



# Half year report

**APRIL - JUNE 2024**

with  
Håkan Lagerberg, CEO  
Jenny Graflind, CFO





# Q2 2024 Highlights

Growth and profitability and lowering debt level

**Pet Retail** and **Online** low double digit and **Veterinary** high single-digit growth

Record quarter for both FlavorPal® and ProDen PlaqueOff® ingredient

Two trademark acquisitions (HSP & Vet Worthy®) & acquisition in Canada, MedVant in Q3

InterZoo – world’s largest companion animal expo, several group brands participated in joint booth

Reorganization & Innovation pipeline at NaturVet and initiated strategic overview on Amazon sales set-up

# Key performance indicators

Q2 2024

Net revenue  
**630.5 MSEK**

Change in  
net revenue

**10%**

Organic

**10%**

Operational gross margin

**57.9%**

Operational EBITDA

**140.9 MSEK**

Margin

**22.3%**

Net debt/EBITDA

**2.37**

Operational cash flow

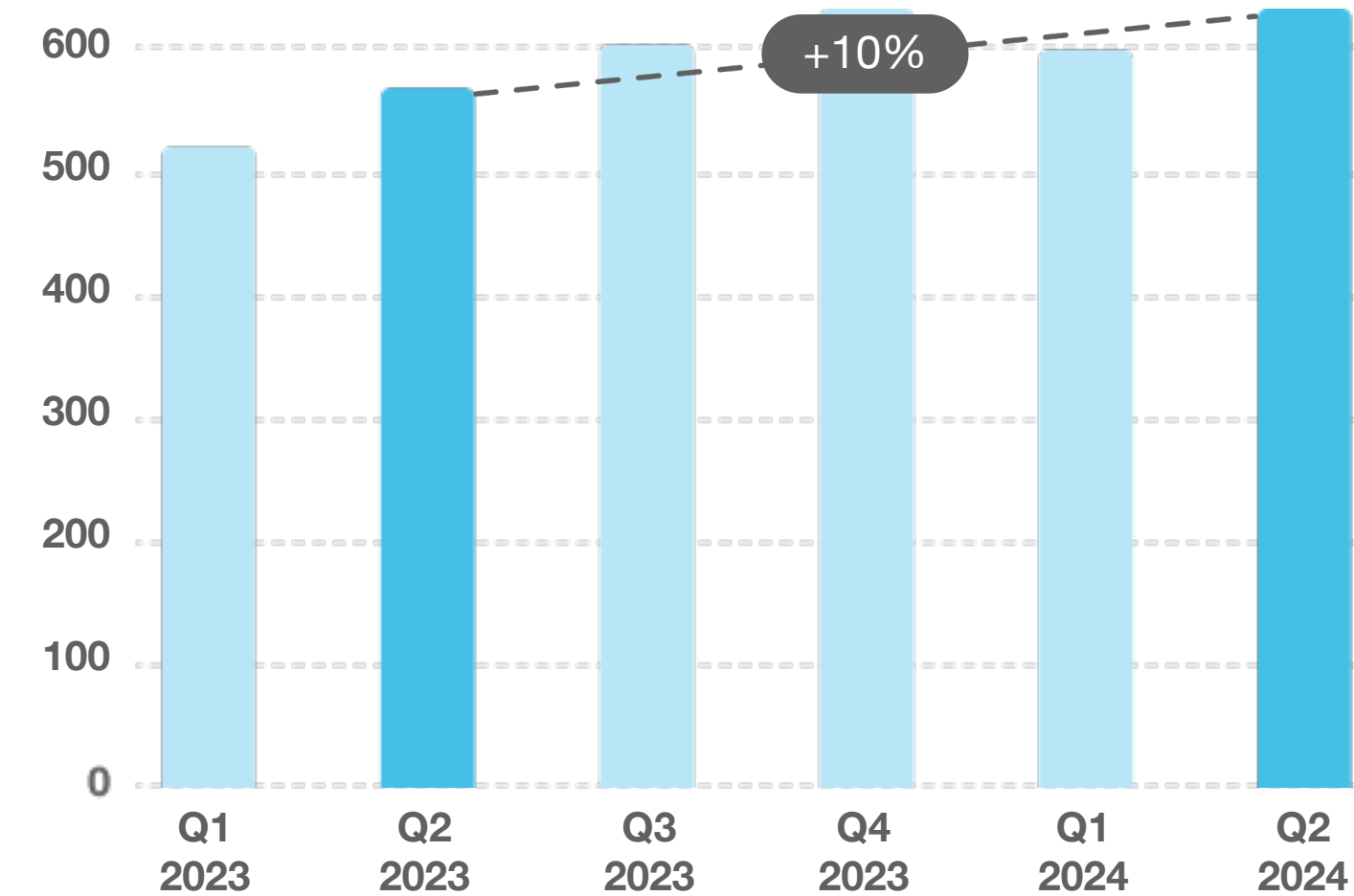
**81.2 MSEK**

Cash

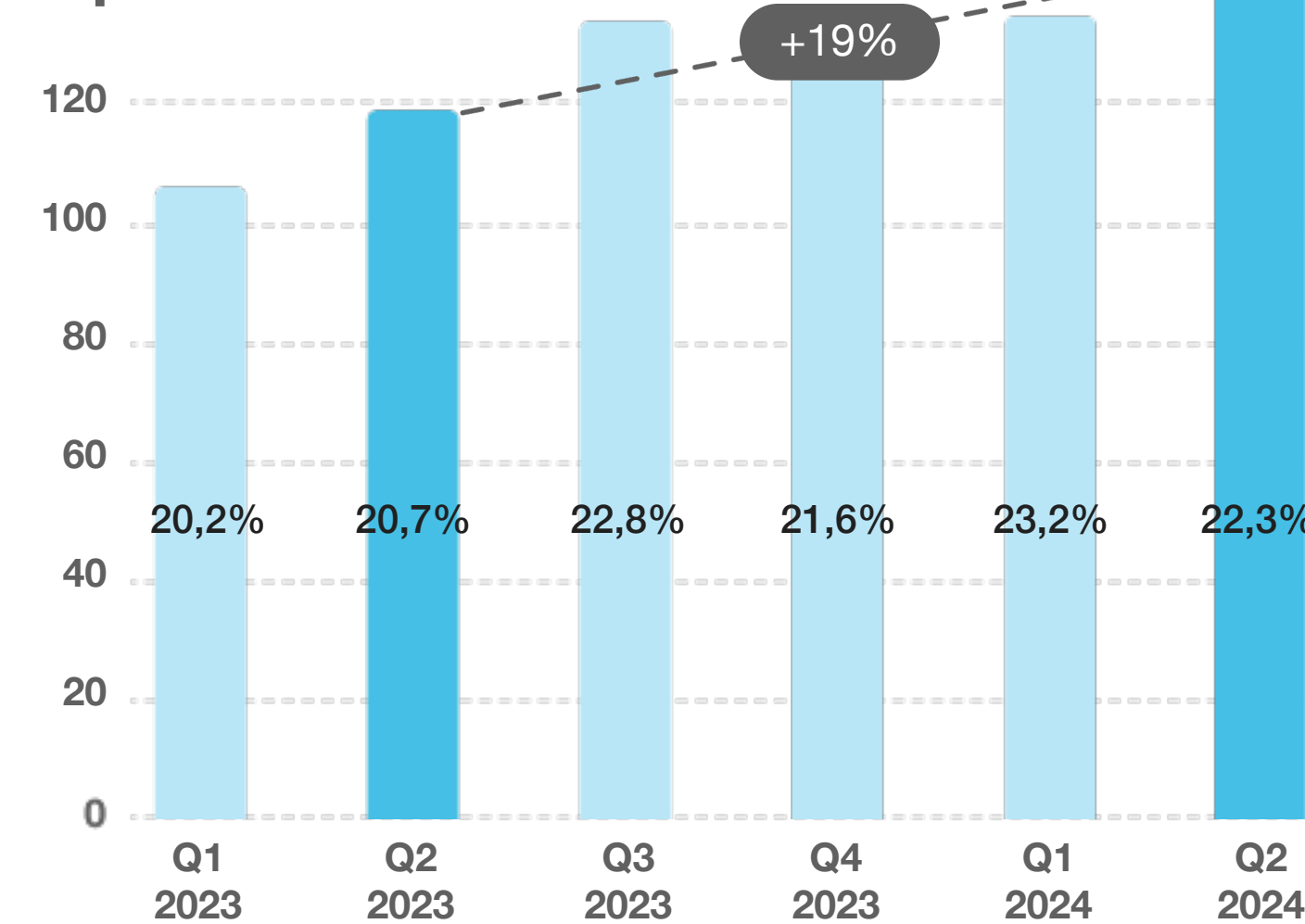
**170.0 MSEK**

# Financial Highlights Q2 2024

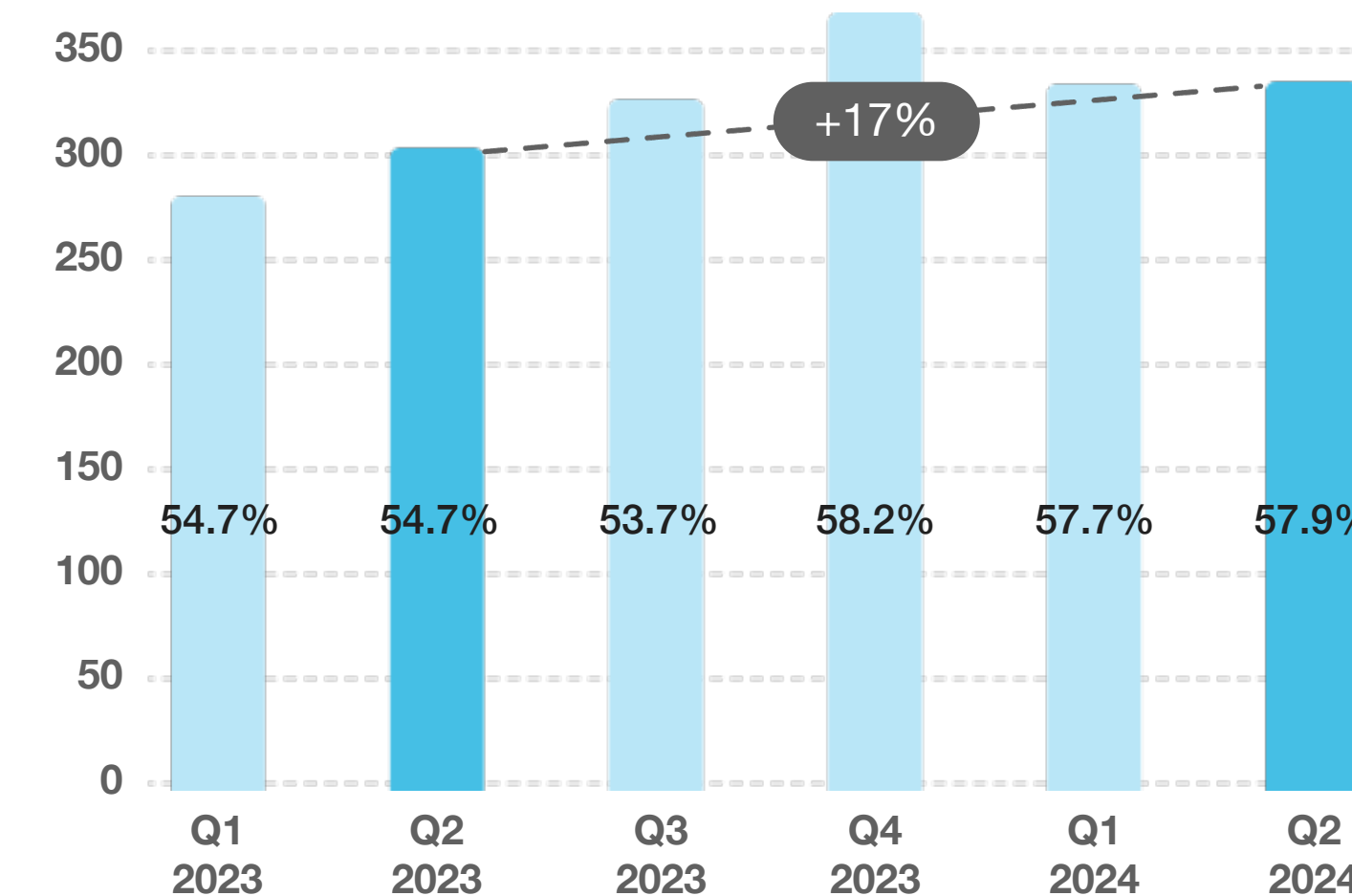
## Net Revenue



## Operational EBITDA



## Operational Gross Margin



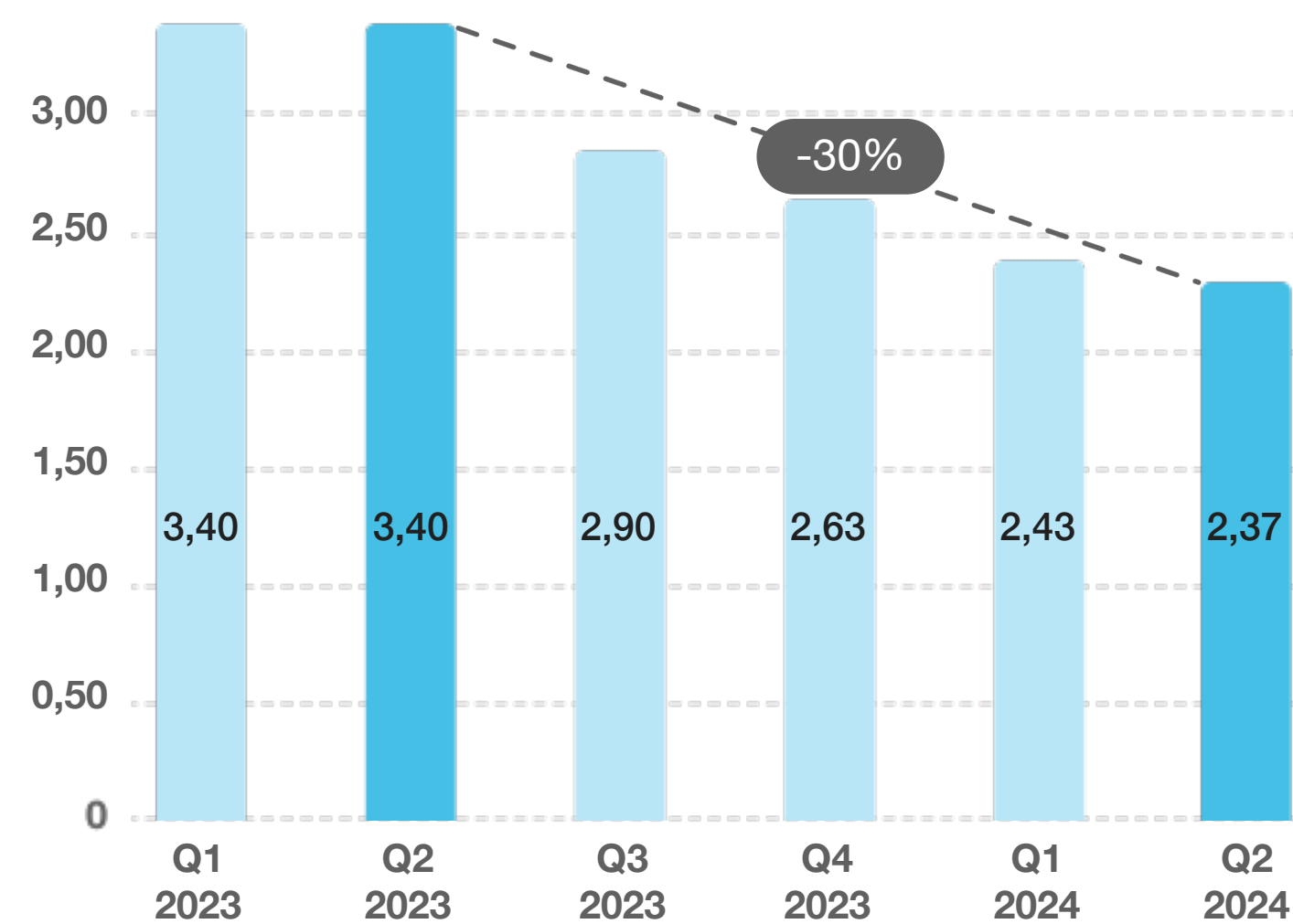
## Comments

- 10% growth is organic
- Growth in:
  - All segments
  - All productcategories
  - All regions (except for RoW)
- Op. Gross Margin
  - In line with expectations
- Op. EBITDA
  - Improved margins & profitability shows leverage – expected to continue
  - Opex impacted by:
    - Higher marketing spend in Online channel
    - Severance costs, moving costs to logistic center
    - Last quarter with double rent and salaries

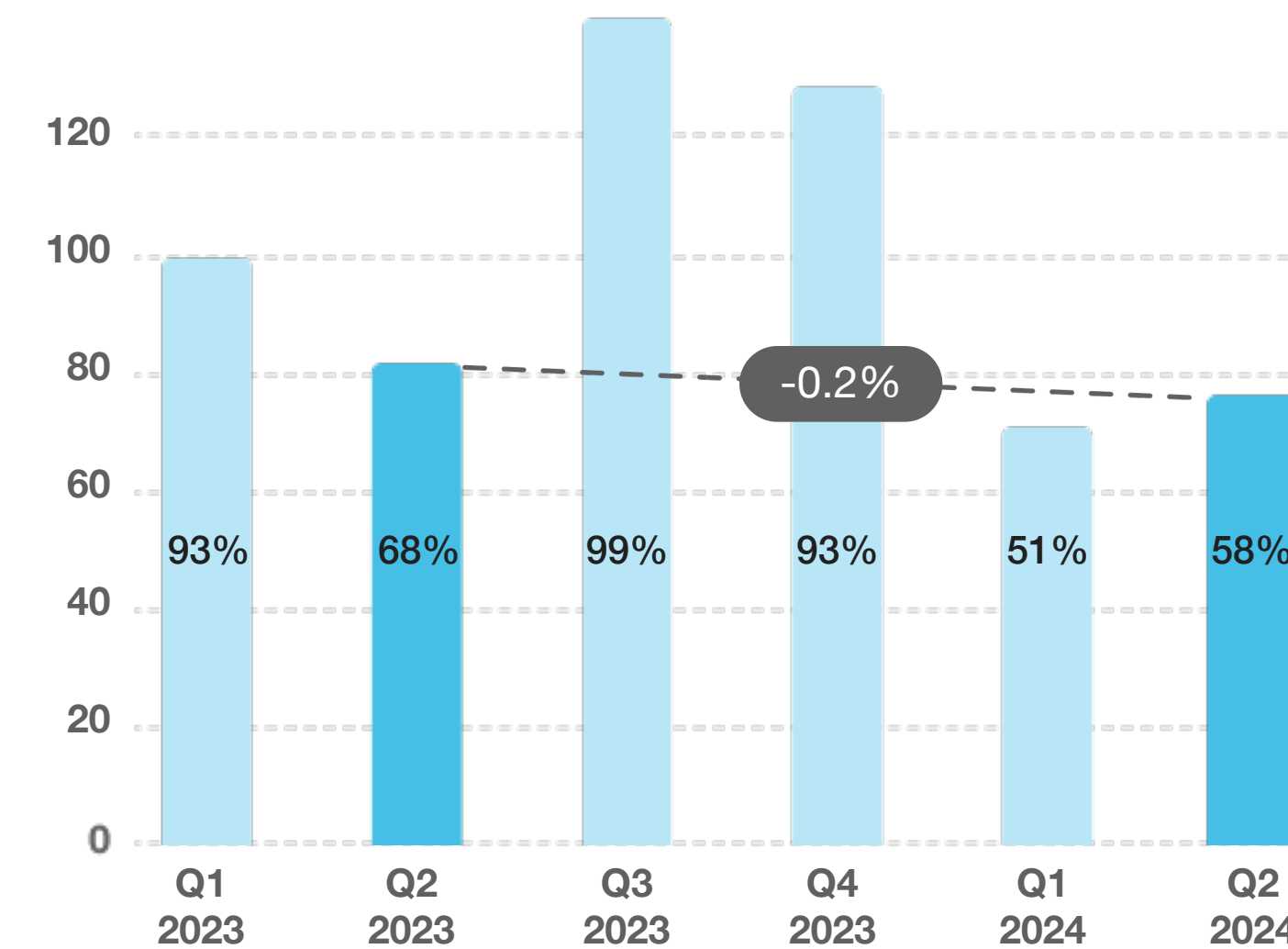
# Financial Highlights Q2 2024

## Comments

Net Debt / EBITDA



Op. cash flow / Cash conversion



- Negative change in WC
  - Higher inventory
    - Acq of 10M inv
  - Higher receivables
- Dividend pmt 36,5M
- Two asset acquisitions 38,4M
- Amortized on debt 50 MSEK
- YTD CapEx (excl acq assets) 21,7M/<2% of Net sales

Lower cashlevel with US cash pool

Lower Net Debt/EBITDA – despite new acq. did not contribute to proforma EBITDA

# Key performance indicators

H1 2024

Net revenue  
**1.228 MSEK**

Change in  
net revenue  
**12%**      Organic  
**11%**

Operational gross margin  
**57.8%**

Operational EBITDA  
**279.7 MSEK**

Margin  
**22.8%**

Net debt/EBITDA  
**2.37**

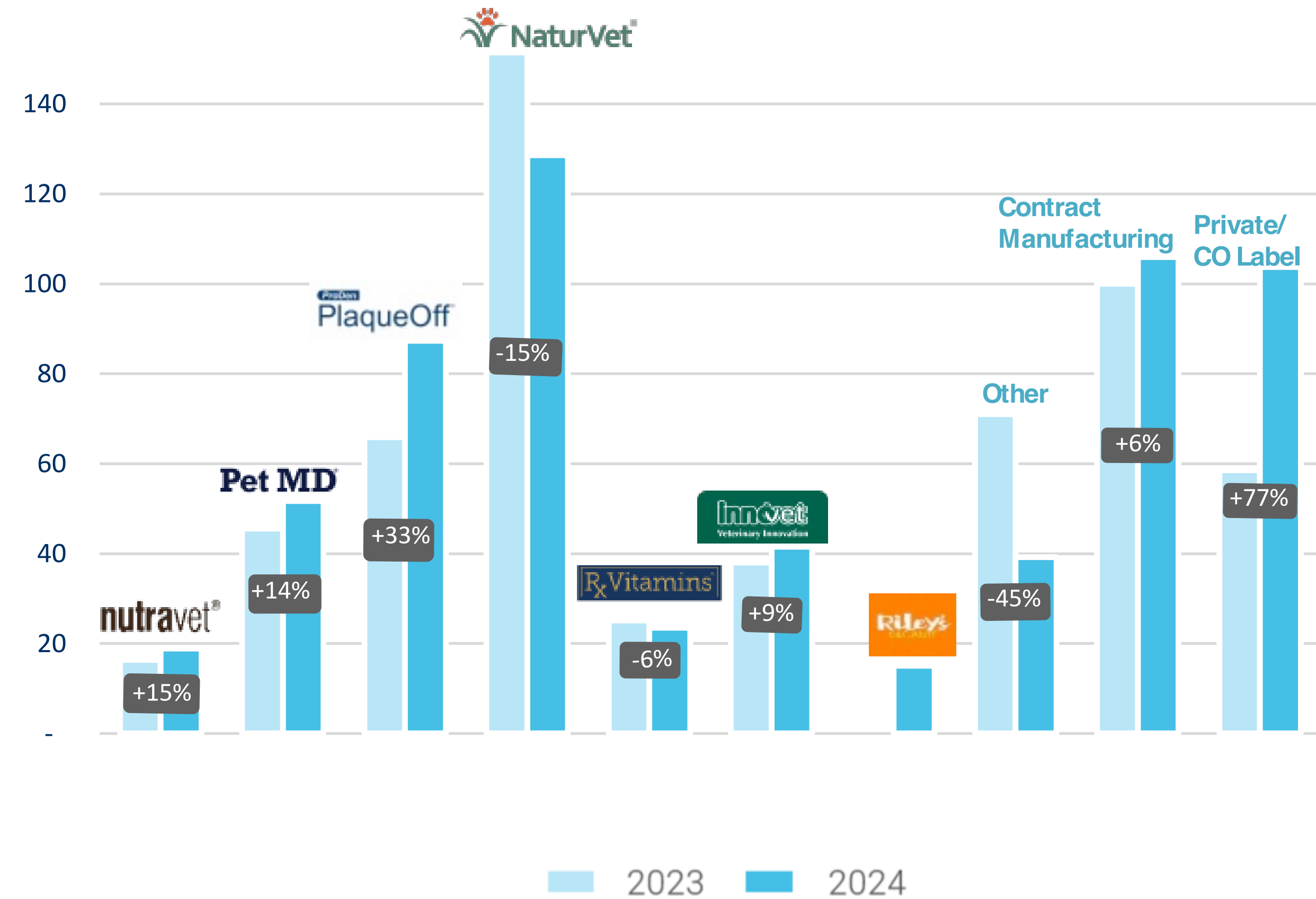
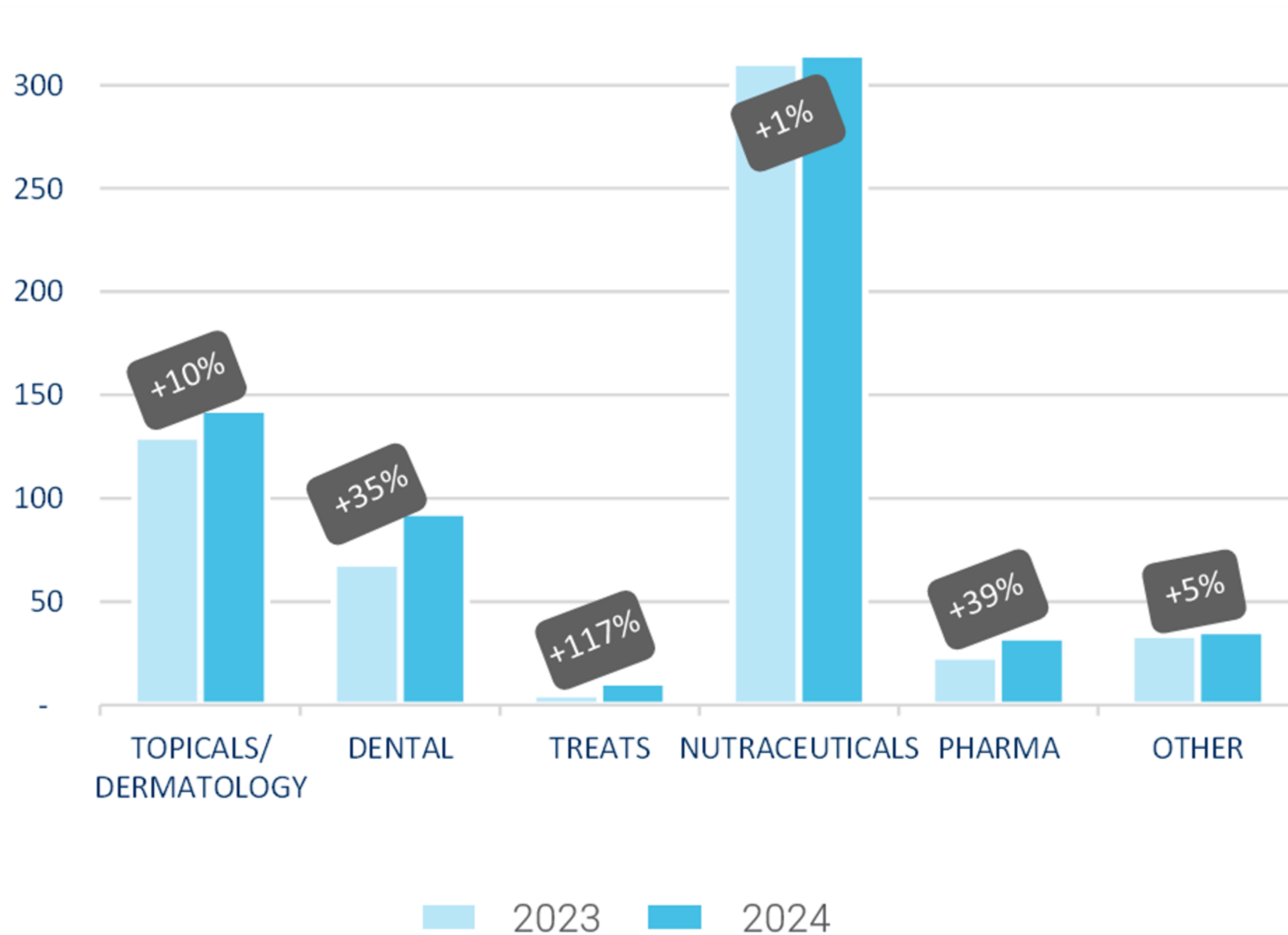
Operational cash flow  
**151.8 MSEK**

Cash  
**170.0 MSEK**

# Rolling 4 quarters



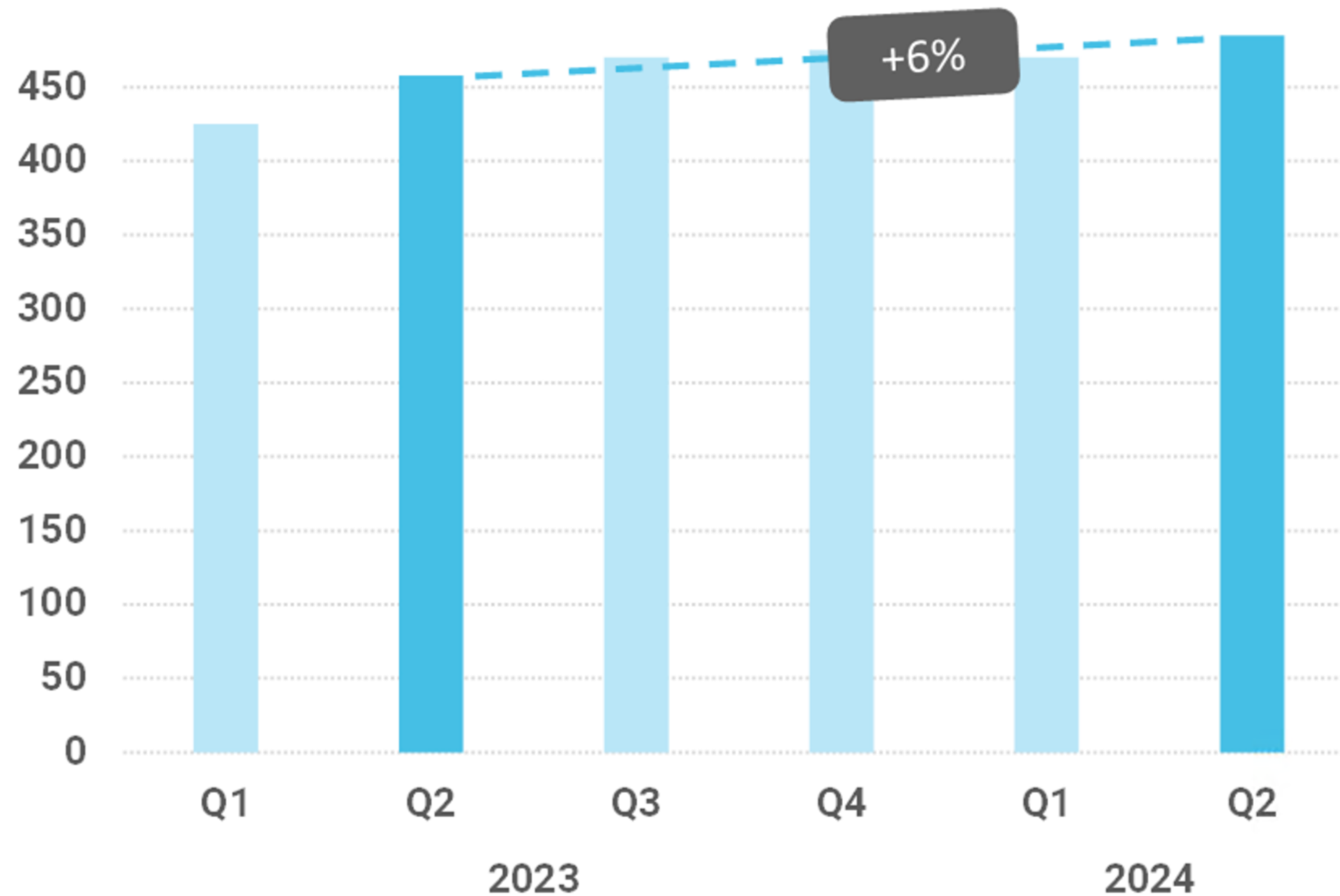
# Product- and brandsplit





# Net sales North America 485.0 MSEK, 6% growth

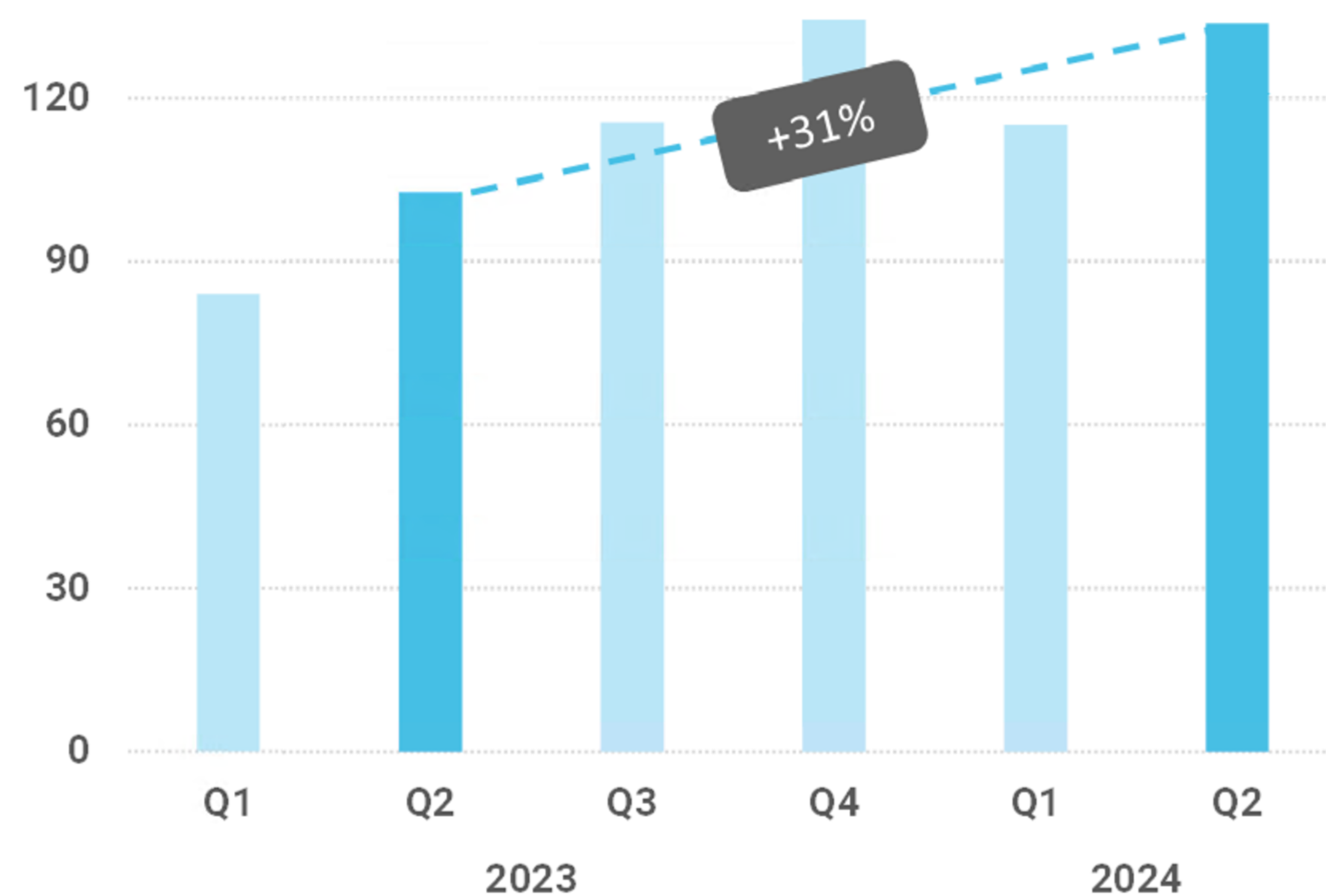
77%  
of total net revenue



- Improved and channel focus leadership in NaturVet
- “Breed specific” by NV partly launched, continues in Q3 (LY launches in H1)
- Rx Vitamins first national distributing contract
- Aligning inventory levels at exclusive partners to better match market demand
- Brand winners in Q: Pet MD®, ProDen PlaqueOff®, Riley’s®
- CDMO demand very high and record quarter for manufacturing and Flavorpal

# Net sales Europe 133.6 MSEK, 31% growth

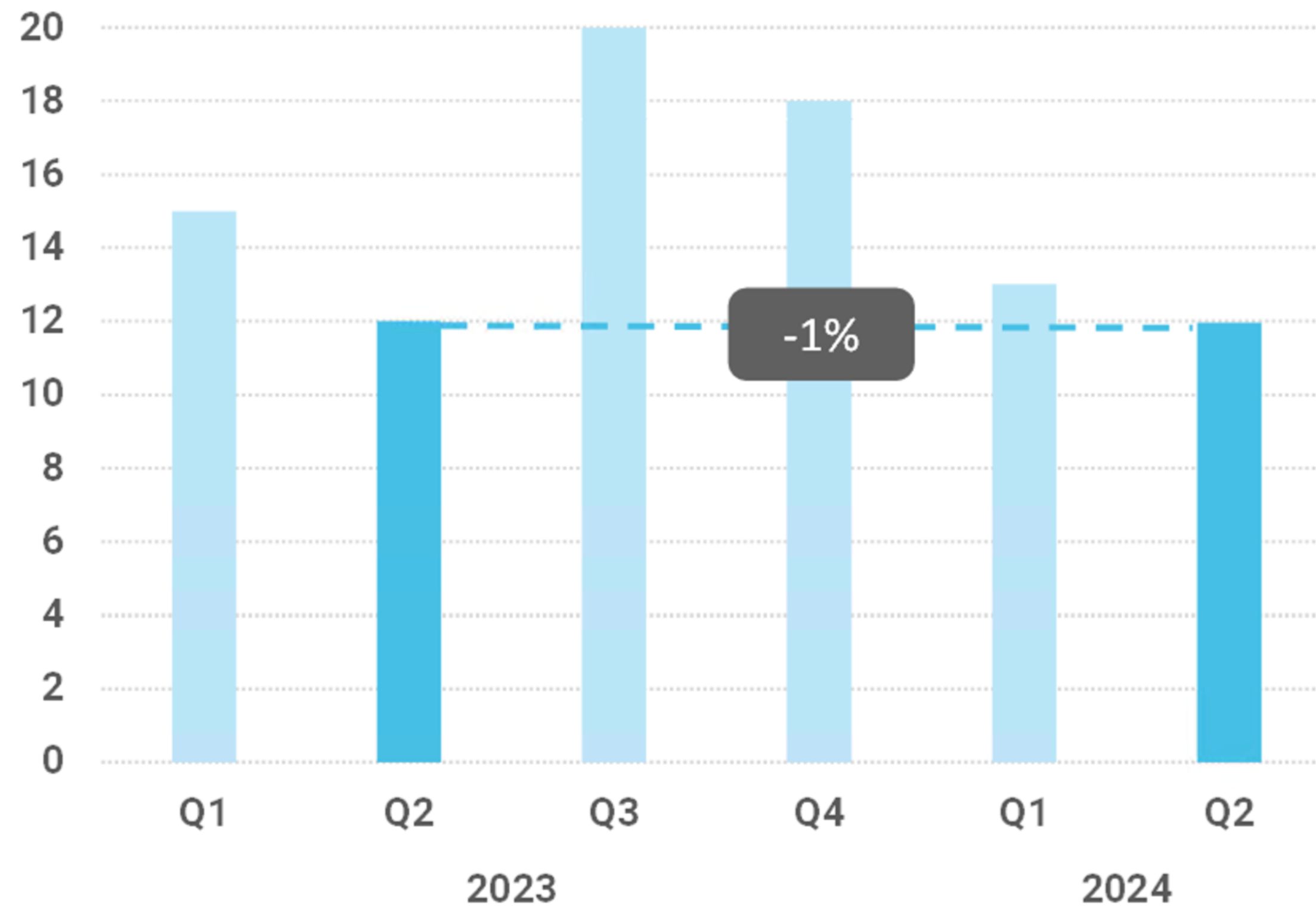
21%  
of total net revenue



- All channels strong and manufacturing of soft chews ramping up in both UK and Ireland
- Amazon transition in UK final, expecting growth from Q3
- Both internal and external European markets grow
- Launch Wellichews, PO soft chews, NaturVet by Swedencare
- Brand winners: ProDen PlaqueOff®, nutravet®

# Net sales Rest of the world 12.0 MSEK, down 1%

2%  
of total net revenue



- Solid quarter
- Asia with South Korea, Japan, Thailand largest and China showing signs of recovery
- Brand winners: ProDen PlaqueOff®, nutravet® and NaturVet®

# Priorities 2024

Growth, profitability and lowering debt level

Closing right partners for NaturVet in Big box retail for 2025 and onwards

Evaluating move from external to internal concerning manufacturing and online sales (utilizing Pet MD platform)

Product launches and development

Focus on strategic partnerships and intergration with major customers

Evaluating and potentially closing on M&A opportunities




# European Market Strategy

with  
Laszlo Varga, CCO Europe

# Strong underlying factors in the European market



129 MILLION CATS



106 MILLION DOGS

Europe is following the US trends of:

- 🐾 premiumization of pets
- 🐾 humanization ~70% view pet as part of family

Other factors that increase pet parents focus to preventative care are the **increased life expectancy** and **pet health care costs**

Expected strong underlying growth of pet supplements sales at CAGR 5,9% until 2033, up from 4,7% 2018-2022

Global ecom sales of pet care products CAGR 7,64% 2024-2030

# Well positioned in Europe

- Introduce US brands to Europe
- Expansion of strong local brands to new markets
- Strategic online partnerships
- Expand in marketplaces
- In-house performance team



- Topicals and grooming products
- ~23% of group sales, large majority in North America

# Leveraging our strong portfolio of brands

## Brand expansion

### Launch US brands

- Launch of NaturVet by SwedenCare in late Q2
- Increased focus on PetMD on Amazon across Europe Q3-Q4
- Introduce RXVitamins to veterinarian sector in select markets - ongoing

### Strong European brands to more markets

- Nutravet (UK) and Innovet (IT) through our own subsidiaries and through distributors across Europe.
- Spain and Greece Q1
- France planned Q3





# Dermatology and Topicals

## New product categories

### Introduce under existing brand umbrella

- Nutravet's Pet's Choice range launched Q2
- NaturVet by Swedencare launch Q4
- Additional launches planned in Q4

### Innovet range to more markets

- Introduce Innovet products to the veterinary sector in more markets during 2024



# Securing our success in the online growth



Online

## Strategic partnership

- To introduce NaturVet® in Europe under the brand NaturVet by Swedencare, we have initiated a strategic partnership with Zooplus – the leading European online pet platform.

## Growing marketplaces

- Added focus to Amazon across Europe
- Launch on more marketplaces Q4

## In-house performance team to support internal and external activities online

- Graphic Designer and Traffic Manager (5/2), Ecom executive for marketplace (8/7), Ecom coordinator (ongoing), Additional marketplace specialist (Q3-Q4)

## Launch of new website

- Launched in Q2 for Swedencare in Europe
- Provides us with deeper insights into customers' needs and behaviors

# We have the pieces for accelerate growth

A strong product portfolio to expand current offering in the supplement market in all of Europe

Capture the largely untapped demand in Topicals and Dermatology

Strategic partnerships

Building our online strengths to support expand our presence of our brands and products in all channels

# Sustainability highlights Q2

- Research and review of more sustainable product packaging alternatives in Vetio South. Results to be implemented across group
- Double materiality assessment ongoing
- Hire of Sustainability Controller to start in October 2024



Thank you for  
participating!

**Q&A**

