission

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

Organisation

Swedencare

The parent company Swedencare is responsible for the Group's strategy, business plan and management. This is done by the Company controlling the Group's brands, patents, sales rights, cooperation agreements and subsidiaries. The company conducts its business from the office in Medeon Science Park in Malmö.



3 questions for...

Sara Ahlström

Global Marketing Manager
Swedencare AB
A part of Swedencare since January 2020



What do you think about being a part of Swedencare?

I love being part of a company with brands and products that I can be really proud of and that improves the life and well-being of our furry friends! Although Swedencare has been on the market for several years, there's still so much potential and a lot of exciting things ahead, that it feels like the journey has just begun. It's a privilege to be part of that journey and a part of the whole amazing Swedencare team all around the world – hopefully I will be able to travel and meet my colleagues in real life soon!

In what way do you believe the central marketing team can contribute to Swedencare's future success?

Me and my colleague Mikaela Klein support our subsidiaries around the world with sales- and marketing material regarding primarily ProDen PlaqueOff®. We develop and implement guidelines and global marketing toolkits in collaboration with the local teams that they easily can translate and adapt to suit their market needs and regulations. This allows us to use our resources efficiently and to secure global alignment to build a consistent messaging, look and feel and ONE strong brand. Our mission is for the local teams to always have a pool of different toolkits to pick and mix to support their sales- and marketing activities. We are also in the process of developing a new packaging design along with new website and web shops, two big and important projects I'm certain will contribute to the future success of Swedencare!

How can you personally contribute to the success?

With my passion for brands and my experience of building strong brands and products within FMCG! As a person I contribute with positive energy and mindset and as Global Marketing Manager, I contribute to the entrepreneurial culture but with room for guidelines, strategies and plans to steer and align all activities in the right direction, without losing the fast-paced entrepreneurial strength and spirit.

Ed Holden

Managing Director
Holden2
A part of Swedencare since January 2021
(a part of Holden2 since 2011)



What do you think about becoming a part of Swedencare?

It is very exciting joining a larger company with a great track record and vision for growth. Specifically, being able to learn from and leverage the infrastructure, product assortment, global markets, and the experience of the world class talent within Swedencare.

In what way do you believe the acquisition of Holden2 can contribute to Swedencare's future success?

Our team is excited to not only continue developing and launching our own products and brands, but also help create value for the Swedencare family of brands through our online channel strategies and advertising frameworks.

How can you personally contribute to the success?

With over a decade of experience in technology and digital marketing, I've developed a wealth of experience in online channel management, product launches, and brand growth. I will be able to help grow the sales and customer base of Swedencare's family of brands and products by growing the digital marketing team and helping navigate the challenges and rapid scale that comes with online channels.

Nicole LaDue

VP of Sales and Marketing
Stratford Care USA

A part of Swedencare since June 2020
(a part of Stratford since September 2015)

What do you think about becoming a part of Swedencare?

I am extremely excited to be part of a global animal health team led by likeminded individuals who share such passion and synergistic energy. Having the opportunity to work as a team and seeing the drive in others inspires me every day. We are on a fast track for growth and I am very proud to be here.



How can you personally contribute to the success?

Having grown up in my father's 24hr emergency veterinary practice, I am passionate about Animal Health and the success of our Veterinarians. It is my goal to breed brands globally with the companion animal products produced in our organization. Veterinary medicine has been part of my personal life long before it became my professional life. This year my father celebrates 50 years practicing medicine. Watching him from a young age and seeing both his struggles and success has inspired me to do all I can to help in the field. I am so fortunate to have had this experience as it has become the basis for why I love what I do, and want to show up for our customers and my team every day!

What does your day look like at Statfordcare USA?

I am motivated by the hustle that comes with the collaboration of working with a team. Our recent acquisitions allow us to pull resources and put our heads together with hard working and like minded individuals. I feel fortunate to work with an entire network of people who share my determination and drive in manufacturing of products, level of quality, and the best possible customer service. It is truly a team effort every day.

I consider myself a "goal digger!" We set a goal, we work hard, and we will crush it!

Board of Directors

Swedencare's Board of Directors consists of six ordinary members, including the Chairman of the Board, without deputies.



Per Malmström

Chairman of the Board since 2014 (*born 1961*)

Background from the finance industry including SEB, Aragon Fondkommission, CFO of Adera AB 1998-2001 (current Addnode AB) and a number of board assignments. Degree of economy from Örebro Högskola.

CEO and Board member of Per Malmström Consulting AB.
Chairman of Deligate AB.
Shareholding in Swedencare: 120 000 shares



Håkan Lagerberg

Board member since 2014 (*born 1968*)

International experience from leading positions in private and public companies. Degree of International Law from Lund University. Masters degree in International Trade Law from the University of Turin in Italy.

Chairman of One CC AB. Board member of Polygiene AB (publ), HAOLAG AB and Mastan AB.
Shareholding in Swedencare: 1 110 362 shares



Håkan Svanberg

Board member since 2014 (*born 1957*)

Entrepreneur and owner of several companies within IT, travel and finance. Masters degree from Philosophy of Örebro University.

CEO and Board member of Svanberg & Co Invest AB. Board member of Creative Tools Sweden AB, Deligate AB, K3 Nordic AB, Håkan Svanberg & Co Health Care AB, H. Svanberg Software Holding, Northway Partners and Svanberg Factoring.
Shareholding in Swedencare: 4 631 455 shares



Johan Bergdahl

Board member since 2014 (*born 1970*)

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

Chairman of Local Market Sweden AB. Board member of JCC Group AB, JCC Group Invest AB, BR Group Holding AB and Tiotolv Invest AB.

Shareholding in Swedencare: 1 517 351 shares



Sara Brandt

Board member since 2019 (*born 1963*)

Long background from international B2C- and B2B-companies and vast experience from several industries and product categories such as consumer health and international distributor operations.

Vice CEO Almi Företagspartner, former Vice CEO and CEO Berner Nordic and before that multiple leading positions on, among other Cederroth Nordic, Coca-Cola Sweden, Unilever Nordic and UK. Board member of Almi Skåne and Almi Stockholm Sörmland.

Shareholding in Swedencare: -



Thomas Eklund

Board member since 2016 (*born 1967*)

Adviser to Patricia AB (Investor AB) and former CEO of Investor Growth Capital in Europe. Long experience of investment and development in the healthcare industry.

Chairman of Sedana Medical AB.

Board member of Boule Diagnostics AB, Biotage AB, Mabtech AB and Immedica Pharma AB.

Shareholding in Swedencare: 190 000 shares

Management

Senior executives



Håkan Lagerberg

CEO

(born 1968)

Nationality: Swedish

Employed: since 2014

Shareholding in Swedencare: 1 110 362 shares



Jenny Graflind

CFO

(born 1976)

Nationality: Swedish

Employed: since 2017

Shareholding in Swedencare: 35 000 shares

Responsible for the company's subsidiaries



Jason Braun

MD of the subsidiary Animal Pharm Care

(born 1970)

Nationality: American

Employed: since 2003

Shareholding in Swedencare: 251 994 shares



Ed Holden

MD of the subsidiary Holden2

(born 1981)

Nationality: American

Employed: since 2011

Shareholding in Swedencare: 59 920 shares



John Leonard

MD of the subsidiary Swedencare UK Ltd and Swedencare Ireland

(born 1965)

Nationality: English

Employed: since 2004

Shareholding in Swedencare: 83 703 shares



Brian Nugent

MD of the subsidiary Stratford Care

(born 1974)

Nationality: American

Employed: since 2011

Shareholding in Swedencare: 17 538 shares

Responsible for the company's subsidiaries - cont.



Hans Persson

MD of the subsidiary SARL Buccosanté

(born 1951)

Nationality: Swedish

Employed: since 2008

Shareholding in Swedencare: 199 750 shares



Ioanna Psychogiou

MD of the subsidiary Biovet

(born 1985)

Nationality: Greek

Employed: since 2019

Shareholding in Swedencare: 31 358 shares



Matthew Shaw

MD of the subsidiary Nutravet

(born 1984)

Nationality: English

Employed: since 2008

Shareholding in Swedencare: 580 769 shares



Martin Shimko

MD of the subsidiary Swedencare USA Inc

(born 1964)

Nationality: American

Employed: since 2005

Shareholding in Swedencare: 280 000 shares



Raquel Tosca

Country Manager of the subsidiary Swedencare Spain

(born 1974)

Nationality: Spanish

Employed: since 2019

Shareholding in Swedencare: -



Sabine Uhde

Nordic manager of the subsidiary Swedencare Nordic AB

(born 1970)

Nationality: Swedish

Employed: since 2015

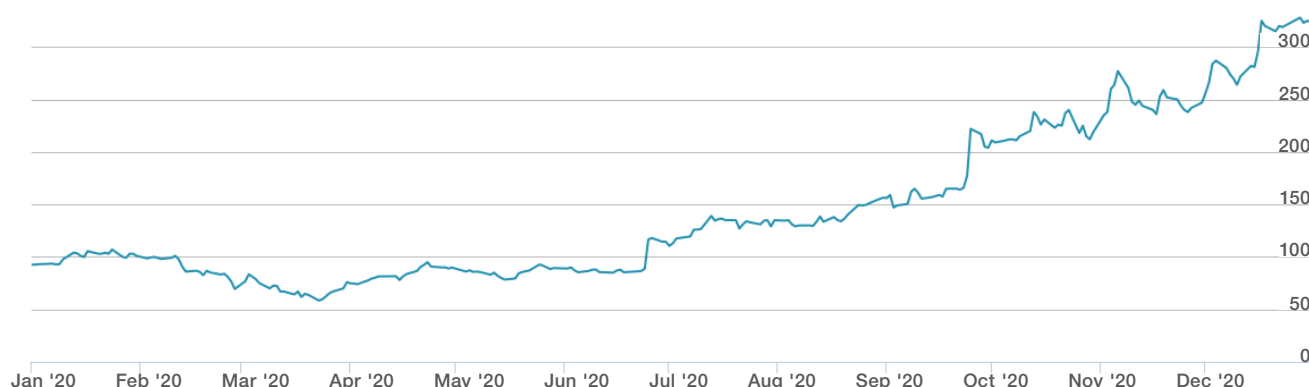
Shareholding in Swedencare: -

Stock

The development of the Swedencare share during 2020

Swedencares share was listed on Nasdaq First North Growth Market on June 14th 2016. In conjunction with the listing a new share issue of 34.5 MSEK, before IPO costs of 4.3 MSEK, was made in which the introduction price was 14 SEK.

At the beginning of 2020, the share price was 92.60 SEK, corresponding to a price increase of 561% from the introduction on 14th June 2016. During the year, the share price developed positively and 2020 ended with a share price of 325 SEK, corresponding to a price increase of 251% for the year and 2221% since the introduction. During the year, Nasdaq First North Growth Market included Swedencare in its index.



In 2020, three directed new share issues have taken place to co-finance the four acquisitions of Stratford, Animal Pharm., Nutravet and Holden2 (the latter with effect from 1st Jan 2021). Two non-cash issues have also been made to the sellers, and also the company management, in connection with the acquisitions of Animal Pharm and Nutravet.

Number of shares 2020-01-01	15 801 980
New share issue (20-06-24)	1 500 000
New share issue (20-09-24)	2 000 000
Non-cash issue Nutravet	580 769
Non-cash issue Animal Pharm	251 994
New share issue (20-12-16)	750 000
Number of shares 2020-12-31	20 884 743

For fiscal year 2020, the Board of Directors proposes a dividend to shareholders of 0.80 SEK per share.

Proposed record date for dividend is May 3rd, 2021. In this case, the dividend proposed for the AGM will be paid out to the shareholders on May 6th, 2021. 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 company from fulfilling its obligations in the short and long term, nor to fulfill the necessary investments.

Stock

	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Number of shares at the end of the period	20 884 743	15 801 980	15 770 622	15 770 622
Share price at the end of the period	325.0	92.6	45.9	26.3

Shareholders (the table summarizes Swedencare's ownership structure as of December 31st, 2020).

	Number of shares	Ownership
Håkan Svanberg & Co Health Care AB	4 631 455	22.18%
JCC Group Invest Sweden AB (<i>Johan Bergdahl through company</i>)	1 517 351	7.27%
DNCA Investments	1 352 681	6.48%
Mastan AB (<i>Håkan Lagerberg through company</i>)	1 110 362	5.32%
Handelsbanken Fonder	1 044 250	5.00%
AMF Aktiefond Småbolag	959 500	4.59%
SEB Fonder	848 072	4.06%
Aktia Asset Management	669 196	3.20%
Matthew Shaw - MD Nutravet	580 769	2.78%
Consensus Asset Management	420 314	2.01%
Joh. Berenberg, Gossler & Co. KG Act oBo Universal Inv. Funds	394 804	1.89%
Nordnet Pensionsförsäkring AB	286 596	1.37%
Martin Shimko - MD Swedencare USA	280 000	1.34%
Enter Fonder	279 710	1.34%
Jason Braun - MD Animal Pharm	251 994	1.21%
ODIN Fonder	250 000	1.20%
Pie Funds Management LTD	230 000	1.10%
IKC Fonder AB	207 000	0.99%
Other	5 570 689	26.67%
Total	20 884 743	100.00%
Free Float*	12 444 812	59.99%

Holdings include related parties

* Shares not owned by board members, management, their close related parties, shareholders with more than 10% or which are part of a lockup agreement.

Industry and marketrelated risks

Swedencare continuously work to assess and manage the risks that the Group is exposed to and 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

Risk

Swedencare sells products in pet healthcare to veterinary clinics and chains, pharmacy chains and pet stores and chains. The sales are done through own subsidiaries and distributors in selected geographical markets. There is a risk that the general demand for pet healthcare products will decrease or that the segments in pet healthcare where Swedencare is, or will be active, will decrease in favor of other segments for example for regulatory reasons, which would have a negative effect on the Company's business, financial position, and profit.

Risk management

Swedencare believes that the Company's broad product portfolio with a focus on premium products with a proven effect, is adapted to the shift in preferences that has been going on for several years, and that is expected to continue for the foreseeable future, where consumers increasingly choose proven effect and quality over price.

Supplier risks

Risk

In the short and medium term, Swedencare might be dependent on a specific supplier for production, raw material deliveries or transport for the fulfillment of individual customer agreements. Loss of one or more suppliers could have negative consequences for the Company's operations, financial position, profit, and customer relations in the short and medium term.

Risk management

Swedencare works with several raw material suppliers to reduce dependency. For the largest product group in 2020, ProDen PlaqueOff®, Swedencare has secured raw material supply through an exclusive agreement with a supplier of algae for dental products for both North America and Europe. Further measures to minimize dependency and to secure future deliveries include relatively long-term contracts and exclusivity in certain areas of use. Quality and volume requirements are not considered to be any significant risk.

Swedencare has its own modern factory- and logistics center in Waterford, where a large part of the Group's production takes place. The plant has capacity and is prepared to increase production in line with the company's growth goals. In 2021, a new production facility will be established in Texas, USA, where production and inventory management will take place inhouse. At the same time, the company continues to work with selected subcontractors in several markets. Swedencare's rapid sales increase, with demands for fast deliveries, can sometimes entail efforts in production. The company has action plans to manage these, which is why the supplier risk is not deemed to be significant.

Product dependency

Risk

Swedencare has a broad product portfolio consisting of several product families such as ProDen PlaqueOff®, NutriScience, Animal Pharm., Stratford and Nutravet. Of the company's total sales, ProDen PlaqueOff® accounted for 54% in 2020, compared with 84% in 2019. There is a risk that customers choose other products within the same therapy area - dental and oral hygiene for dogs and cats.

Risk management

Four company and business acquisitions during 2020 have significantly broadened the Group's product portfolio, which is why dependence on the ProDen PlaqueOff® product family has decreased to approximately 54% at the turn of the year 2020/2021. 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 exchange for another product.

Immaterial property rights

Risk

Swedencare has immaterial property rights that are protected primarily by trademark protection for the product portfolio and patent for ProDen PlaqueOff®, respectively, where the latter extends until September 2021, except for the patent protection in Brazil, which runs until May 2028. The company's operations, financial position and profit may be adversely affected if Swedencare is exposed to infringement of its immaterial property rights or as an effect of the patent protection's expiration.

Risk management

Swedencare continuously addresses possible patent infringements, which have historically been of non-essential character. The risks associated with patent protection are primarily managed through investments in the ProDen PlaqueOff® brand, which includes the development of a strategy for uniform communication.

Customer dependence

Risk

Swedencare operates on a global, fast-growing, and competitive market, so it cannot be ruled out that several major customers choose to reduce their purchases from Swedencare in whole or in part, which may adversely affect Swedencare's financial position and profit.

Risk management

Swedencare's customers and distributors in selected geographic markets and veterinary clinics and chains, pharmacy chains, pet retail chains and online, respectively, have a good spread in size as well as geographically. Swedencare believes that the increasing number of customers combined with the spread of the same reduces the customer dependency risk.

Pandemic

Risk

Swedencare produces products both through its own factories and through cooperation with external producers, and sells products via stores, pharmacies, and veterinary chains which during a pandemic may be forced to close, which may affect Swedencare's operations, financial position, and profit.

Risk management

By using its own production, the company 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 company's products despite the lock-down of physical stores, pharmacies, and veterinary chains.

Where you can find our products

North America



The Nordics



Asia



UK/Ireland



Rest of Europe



Rest of the world



2020

Annual financial report and consolidated accounts

Swedencare AB (publ)

Org.nr.556470-3790



All amounts are in Swedish Kronor, SEK.

Management report

Information about the business

The Group's business consists mainly of development, marketing, and sales of pet healthcare products with a wide range of high-quality brands within a number of 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 2020, the company acquired several brands and product families in animal health. Two of these are Animal Pharmaceuticals®, which is well known in the veterinary sector in the USA, and nutravet®, which is the market leader in the UK. With the acquisitions, the company has a broad portfolio of high-quality dietary supplement products for Dog, Cat and Horse.

Sales were conducted in 2020 through eleven own subsidiaries in France, Ireland, the Nordics, UK, Spain, Greece, and the US as well as an international distribution network, in about 50 countries.

Sales in 2020 were geographically distributed in North America (45%), UK/Ireland (23%), Asia (12%), Rest of Europe (16%), Sweden (3%) and Rest of the world (1%).

In 2020 ProDen PlaqueOff® accounted for 54% of sales, Nutraceuticals 23%, Topicals/Dermatology 20% and Others 3%.

Exchange rate fluctuations affect the Group's profit to some extent when invoicing is done in USD and Euro. This is mainly balanced by the Group's operations of the international subsidiaries and through purchases from subcontractors in France and the United States.

Swedencare will pay a dividend that considers the Group's earnings performance and the need for consolidation and investment, liquidity and financial position. The target is to pay a dividend of 40 percent of profit after tax.

Sustainability work

Swedencare's ambition is for sustainable 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, 14 Life below water and 5 Gender equality.

More about the Group's sustainability work is presented on pages 40-41.

The Group has presented strategies for continued growth (pages 36-38) as well as risks and uncertainties (pages 56-57).

Risk regarding financial instruments

The Group is exposed to various risks regarding financial instruments. The main types of risk are market risk, credit risk and liquidity risk.

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

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.

Credit risk

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.

Liquidity risk

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

The Group has presented risks relating to financial instruments which include market risks, credit risks and liquidity risks in accordance with IFRS 7 in Note 27.

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

The parent company is based in Malmö. The parent company's shares are listed on Nasdaq First North Growth Market, Stockholm.

Significant events during the year

Swedencare AB (publ) acquires operations from a leading American company in Pet Health Care products.

Swedencare AB (publ) appoints Håkan Lagerberg as CEO after strategic acquisition.

Swedencare AB (publ) carries out a directed new share issue of 1 500 000 shares and is thus provided with approximately 133 MSEK, which after issue costs of 4.6 MSEK gave a net contribution of 129 MSEK, to finance the American business acquisition.

Swedencare AB (publ) acquires leading British Pet Health Care company.

Swedencare AB (publ) acquires operations from an American Pet Health Care company with a focus on the veterinary channel.

Swedencare AB (publ) carries out a directed new share issue of 2 000 000 shares and is thus provided with approximately 340 MSEK, which, after issue costs of 4.7 MSEK, provided a net contribution of approximately 335.3 MSEK to partially finance acquisitions.

Swedencare AB (publ) secures exclusive rights for the purchase of raw materials for dental products for the North American market.

Swedencare AB (publ) secures the most important production market through exclusive rights for the purchase of raw materials for dental products for Europe.

Swedencare AB (publ) finalize the additional purchase price for the acquisition of Animal Pharm at the maximum amount of approximately 87 MSEK (10 MUSD).

Swedencare AB (publ) signs an agreement to acquire Holden2, an American e-commerce company focusing on Pet Health Care products.

Swedencare AB (publ) carries out a directed new share issue of 750 000 shares and is thus provided with 222 MSEK, which, after issue costs of 3 MSEK, provided a net contribution of approximately 219 MSEK to partially finance the acquisition of Holden2.

Swedencare AB's (publ) powder product, ProDen PlaqueOff® CAT, has been approved by VOHC.

No one is left unaffected by Covid-19, but while the pandemic has had negative effects with transport and logistics as well as longer production and delivery times at most of our partners, something that has affected our sales to some extent, we have also seen positive effects.

The pandemic has, among other things, resulted in time delays in order placement, mainly during the first half of the year and most noticeably in China. The significant increase in online sales in 2020, affected by lockdowns, coincided well with our increased collaboration with Amazon UK and after the acquisition of Holden2, we now have a fantastic platform and competence pool for our continued focus on the online channel.

Significant events after the yearend

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

Swedencare AB (publ) has completed the acquisition of Holden2 and part of the purchase price is settled with a non-cash issue.

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

The world is in a pandemic, but we do not feel that Swedencare has been affected to any significant extent. Swedencare closely monitors developments together with our distributors and evaluates the extent to which this may affect the company's operations in the short and long term. At present, it is impossible to give any forward-looking assessments of the extent to which it may affect subsequent quarters.

Historical overview (KSEK)

GROUP	2020	2019	2018	2017	2016
Net revenue	239 946	126 769	99 136	85 490	53 720
Total revenue	240 295	126 874	99 389	85 660	54 156
EBIT	60 366	36 914	29 428	21 896	11 326
Profit of the period	48 531	29 913	23 320	17 014	9 779

PARENT COMPANY	2020	2019	2018	2017	2016
Net revenue	51 769	41 653	36 718	34 554	31 236
Total revenue	54 151	41 752	36 962	34 611	31 671
EBIT	11 116	13 291	12 693	10 318	11 674
Profit of the period	20 970	26 200	9 594	6 512	10 146

KPI's	2020	2019	2018	2017	2016
Balance sheet total	1 150 480	149 447	117 866	99 848	89 761
Equity	932 948	131 328	98 269	74 203	56 693
Change of revenue (%)	89	28	16	58	99
Gross margin (%)	66	73	74	74	78
EBIT-margin (%)	25	29	30	26	21
Profit margin (%)	20	24	24	20	18
Solvency (%)	81	88	83	74	63
Interest-bearing net debt	-109 649	-43 776	-18 059	-6 013	4 459
Cash	284 081	45 737	28 435	24 077	20 541
Number of shares at yearend	20 884 743	15 801 980	15 770 622	15 770 622	15 770 622
Average number of shares	17 358 303	15 778 462	15 770 622	15 770 622	14 054 613
Earnings per share (SEK)	2.80	1.90	1.48	1.08	0.70
Equity per share	44.67	8.31	6.23	4.71	3.59

For definitions of key ratios, see Note 32.

Suggestion of profit allocation

PARENT COMPANY

The following profit is available to the Annual General Meeting:

Retained earnings	906 423 988
Net income	20 970 471
	927 394 459

The Board of Directors suggest the following profit allocation:

Dividend to shareholders 0.80 SEK x 21 084 475	16 867 580
Transferred to retained earnings	910 526 879
	927 394 459

Proposed record date for dividend is May 3rd, 2021. In this case, the dividend proposed for the AGM will be paid out to the shareholders on May 6th, 2021. 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 company 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 7th 2021. The annual report will be presented on the annual board meeting in Malmö on April 29th 2021.

The consolidated and parent company's financial position are disclosed in subsequent profit and loss, balance sheet and cash statements with complementary information.

Consolidated profit and loss (KSEK)

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net revenue	3	239 946	126 769
Other revenue		349	105
		240 295	126 874
Expenses			
Cost of sales		-82 602	-33 823
Other external costs	4	-43 623	-25 190
Personnel costs	5-7	-43 769	-28 330
Depreciation of tangible and intangible fixed assets		-4 838	-3 152
Impairment of tangible and intangible fixed assets		-6	-6
Other costs		-5 091	541
		-179 929	-89 960
Operating profit	26	60 366	36 914
Financial costs			
Interest and other items		-1 696	-224
		-1 696	-224
Operating profit after financial income		58 670	36 690
Net income before tax		58 670	36 690
Current tax	8	-9 045	- 7 168
Deferred tax		-1 094	391
Net income		48 531	29 913
Earnings per share before and after dilution (SEK)		2.80	1.90

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

Net income		48 531	29 913
Items that may be reclassified to profit and loss			
Conversion difference of foreign subsidiaries*		-52 544	998
TOTAL EARNINGS		-4 013	30 911

*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.

Consolidated balance sheet (KSEK)

ASSETS	Note	2020-12-31	2019-12-31
Assets			
<i>Intangible assets</i>			
Patent, trademarks and other intangible assets	9	141 413	3 020
Goodwill	10	567 915	49 140
		709 328	52 160
<i>Tangible assets</i>			
Buildings and land	11	29 841	8 204
Machinery and other tech assets	12	5 212	5 427
Tools, furnitures and fixtures	13	6 019	1 997
		41 072	15 628
<i>Financial assets</i>			
Deferred tax asset	14	5	994
Other long term assets		60	61
		65	1 055
Total non current assets		750 465	68 843
Current Assets	17		
<i>Inventory</i>			
Inventory	15	61 792	15 295
		61 792	15 295
<i>Short term recievables</i>			
Accounts recievable	16	49 061	17 433
Other receivables		1 419	876
Prepaid costs and deferred revenue		3 662	1 263
		54 142	19 572
Cash		284 081	45 737
Total current assets		400 015	80 604
TOTAL ASSETS		1 150 480	149 447

Consolidated balance sheet (KSEK) - cont.

EQUITY AND LIABILITIES		Note	2020-12-31	2019-12-31
Equity				
Share capital	24		1 044	790
Share Premium			864 946	48 507
Retained earnings including net income			66 958	82 031
TOTAL EQUITY			932 948	131 328
Long term liabilities		17-18		
Debt to credit institutions	20-21		117 500	-
Other liabilities			21 432	1 961
			138 932	1 961
Short term liabilities				
Debt to credit institutions	17-21		35 500	-
Accounts payable	17		18 991	5 434
Tax liabilities			6 457	1 948
Other liabilities	18, 22		11 127	5 379
Accruals and deferred revenue			6 525	3 397
			78 600	16 158
TOTAL LIABILITIES			217 532	18 119
TOTAL EQUITY AND LIABILITIES			1 150 480	149 447

Consolidated change of equity (KSEK)

	Share-capital	Statutory reserve	Other contributed capital	Retained earnings incl. profit for the year	Total Equity
Beginning balance 2019-01-01	789	22	46 360	51 098	98 269
Total profit	-	-	-	29 913	29 913
New share issue	1	-	2 147	-	2 148
Other total profit	-	-	-	998	998
Total profit	1	-	2 147	30 911	33 059
Ending balance 2019-12-31	790	22	48 507	82 009	131 328
Beginning balance 2020-01-01	790	22	48 507	82 009	131 328
Total profit	-	-	-	48 531	48 531
New share issue	254	-	816 439	-	816 693
Dividend	-	-	-	-11 061	-11 061
Other total profit	-	-	-	-52 543	-52 543
Total profit	-	-	-	-15 073	801 620
Ending balance 2020-12-31	1044	22	864 946	66 936	932 948

Consolidated cash flow statement (KSEK)

		2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Operating cash flow	Note		
Operating income after financial costs		58 670	36 690
Adjustments for non-cash items		4 845	3 159
Paid tax		-8 592	-6 097
Operating cash flow before change of working capital		54 923	33 752
Cash flow - working capital			
Change of inventory		-8 093	-3 181
Change of accounts receivable		-4 200	-2 510
Change of other receivables		-1 150	254
Change of accounts payable		3 058	1 859
Change in current liabilities		-8 036	2 954
Operating cash flow		36 502	33 128
Non operating cash flow			
Acquisitions	28	-618 679	-
Investments in tangible assets		-977	-5 113
Cash flow from investments		-619 656	-5 113
Financial cash flow			
New share issue		682 406	-
Amortization of financial leasing agreements		-2 847	-1 774
Dividend		-11 061	-
Loan		165 000	-
Amortization of loan		-12 000	-9 000
Financial cash flow		821 498	-10 774
Total cash flow		238 344	17 241
Cash			
Cash balance at beginning of period		45 737	28 435
Exchange difference in cash			
Exchange difference in cash		-	61
Cash balance at end of period		284 081	45 737

Parent company profit and loss (KSEK)

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net revenue		51 769	41 653
Other revenue		2 382	99
		54 151	41 752
Expenses			
Cost of sales		-14 991	-11 258
Other external costs	4	-13 772	-10 633
Personnel costs	5-7	-9 383	-7 182
Amortization and depreciation		-513	-15
Other costs		-4 376	627
		-43 035	-28 461
Operating profit		11 116	13 291
Financial costs			
Interest income and other items		115	95
Interest expenses and other items		-1 311	-94
Profit from shares in Group companies		11 199	15 796
		10 003	15 797
Operating profit after financial income		21 119	29 088
Yearend adjustments	22	-	-179
Net income before tax		21 119	28 909
Tax on profit	8	-149	-2 709
Net income		20 970	26 200

Parent company balance sheet (KSEK)

ASSETS	Note	2020-12-31	2019-12-31
Assets			
<i>Intangible assets</i>			
Patent, trademarks and other intangible assets	9	2 307	2 450
		2 307	2 450
<i>Tangible assets</i>			
Machinery and other tech assets	13	37	54
		37	54
<i>Financial assets</i>			
Shares in subsidiaries	23	826 615	66 063
		826 615	66 063
Total non current assets		828 959	68 567
Current assets			
<i>Inventory</i>			
Inventory	15	1 769	1 569
		1 769	1 569
<i>Short term receivables</i>			
Accounts receivables		9 729	3 348
Deferred tax assets		2 555	-
Receivables from Group companies		15 267	8 032
Other receivables		788	415
Prepaid costs and deferred revenue		1 230	653
		29 569	12 448
Cash		230 047	25 723
Total current assets		261 385	39 740
TOTAL ASSETS		1 090 344	108 307

Parent company balance sheet (KSEK) - cont.

EQUITY AND LIABILITIES	Note	2020-12-31	2019-12-31
Equity			
<i>Restricted equity</i>			
Share capital	24	1 044	790
Reserves		22	22
		1 066	812
 <i>Retained earnings</i>			
Share premium		864 946	48 507
Retained earnings		41 479	26 340
Net income		20 970	26 200
		927 395	101 047
 TOTAL EQUITY		928 461	101 859
 Long term liabilities			
Debt to credit institutions	17-19 21	117 500	-
		117 500	-
 Short term liabilities			
Advance payment from customers		47	579
Accounts payable		5 641	2 831
Debt to credit institutions	17-21	35 500	-
Liabilities to Group companies		-	179
Tax liabilities		-	92
Other liabilities		402	338
Accruals and deferred revenue		2 793	2 429
		44 383	6 448
TOTAL LIABILITIES		161 883	6 448
 TOTAL EQUITY AND LIABILITIES		1 090 344	108 307

Parent company change of equity (KSEK)

	Shared capital	Statutory reserve	Premium fund	Balanced result	Net income	Total Equity
Beginning balance 2019-01-01	789	22	46 360	16 746	9 594	73 511
Allocation of previous year's results	-	-	-	9 594	-9 594	-
New share issue	1	-	2 147	-	-	2 148
Net income	-	-	-	-	26 200	26 200
Ending balance 2019-12-31	790	22	48 507	26 340	26 200	101 859
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

Parent company cash flow statement (KSEK)

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Operating cash flow			
Operating income after financial costs		21 119	29 088
Adjustments for non-cash items		513	15
Paid tax		-2 498	-2 692
Operating cash flow before change of working capital		19 134	26 411

Cash flow - working capital

Change of inventory		-200	448
Change of accounts receivable		-6 381	-204
Change of short term receivables		-10 838	-599
Change of accounts payable		2 278	1 653
Change of short term payables		249	971
Operating cash flow		4 242	28 680

Non operating cash flow

Acquisitions		-623 910	-3 751
Investments in tangible assets		-353	-40
Cash flow from investments		-624 263	-3 791

Financial cash flow

New share issue		682 406	-
Dividend		-11 061	-
Loan		165 000	-
Loan amortization		-12 000	-9 000
Financial cash flow		824 345	-9 000

Total cash flow		204 324	15 889
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Cash balance at beginning of period

Cash balance at beginning of period		25 723	9 834
Cash balance at end of period		230 047	25 723

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 company has an extensive portfolio with strong brands and products in most therapy areas, which includes its own vet-exclusive brands and the ProDen PlaqueOff® brand for oral health for dogs and cats as the largest. The company's products are currently sold in about 50 countries to veterinarians, pet stores and online via a distribution network via a distribution network containing eleven 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 kronor, 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. When the parent company applies other accounting and valuation principles, this is stated in the parent company's accounting and valuation principles below.

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 in the income statement.

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 31st.

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.

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.

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

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 using 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 2020, the Group made no devaluation of goodwill.

In the impairment test, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies that arise from the acquisition. Goodwill must be tested annually for any need for impairment, 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 goodwill attributable to other assets in a unit is reduced. A reported write-down of goodwill cannot be reversed in a later period.

Revenue from customer agreements

The income mainly refers to revenue from the sale of Pet Health Care products for Dog, Cat and Horse. 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.

The income is reported when the Group fulfills the performance commitments by transferring the committed goods to the customer. The transaction price is determined on basis of pre-determined unit prices. Discounts and bonuses are distributed per delivered item.

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 devaluations. 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.

Intangible assets

Patent, trademarks, and other intangible assets with a definable useful life

4-5 years

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 actual 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 adjusted actual value.

All 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 costs.

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 actual 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.

Individually significant receivables are tested for devaluation when they have fallen due, as there is other objective evidence that a certain counterparty will not pay or because of one or more events or events occurring after the asset is first reported (a "loss event"). and that this event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

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 2019-2020 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.

Financial liabilities

Financial liabilities are initially valued at actual 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

As of January 1st, 2019, the Group applies the new standard IFRS 16 Leasing Agreements. No comparative figures have been recalculated for periods before 2019.

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. 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. Associated leasing liabilities are included among current and long-term liabilities. 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.

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 as a result 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 an indirect method. The reported cash flow only includes transactions that resulted in deposits or withdrawals. In addition to cash, the company classifies receivables from banks and other credit institutions as cash and cash equivalents.

Cash

Cash consist of cash and available balances with banks and corresponding institutions. Changes in restricted funds are reported in investing activities.

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 devaluations.

Due to the connection between accounting and taxation, the deferred tax liability that is attributable to untaxed reserves is not reported separately.

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 injections 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

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.

Equity, reserves and dividend

Share capital represents the quota value of issued shares.

Other contributed capital (the Group) includes any premiums received in connection with a new share issue of share capital. Any transaction costs associated with the new share issue are deducted from capital, considering any income tax effects.

Other equity including the profit for the year (the Group) consists of:

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

Retained earnings include all retained earnings for the current and 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 after the dividends have been approved at a general meeting before the balance sheet date.

NOTE 3 Revenues from agreements with customers

GROUP

<i>Product areas</i>	2020	2019
ProDen PlaqueOff®	129 404	106 632
Nutraceuticals	55 563	17 271
Topicals/Dermatology	47 431	-
Other	7 548	2 866
Total	239 946	126 769

Time for revenue recognition

The performance commitment is fulfilled over time	-	-
The performance commitment is fulfilled at a certain time	239 946	126 769
Total	239 946	126 769

Geographic markets

Sweden	6 524	5 116
UK/Ireland	55 836	30 234
Rest of Europe	38 436	30 584
North America	107 789	36 560
China	13 777	13 865
Rest of Asia	14 313	8 694
Rest of the World	3 271	1 716
Total	239 946	126 769

Usual payment terms from invoice date.

The Group has no significant obligations regarding returns.

NOTE 4 Leasing agreement (lessee)

	2020-12-31	2019-12-31
Short-term leasing liabilities	4 275	1 544
Long-term leasing liabilities	21 432	1 961
Total	25 707	3 505

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

Minimum lease fees

December 31 st 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	8 088	28 504
Financing cost	-686	-575	-462	-364	-277	-433	-2 797
Present value	4 275	4 749	3 344	2 833	2 851	7 655	25 707

Minimum lease fees

December 31 st 2019	Within 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	After 5 yrs	Total
Leasing fees	1 895	994	467	243	34	-	3 633
Financing cost	-75	-33	-15	-4	-1	-	-128
Present value	1 820	961	452	239	33	-	3 505

Leasing costs during the financial year amount to 3 079 KSEK (2019 to 1 850 KSEK) in the form of minimum lease fees. Interest expenses amount to 369 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 June 2021 and August 2023.

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:

NOTE 4 Leasing agreement (lessee) - cont.

	2020-12-31	2019-12-31
Short-term lease agreement	-	-
Leasing agreements with underlying assets with low value	-	125
Variable leasing payments	-	-
Total	-	125

Total cash flow relating to leasing for the financial year ending on December 31st, 2020 amounted to 3 079 KSEK (2019 to 1 850 KSEK). Additional information on the right of use per asset category is as follows:

	Reported value	Depreciation
Buildings	22 032	-3 670
Cars and inventory	3 627	-1 352
Total	25 659	-5 022

Rights of use as of 31st December 2020:

Part of Buildings and Land: 22 032 KSEK (0 as of December 31st, 2019)

Part of Machinery and other tech assets: 3 627 KSEK (3 514 KSEK as of 31st December 2019)

NOTE 5 Costs for employee compensations

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Salaries - Board of directors and CEO	2 599	2 368	2 599	2 368
Salaries - others	30 789	17 252	3 757	2 166
Pensions CEO and BoD	353	377	353	377
Other pensions	964	783	462	279
Other social costs	5 527	4 050	2 042	1 581
Total	40 232	24 830	9 213	6 771

	Basic salary/ board remuneration	Variable remuneration	Other benefits	Share- based payment	Total
Chairman of the Board - P. Malmström	300	-	-	-	300
Board member - H. Svanberg	150	-	-	-	150
Board member - J. Bergdahl	150	-	-	-	150
Board member - T. Eklund	150	-	-	-	150
Board member - S. Brandt	150	-	-	-	150
Board member - H. Lagerberg	113	-	-	-	113
CEO	1 521	65	425	-	2 011
Total	2 534	65	425	-	3 024

The amount for salaries include royalties of 0 TSEK (2019: 0 TSEK).

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 6 The average number of employees

GROUP

	2020		2019	
	Average number of employees	Of which are male	Average number of employees	Of which are male
Sweden	9	2	7	2
Ireland	14	8	13	8
UK	18	4	4	1
France	2	1	2	1
USA	32	17	6	4
Spain	1	-	1	-
Greece	9	5	9	6
Total	85	37	42	22

PARENT COMPANY

	2020		2019	
	Average number of employees	Of which are male	Average number of employees	Of which are male
Sweden	8	2	5	2
Total	8	2	5	2

NOTE 7 Gender distribution

One woman in the board of directors 2020 (2019: 1).

NOTE 8 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 21.4% (2019: 21.4%) and reported tax expense in the net income are as follows:

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Net income before tax	58 670	36 690	21 119	28 909
Current tax rate for the parent company	21.4%	21.4%	21.4%	21.4%
Expected tax	12 555	7 852	4 519	6 186
Adjustment for differences in tax rate abroad	-909	-1 075	-	-
Dividend from group companies	-	-	-3 631	-3 380
Non-deductible expenses	205	72	1 248	22
Other	-2 806	45	-2 693	-
Total	9 045	6 894	-556	2 828
Current tax	9 045	7 285	-	2 828
Tax previous year	-	-117	149	-119
Deferred tax	1 093	-391	-	-
Total	10 138	6 777	149	2 709

NOTE 9 Concessions, patents, licenses, trademarks and similar rights

	GROUP		PARENT COMPANY	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Beginning acquisition values	5 303	1 530	2 852	402
Purchases	373	-	353	-
Purchases from subsidiaries	154 908	562	-	-
Sales/disposals	-	-	-	-
Conversion difference	-17 314	2	-	-
Reclassifications	-	3 209	-	2 450
Ending accumulated acquisition values	143 270	5 303	3 205	2 852
Depreciation	-2 283	-1 219	-402	-402
Purchases from subsidiaries	-	-504	-	-
Annual depreciation	-438	-558	-496	-
Reclassifications	-	-	-	-
Conversion difference	864	-2	-	-
Ending accumulated depreciation	-1 857	-2 283	-898	-402
Total reported amount	141 413	3 020	2 307	2 450

The carrying amount of the item Intangible assets includes brand, customer, contract and technology-related assets 140 623 KSEK and software is 790 KSEK. All intangible fixed assets, except acquired assets that are deemed to have an indefinite useful life, are amortized. Through the connection to the current operations, acquired 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. Acquired 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 main part of reported intangible assets of 141 413 KSEK is attributable to asset acquisitions Animal Pharm with a carrying amount of 82 061 KSEK and asset acquisitions of Stratford of 56 438 KSEK.

NOTE 10 Goodwill

	GROUP	
	2020-12-31	2019-12-31
SwedencareUSA, Inc.	4 900	4 997
Swedencare UK Ltd	4 483	5 006
SARL Buccosante	2 949	2 683
Swedencare Ireland Ltd	35 525	35 038
Biovet I.K.E.	1 322	1 416
Stratford Care USA, Inc.	60 876	-
Animal Pharm Care USA, Inc.	114 616	-
Nutravet (UK) Limited	343 244	-
Total	567 915	49 140

NOTE 10 Goodwill - cont.

Changes in reported values for goodwill are:

	GROUP		PARENT COMPANY	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Beginning accumulated acquisition values	49 140	49 848	-	-
Acquisition	518 736	1 416	-	-
Conversion difference	39	-	-	-
Reclassifications	-	-2 124	-	-
Ending accumulated acquisition values	567 915	49 140	-	-
Reported value	567 915	49 140	-	-

Impairment test

At the annual impairment test, goodwill on the operating units is assessed collectively.

The recoverable amount per subsidiary was determined on the basis of 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 collectively and with a conservative growth rate of 10% over the next 3 years:

	Eternal	2021-2023	2020	2019
Growth	2%	10.0%	89.4%	27.7%

WACC: 14.5%

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 300% 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 for North America and Asia exceeds the overall long-term growth rates on average as these geographic markets are expected to continue to grow faster than the average for the foreseeable future. The Group expects slightly lower growth in European than the average.

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 11 Buildings and land

Changes in reported values regarding buildings and land are:

	GROUP	
	2020-12-31	2019-12-31
Beginning acquisition value	8 477	7 957
Purchases	83	-
Operational leasing	24 905	-
Sales/disposals	-917	397
Conversion difference	-2 375	123
Reclassifications	3 675	-
Ending accumulated acquisition values	33 848	8 477
Depreciation	-273	-103
Sales/disposals	432	-
Annual depreciation	-170	-168
Operational leasing	-2 483	-
Reclassifications	-1 654	-
Conversion difference	141	-2
Ending accumulated depreciation	-4 007	-273
Net book value	29 841	8 204

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

NOTE 12 Machinery and other tech assets

	GROUP	
	2020-12-31	2019-12-31
Beginning acquisition value	9 890	4 002
Purchases from subsidiaries	1 937	793
Purchases	174	1 143
Sales	-870	-
Conversion difference	-287	27
Financial and operational leasing	1 353	4 255
Reclassifications	-3 675	-330
Ending accumulated acquisition values	8 522	9 890
Depreciation	-4 463	-1 045
Purchases from subsidiaries	-	-646
Sales/disposals	672	-
Conversion difference	87	-8
Reclassifications	1 654	141
Annual depreciation	-441	-443
Financial and operational leasing	-819	-2 462
Ending accumulated depreciation	-3 310	-4 463
Net book value	5 212	5 427

NOTE 13 Furnitures and fixtures

	GROUP		PARENT COMPANY	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Beginning acquisition values	4 120	2 319	141	101
Purchases from subsidiaries	4 925	841	-	-
Purchases	1 132	1 647	-	40
Sales/disposals	-319	-27	-	-
Conversion difference	-843	96	-	-
Reclassifications	-	-756	-	-
Ending accumulated acquisition values	9 015	4 120	141	141
Depreciation	-2 123	-1 028	-87	-72
Purchases from subsidiaries	-460	-743	-	-
Purchases	-	7	-	-
Sales/disposals	312	-43	-	-
Conversion difference	208	217	-	-
Reclassifications	-	-533	-	-
Annual depreciation	-933	-2 123	-17	-15
Ending accumulated depreciation	-2 996	-2 123	-104	-87
Net book value	6 019	1 997	37	54

NOTE 14 Deferred tax asset

	GROUP	
	2020-12-31	2019-12-31
Ending internal profit	831	564
Deficit deduction	781	425
Financial leasing agreements	34	5
Temporary differences regarding the reversal of amortization of intangible assets	-1 641	-
Deferred tax assets	5	994

NOTE 15 Inventory

	GROUP		PARENT COMPANY	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Inventory consist of the following:				
Raw material	6 711	6 780	1 769	1 559
Finished goods	55 080	8 515	-	11
	61 792	15 295	1 769	1 569

In 2020, 453 KSEK (2019: 749 KSEK) was expensed as a result of disposal of inventories. These items are no longer in stock. Reversal of previously made impairments amounted to 0 KSEK (2019: 0 KSEK).

NOTE 16 Accounts receivable

All the Group's accounts receivable and other receivables reported in the comparison period have been examined for an indication of impairment. The bad debt of accounts receivable is primarily attributable to customers with financial difficulties.

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		
	2020	2019
Net revenue	239 946	126 769
Confirmed customer losses	6	74
	0.00%	0.06%

Reconciliation of the bad debt reserve	2020-12-31	2019-12-31
Opening balance	-	97
Recovered customer losses	-34	-23
New risk	761	-
Confirmed loss	-6	-74
Ending balance	721	-

Maximum credit exposure amounts to 50 480 KSEK (2019: 18 308 KSEK).

NOTE 17 Financial assets and liabilities

Categories of financial assets and liabilities

The principles describe each category of financial assets and liabilities as well as associated accounting and valuation principles. The reported values for financial assets and liabilities per category are as follows:

GROUP		
Financial assets at accrued acquisition value	2020-12-31	2019-12-31
Deposit	60	61
Other financial current assets	3 662	1 263
Accounts receivable and other receivables	50 480	18 309
Cash	284 081	45 737
	338 283	65 370

Financial liabilities at accrued acquisition value	2020-12-31	2019-12-31
Long-term debt	117 500	-
Short-term debt	35 500	-
Accounts payable	18 991	5 434
	171 991	5 434

NOTE 18 Reconciliation of liabilities related to financing activities

Change in the Group's liabilities.

GROUP	Long-term liabilities	Short-term liabilities	Total
2019-01-01	1 000	8 000	9 000
Cash flow:			
- Amortizations	-1 000	-8 000	-9 000
Non-cash flow:			
- Leasing debt	-	615	615
2019-12-31	-	615	615

GROUP			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

NOTE 19 Pledged collateral and contingent liabilities

GROUP/PARENT COMPANY	2020-12-31	2019-12-31
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 20 Liabilities to credit institutions

	GROUP		PARENT COMPANY	
Lenders	Loan amount 2020-12-31	Loan amount 2019-12-31	Loan amount 2020-12-31	Loan amount 2019-12-31
Handelsbanken	153 000	-	153 000	-
Short-term part of total debt	35 500	-	35 500	-

The loan has financial KPI's regarding EBITDA and liquidity. During the year, Swedencare complied with the KPI's set by the bank in connection with the loan.

NOTE 21 Other current liabilities

	GROUP	
	2020-12-31	2019-12-31
Advances from customers	47	579
Current liabilities - Financial leasing agreements	229	88
Current liabilities - Operating leasing agreements	4 047	1 456
VAT & personnel-related taxes	6 804	3 256
	11 127	5 379

NOTE 22 Year-end adjustments

	PARENT COMPANY	
	2020	2019
Group contributions made	-	-179
	-	-179

NOTE 23 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	6 488	1 928

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	11 094	5 138

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	8 821	5 888

SARL Buccosante	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	5 692	1 291

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	1 218	313

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	22 743	10 781

NOTE 23 Specification of shares in subsidiaries - cont.

Stratford Care USA	Main business: Marketing and sales of the company's proprietary products in a number of therapy areas for dogs and cats in North America.		
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	157 763
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
P20000037765	Odessa, Florida	141 688	3 401

Animal Pharm Care USA	Main business: Marketing and sales of the company's proprietary products in a number of therapy areas for dogs and cats in North America.		
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	217 362
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
P20000073246	Boca Raton, Florida	202 570	232

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.		
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	100	382 859
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
7338477	Bolton, UK	30 462	8 333

Swedencare Spain S.L.	Main business: Marketing and sales of the Group's Pet Health Care products in Spain.		
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	5 000	2 620
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
B67392670	Mataró, Spain	514	-855

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.		
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	386 000	5 847
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
58820604000	Thessaloniki, Greece	4 868	720

Swedencare Tillverka Inc.	Main business: Production center of ProDen PlaqueOff® powder in North America.
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OWNERSHIP	VOTING RIGHTS	NUMBER OF SHARES	BOOKED VALUE
100%	100%	1	-
ORG.NR	REG. LOCATION	EQUITY	NET INCOME
853648974	Rosenberg, Texas	-86	-97

SUMMARY BOOKED VALUE	826 615
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	2020-12-31	2019-12-31
Ingoing balance	66 063	62 614
Purchases	757 984	5 899
Reclassification	-	-2 450
Shareholder contributions in subsidiaries	2 568	-
Ending accumulated acquisition values	826 615	66 063

Biodistra AB, Swedencare Nordic AB and Swedencare Ireland Ltd. has audited annual reports for 2020. Annual reports for all subsidiaries are included in Swedencare AB (publ) 2020 consolidated accounts and is part of the Group auditor's review.

NOTE 24 Number of shares and quota value

	PARENT COMPANY	
Subscribed and paid shares	NUMBER OF SHARES	QUOTA VALUE
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
Opening balance 2019-01-01	15 770 622	0.05
New share issue	31 358	-
Total outstanding shares 2019-12-31	15 801 980	0.05

One vote per share. Each newly issued share has the same right to a dividend and repayment of invested capital and represents one vote at the parent company's general meeting.

NOTE 25 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 on the basis of 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.

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:

	2020-12-31	2019-12-31
Total equity	932 948	131 328
Cash	-284 081	-45 737
Capital	648 867	85 591
Total equity	932 948	131 328
Borrowing	153 000	-
Total financing	1 085 948	131 328
Capital adequacy ratio	0.60	0.65
Net debt (The company has a net cash)	-109 649	-43 776
EBITDA	70 301	39 531
Net debt/EBITDA	-1.6	-1.1
Equity	932 948	131 328
Balance sheet total	1 150 480	149 447
Solvency	81.1%	87.9%

NOTE 26 Exchange rate differences in the income statement

Operating profit includes exchange rate gains of 11 461 KSEK (2019: 2 683 KSEK) and exchange rate losses of 16 552 KSEK (2019: 2 109 KSEK).

NOTE 27 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 and the US. All foreign currency accounts are translated to the closing balance sheet rate.

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 +/- 1 530 KSEK calculated on the debt to credit institutions 153 000 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 2020 was 2.95 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 with regard to 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

Accounts receivable consist of a medium-sized number of corporate customers in different geographical areas.

In other respects, 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 have 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 2019–2020 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 are 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 16.

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 31st, 2020 amounted to 284 081 KSEK (45 737 KSEK), as of the same date the Group had interest-bearing long-term and short-term liabilities totaling 174 432 KSEK (1 961 KSEK). As of December 31, 2020, the Group has net cash amounting to 109 649 KSEK (43 776 KSEK).

Every quarter, the Group generates a positive cash flow from operating activities and in the first half and full year also a positive cash flow after investments and after financing 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. Kassaflöden från kundfordringar och andra fordringar förfaller samtliga inom sex månader. As per of December 31st, 2020, the Group's non-derivative financial liabilities have the following maturities as follows:

2020-12-31	Short-term		Long-term	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
Bank loans	20 007	20 007	125 082	-
Operational leasing obligations	2 034	2 012	12 362	7 655
Financial leasing obligations	120	109	1 415	-
Accounts payable and other liabilities	38 825	-	-	-
	60 986	22 128	135 859	7 655

This can be compared with the maturities during previous financial years for the Group's financial liabilities that are not in derivatives as follows:

2019-12-31	Short-term		Long-term	
	Within 6 months	6-12 months	1-5 years	Later than 5 years
Bank loans	-	-	-	-
Operational leasing obligations	802	654	1 377	-
Financial leasing obligations	53	35	584	-
Accounts payable and other liabilities	14 614	-	-	-
	15 469	689	1 961	-

NOTE 28 Acquisitions

Acquisition	Stratford	Animal Pharm	Nutravet	Holden2 Acquired Jan 2021	Total
Purchase price					
Cash payment for this year's acquisition	157 763	176 792	352 955	122 059	809 569
Non-cash issue	-	40 571	93 504	53 408	187 483
Deferred purchase price	-	-	-	-	-
Total purchase price	157 763	217 363	446 459	175 467	997 052

The additional purchase price for Animal Pharm of 88 MSEK, which was based on certain financial terms, was paid in cash in Q4 2020. The additional purchase price had a maximum amount of 88 MSEK.

Reported values of acquired assets and assumed liabilities	Stratford	Animal Pharm	Nutravet	Holden2
Intangible assets	63 687	87 777	-	-
Tangible assets	1 606	1 272	1 153	-
Inventory	14 796	5 626	17 960	15 307
Accounts receivable	18 460	1 483	7 490	5 366
Other current receivables	766	-	1 029	481
Cash	-	-	71 968	17
Total acquired net assets	99 315	96 158	99 600	21 171
Accounts payable	-8 765	-1 688	-18	-2 451
Other current liabilities	-2 047	-218	-9 253	-2 940
Assumed net debt	-10 812	-1 906	-9 271	-5 391
Goodwill	69 260	123 111	356 130	159 687
Total	157 763	217 363	446 459	175 467

No part of reported goodwill is expected to be deductible in income taxation.

Payments for acquisitions	Stratford	Animal Pharm	Nutravet	Holden2
Payment for this year's acquisition	-157 763	-217 363	-446 459	-175 467
Acquired cash and bank balances	-	-	71 968	17
Issuance costs that are deductible items in equity	-4 888	-2 360	-2 360	-2 973
Transaction costs that are included in Net income as Other external costs	-1 484	-654	-3 117	-634
Total paid	-164 135	-220 378	-379 968	-179 057

NOTE 28 Acquisitions - cont.

Contributions from acquired companies	Stratford	Animal Pharm	Nutravet
Contribution from the time when the controlling influence existed			
Total revenue	52 408	14 668	19 777
Net income	3 401	232	8 333
Contribution if the acquisition had been made January 1 st , 2020			
Total revenue	96 706	58 356	69 196
Net income	7 475	11 288	5 550

Stratford

– Acquisition of leading American Pet Health Care company

The agreement was signed June 24th and on and on July 1st, 100% of the business Stratford Pharmaceuticals LLC was acquired by a start-up company, Stratford Care USA inc. and became part of Swedencare. We have had contact with CEO Brian Nugent for several years and wanted to acquire the company even earlier.

Stratford has been active in the US veterinary market since 2011. The company has a broad self-developed product portfolio of dietary supplements in several therapy areas, including skin and coat, joints and gastrointestinal for dogs and cats.

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. This means that even small individual clinics can have their own label on the products and thereby create a unique relationship with the pet owner.

Stratford Care USA has a very competent and experienced management team which is led by the CEO, Brian Nugent (founder) and Nicole Ladue (Vice CEO), who have built the business to become a leading actor in the American market with about 20 employees.

Through the acquisition, Swedencare strengthened its presence in the United States, the world's largest market for pets, and significantly expanded its product range. With Stratford, the group can reach a large number of new customers in the veterinary channel, which complements our existing channel distribution.

In the short term, synergies in sales and marketing as well as to some extent also logistics with SwedencareUSA can be achieved. The two companies have taken their respective product offerings for launch in their respective channels.

Animal Pharm

– Acquisition of the operations of an American Pet Health Care company with a veterinary focus

The agreement was signed September 24th and on October 1st, 100% of the business Animal Pharmaceuticals® Inc was acquired by a newly started company, Animal Pharm Care USA inc.

The company was founded by Jason Braun in 2003, and today reaches approximately 8 500 veterinary clinics with a broad self-developed portfolio of dietary supplements that cover several therapy areas where dermatology and skin and coat care products account for just under 60%. The company has a strong brand that is also sold through its own web shop.

Through the acquisition, we further strengthened our presence in the United States, the world's largest market for pets, and significantly expanded our product range. Together with Stratford, Swedencare now reaches the 3 leading veterinary distributors on the American market.

In the short term, synergies in sales and marketing are judged to be achievable through various group companies. Animal Pharm will benefit from synergies in logistics, finance, administration, and sales through Stratford Care USA. In the longer term, synergies are expected in connection with marketing and sales of Animal Pharm's product portfolios and concepts in Swedencare's international distribution network.

Online sales with Amazon and Chewy are new channels which will begin sales during the first half of 2021. At the same time, they will launch an updated version of their veterinary exclusive product line Animal Pharm 2.0 to their loyal veterinary customers.

Nutravet

– Acquisition of leading British Pet Health Care company

The agreement was signed September 24th and on October 1st 100% of Nutravet (UK) Limited was acquired.

Through the acquisition, Swedencare gets 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 several European veterinary clinics and pet hospitals. The company, 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 the customer list. In 2017, a collaboration was initiated with Europe's leading veterinary chain, which has a large network of clinics and pet hospitals in 11 countries. Until now, the collaboration has been including clinics in the UK but will be extended to apply to the chain's other markets. The product portfolio, which is self-developed, covers most therapy areas except dental products, here Swedencare's ProDen PlaqueOff® as an ingredient in a completely new format will complement the customer offering.

IVC is the company's largest individual customer and has until now only applied to the UK, but in 2021 several IVC's other European markets will start launching Nutravet's products.

Early synergies besides on the product side are logistics and administration where our Irish production and logistics center has already started working with Nutravet to avoid some administrative and costs due to Brexit regarding trade and transport between the UK and the EU.

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.

Holden2

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

The agreement was signed on December 16th and on January 1st, 2021, 100% of Holden2 LLC was acquired.

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. Holden2, 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.

Holden2 will continue to be led by Stephen Watters and Edward Holden, who will also be major shareholders in Swedencare. The company has 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 Holden2'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 Holden2 will quickly benefit from synergies in logistics through cooperation with our other subsidiaries in the USA.

Already in 2021, Pet MD® will be launched on Amazon UK and other parts of Europe, followed by other markets, primarily Asian.

Rx Vitamins

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

On April 1st, 2021, 100% of the American company RxV Enterprises with its wholly owned subsidiary Rx Vitamins ("Rx Vitamins" or "Rx"), a dietary supplement specialist with a focus on premium brands for pets, was acquired. The purchase price amounted to approximately 200 MSEK and was paid through a cash payment of approximately 160 MSEK and a non-cash issue of a total of 95 542 Swedencare shares to the seller. Through the acquisition, Swedencare acquires one of the first pioneering pet brands in dietary supplements in the USA. Since 1998, Rx Vitamins has set the standard for safe, scientific, and unique formulations to primarily facilitate the work of veterinarians.

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 actor in the industry.

The customer base at Rx is primarily veterinary clinics that order directly supplemented with certain sales to specialized local distributors in the USA. The company also sells for export to a dozen markets and has a smaller range of dietary supplement products on the human side, which is sold to a few major customers. All Pet Health Care products are formulated by Dr. Robert J. Silver, CMO. Dr. Silver is an sought for speaker at veterinary conferences around the world and writes appreciated posts about his approach to integrative medicine for pets. Only pure and high-quality ingredients are used in the production of all Rx Vitamins' various pet products.

NOTE 29 Proposed allocation of profits

Proposed allocation of profits 2020-12-31

The following profit is available to the Annual General Meeting:

Retained earnings	906 423 988
Net income	20 970 471
	927 394 459

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

Dividend to shareholders 0.80 SEK x 21 084 475	16 867 580
Transferred to retained earnings	910 526 879
	927 394 459

NOTE 30 Transactions with related parties

There have been no transactions with related parties in 2020.

NOTE 31 Significant events after the yearend

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

Swedencare AB (publ) has completed the acquisition of Holden2 and part of the purchase price is settled with a non-cash issue.

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

The world is in a pandemic, but we do not feel that Swedencare has been affected to any significant extent. Swedencare closely monitors developments together with our distributors and evaluates the extent to which this may affect the company's operations in the short and long term. At present, it is impossible to give any forward-looking assessments of the extent to which it may affect subsequent quarters.

NOTE 32 Definitions of KPI's

Net revenue

The main revenue of the Company

EBIT

Operating profit

Interest-bearing netdebt

Interest-bearing debt including financial leasing minus cash

Change of revenue (%)

Total revenue in relation to the previous corresponding period

EBIT-margin (%)

Operating profit as a percentage of total revenue

Earnings per share

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

Gross profit

Sales revenue minus costs for raw materials and components

Net income margin (%)

Profit after tax as a percentage of total revenue

Equity per share

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

Gross margin (%)

Gross profit as a percentage of total revenue

Solvency (%)

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

EBITDA

Operating profit before depreciation and other operating expenses

NOTE 33 Approval of the annual financial report and consolidated accounts

The Annual financial report and consolidated accounts for the financial year ended December 31st, 2020 (including comparative figures) was approved by the Board on April 7th, 2021.

Malmö April 7th, 2021



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
Ann Theander
Authorized public accountant



Auditor's report



To the general meeting of the shareholders of
Swedencare AB (publ)
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 (publ) for the year 2020.

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 2020 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 2020 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

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises report X Y Z (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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 (publ) for the year 2020 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:

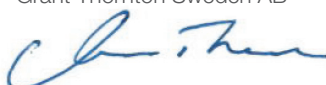
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö April 7, 2021
Grant Thornton Sweden AB



Ann Theander
Authorized Public Accountant

Premium Pet Health Care products.
Read more at swedencare.se

