



SWEDENCARE

Year end report

January - December 2023



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

Our vision

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

* Note: The English version is a non-official translation of the original Swedish report.



SWEDENCARE

This is Swedencare

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

Vision

Swedencare is established in all major markets as an innovative and reliable pet healthcare company. With a global presence and channel strategy as well as a broad portfolio of well-functioning Pet Health Care products for the most important therapy areas, it is our **vision to establish ourselves as one of the leading companies within Pet Health Care on all larger markets.**

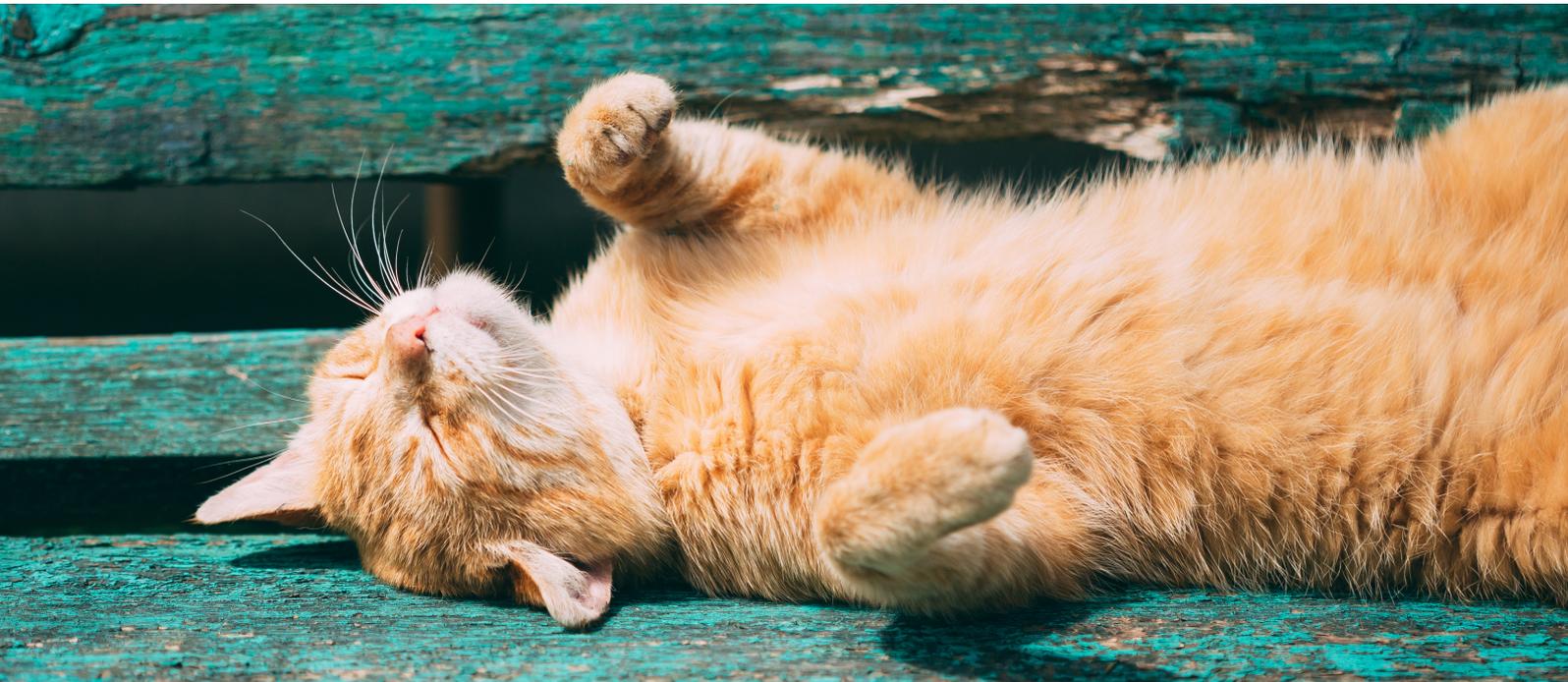
Financial objective

Swedencare's financial objective is to achieve revenues of 4 billion SEK during 2026 with an EBITDA-margin exceeding 30%. The financial objective will be achieved primarily through organic growth.

Dividend

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

For 2023, the board proposes a dividend of 0.23 SEK (0.22 SEK) per share.



Mission

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

Continued strong demand and initiatives yielding results - 23% organic growth for Q4

Summary of the period

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

Fourth quarter: October 1st - December 31st, 2023

- Net revenue amounted to 627.2 MSEK (497.4 MSEK), corresponding to an increase of 26% (95%)
- Organic, currency-adjusted, growth amounted to 23% (-5%)
- Operational EBITDA amounted to 135.5 MSEK (120.2 MSEK), corresponding to an increase of 13%, and a margin of 21.6% (24.2%)
- Operational EBITA amounted to 115.4 MSEK (102.0 MSEK), corresponding to an increase of 13%, and a margin of 18.4% (20.5%)
- Operational EBIT amounted to 113.3 MSEK (100.5 MSEK), corresponding to an increase of 13%, and a margin of 18.1% (20.2%)
- Exchange losses amounted to -5.1 MSEK (-1.9 MSEK)
- The profit after tax amounted to -13.0 MSEK (15.8 MSEK), impacted by the annual tax expense for the US group being booked in the fourth quarter
- Earnings per share calculated on 158 731 900 shares (158 522 955 shares) amounted to -0.08 SEK (0.10 SEK)
- Cash flow from operating activities amounted to 126.3 MSEK (96.0 MSEK)
- 75.0 MSEK has been amortized on the debts to credit institutions
- As of December 31st, 2023 cash amounted to 237.3 MSEK (245.1 MSEK)

Full year 2023

- Net revenue amounted to 2,324.6 MSEK (1,829.5 MSEK), corresponding to an increase of 27% (137%)
- Organic, currency-adjusted, growth amounted to 15% (2%)
- Operational EBITDA amounted to 499.3 MSEK (439.6 MSEK), corresponding to an increase of 14%, and a margin of 21.5% (24.0%)
- Operational EBITA amounted to 421.4 MSEK (376.1 MSEK), corresponding to an increase of 12%, and a margin of 18.1% (20.6%)
- Operational EBIT amounted to 414.8 MSEK (373.8 MSEK), corresponding to an increase of 11%, and a margin of 17.8% (20.4%)
- Exchange losses amounted to -3.4 MSEK (11.5 MSEK)
- The profit after tax amounted to 58.6 MSEK (94.5 MSEK)
- Earnings per share calculated on 158 731 900 shares (155 346 212 shares) amounted to 0.37 SEK (0.61 SEK)
- Cash flow from operating activities amounted to 444.0 MSEK (260.2 MSEK)
- 200.5 MSEK has been amortized on the debts to credit institutions
- The board proposes a dividend of 0.23 SEK (0.22 SEK) per share

Significant events during the fourth quarter

There are no significant events to comment on during the fourth quarter.

Significant events after the fourth quarter

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

Words from the CEO

With the conclusion of the year, we demonstrate that the growth trend from Q3 persists. The fourth quarter's net revenue of 627 MSEK corresponding to a 26% increase compared to Q4 2022 and marks our strongest quarter ever, with our EBITDA reaching 135 MSEK, equivalent to a margin of 21.6%. Our continued strong cash flow during the quarter has enabled a minority acquisition as well as 75 MSEK in amortizations, and we continue to reduce our net debt.

Our organic growth, 23% for the quarter and 15% for the full year, is evidence that our organization has worked diligently throughout the year to lay the foundation for stable and continuous growth, which should outpace the market. Several of our group companies had their strongest quarter of the year, contributing to another record quarter for the group. All channels experienced growth for us, and it's worth noting that both Vetio companies had their best quarter of the year. The strategy we developed at the beginning of the year for Vetio has been successful, primarily due to impressive efforts from management and the entire organization.

Strong growth everywhere

We are growing faster than the market in all regions, with some group companies achieving impressive growth rates well over 30%, while most are around 20%. Vetio UK (formerly CVP) continued the development we saw in the previous quarter, and as of November 2023, their growth is also counted as organic. The anticipated demand for soft chews in Europe has proven to be accurate, and we are already now expanding our capacity to cover both our internal and, especially, external demand in this product segment. We have just launched our proprietary "Wellichews" and ProDen PlaqueOff® versions, and later this spring, we will also offer our European customers NaturVet®.

Our margin was affected negatively by some extraordinary costs such as relocating Rx Vitamins from New York to our warehouse and logistics hub outside Tampa, Florida, as well as organizationally, as we have had double costs for several leading positions during the quarter before handover. Additionally, we have had write-offs related to inventory and accounts receivable during the quarter. Therefore, I expect that without these factors, we will deliver a higher margin in the upcoming quarters.

NaturVet, ProDen PlaqueOff® and PetMD

Our largest company NaturVet has had another strong quarter both in Pet Retail and Online. Since December, our new CEO, Geoff Granger, has taken over and is very enthusiastic about all the opportunities we have to take sales to a new level. There will be initiatives in acquiring new customer segments and partnerships, exploring new markets, and launching new products.

ProDen PlaqueOff® continuing its strong growth, it expanded by 46% during the quarter. As before, our powder product, the original, remains the fastest-growing, along with our new Soft Chews, which have so far only been launched in North America, but are set to launch in Europe during the current quarter.

Pet MD is growing by over 40% in the quarter, and our in-house Direct-to-Consumer (D2C) operations for our various group companies/brands continue to grow as well. In 2024, we are making further investments in D2C, including two new hires at our headquarters in Malmö. End-customer relationships and insights, along with the opportunity to test market offerings, are the driving reasons for this investment, even though it naturally also provides us with increased sales and higher margins.



New acquisition and prospects for 2024

At the beginning of 2024, we announced to the market the acquisition of Riley's, a product brand specializing in organic treats, one of the fastest-growing categories in the pet industry. We see significant opportunities to expand the product range and launch the brand in both Pet Retail and Veterinary channels. Our acquisition agenda is primarily focused on finding assets that bring something new to the group, where we see opportunities for rapid and profitable growth and synergies. Additionally, we have a particular focus on regions where we do not yet have operations, such as Asia, New Zealand, and Australia. However, we are not in a hurry, and as you know, we are meticulous and have high standards for organization, historical growth, and profitability, and, perhaps most importantly, a strong corporate culture before initiating a process.

It feels very satisfying to have ended the year strongly, and our methodical and structural work to deliver long-lasting high growth is beginning to show results. Some projects worth mentioning are the product diversification initiatives that both nutravet and Rx Vitamins have started, including a completely new product category within dermatological products produced internally. Stratford, which has had a transitional year, is beginning to see the results of integrated collaborations with the two largest Veterinary distributors in North America, as well as new executives in the organization bringing in new and high expertise in business development and sales.

I anticipate continued growth throughout 2024 while also expecting profitability to improve. In 2023, we implemented several structural and organizational changes which impacted margins. Now, we are about to reap the rewards of this work, which you will read about in upcoming reports.

Finally, I want to thank the entire organization for a successful 2023, and you can rest assured that the commitment and attitude are geared towards Swedencare continuing to evolve and improve on all fronts in the coming years.



Håkan Lagerberg, CEO
Malmö February 15th, 2024

Net revenue
627.2 MSEK

Change in
net revenue
26%

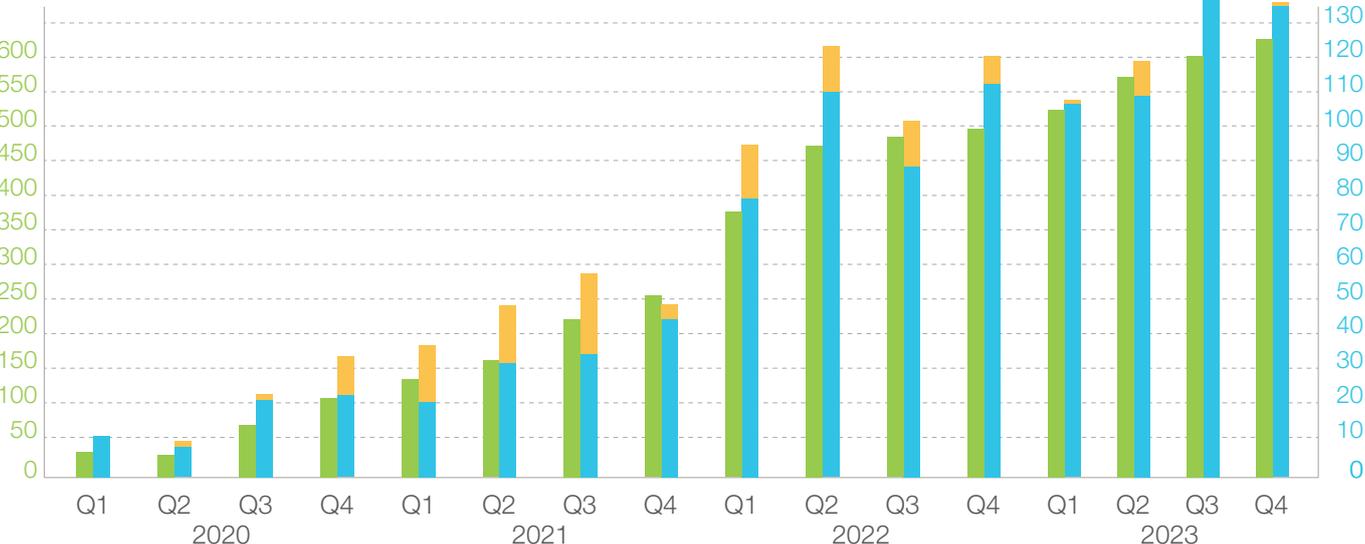
Operational
EBITDA
135.5 MSEK
Margin
21.6%

Op. Cash flow
126.3 MSEK
Cash
237.3 MSEK

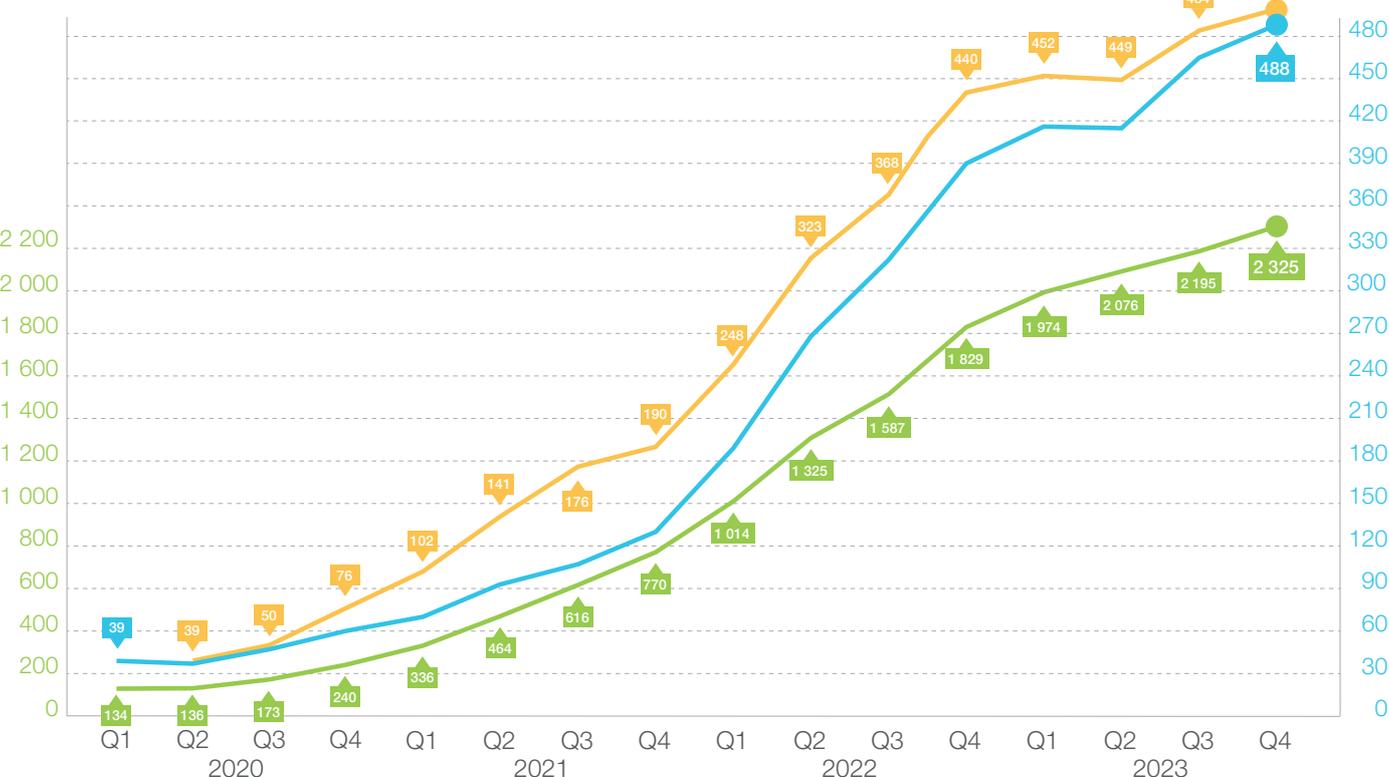
Net debt/EBITDA
2.63

Development 2020 - 2023

Quarterly history of net revenue and EBITDA (MSEK)



Rolling four quarters - net revenue and EBITDA (MSEK)



■ Net revenue
 ■ EBITDA
 ■ Operational EBITDA
 Additional KPI's and definitions can be found on page 28-30.



Comments

- Financial development

Q4 2023

Net revenue

Net revenue amounted to 627.2 MSEK (497.4 MSEK), which corresponds to an increase of 26%. The growth is divided into 23% organic growth, 2% acquired growth and 1% positive currency impact. Net revenue continues to improve from quarter to quarter, which corresponds to an increase of 4% from the previous quarter with an unchanged company structure. The acquired growth derives to Vetio UK (formerly CVP) and Vet Buyers Direct which were acquired on November 1st, 2022, respectively on April 3rd, 2023, and which contributed with 8.2 MSEK during the quarter.

All geographical segments have shown growth, where several collaborations and market investments have yielded results during the quarter.

Geographical distribution

Sales in North America amounted to 474.7 MSEK (398.7 MSEK), an increase of 19% compared to the corresponding period last year. The growth is mainly explained by continued strong online sales, where Pet MD has experienced its best quarter ever in Q4, as well as good growth from NaturVet and the expected recovery at Vetio North and South.

In Europe, sales amounted to 134.3 MSEK (88.0 MSEK), an increase of 53% compared to the corresponding period last year. Nutravet continues to positively impact growth in the segment, as in Q3, and has recorded its best quarter in 2023 in Q4. Other subsidiary companies with sales in the segment have also shown strong growth compared to the corresponding period last year, with both Biovet and Vetio UK recording their best quarters ever.

Full year 2023

Net revenue

During the full year of 2023, the group's net revenue amounted to 2,324.6 MSEK (1,829.5 MSEK), representing an increase of 27%. The growth is divided into 15% organic growth, 5% acquired growth, and 7% positive currency impact.

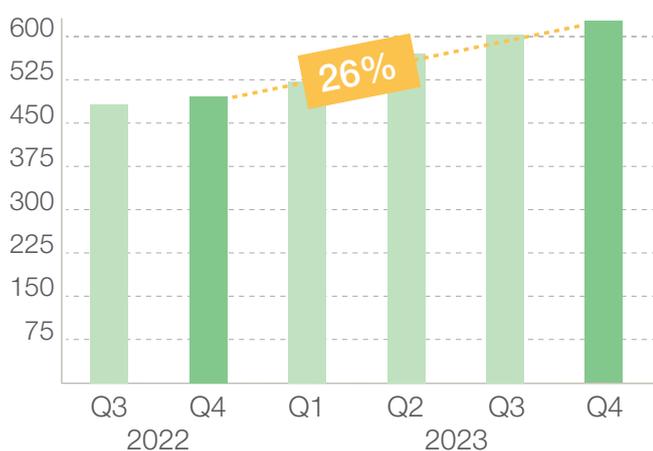
Throughout the full year of 2023, all geographical segments have shown growth, both organically and through acquisitions made in the USA, Italy, and England. Sales in North America, the group's largest market, continue to grow, partly through NaturVet and partly through strong growth in Pet Retail and the Online channel.

Geographical distribution

North America's sales amounted to 1,827.0 MSEK (1,479.4 MSEK), representing a growth of 23% compared to the full year of 2022. The growth in this segment is primarily attributed to NaturVet, which has shown strong growth throughout the year, partly due to the successful launch of Scoopables, a new product line which was launched during Q2, and partly due to the recovery from previous customer inventory adjustments. Additionally, growth on Amazon, primarily driven by Pet MD, with both existing and new product launches, has had a positive impact on revenue.

The growth in the European segment amounted to 41%, primarily influenced by a strong recovery and growth from several markets. The acquired growth is attributed to Innovet, completed during Q1 2022, and Vetio UK, completed during Q3 2022. Throughout 2023, all European subsidiaries have reported growth. During the year, some of the American subsidiaries have initiated their presence in the European market, contributing to the growth in the segment compared to 2022.

Total net revenue



North America – 76% of total net revenue



Q4 2023

Geographical distribution cont.

Vetio UK's revenue exceeded its combined sales for the first 9 months of the quarter and has an order backlog for the upcoming quarter indicating continued high growth. Spain has once again achieved its best quarterly result ever. Innovet and Swedencare France have also recorded their best quarter of 2023 in the current quarter.

Rest of the World sales amounted to 18.2 MSEK (10.7 MSEK), an increase of 70% compared to the same period last year. The increase in the segment is partly explained by Vetio North starting to sell to the Chinese market during H2 2023, partly by increased sales of Rx Vitamins to Asia, and NaturVet selling to South America and Africa. Ireland has started selling to the Middle East during the quarter, which has positively impacted sales in the segment. ProDen PlaqueOff® accounts for 25% of sales to Rest of The World.

North America is the largest geographical segment with 76% (80%) of the group's total net revenue. Europe represents 21% (18%), and the Rest of the World 3% (2%) of the group's total net revenue.

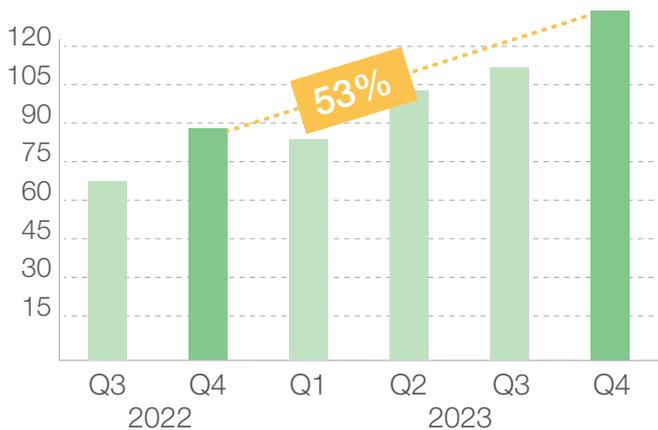
Full year 2023

Geographical distribution cont.

The Rest of the World segment has shown a growth of 51% during 2023, explained by increased sales from all subsidiary companies with brand presence in the segment. Throughout the year, growth is mainly attributed to increased sales of ProDen PlaqueOff® and Nutravet, as well as Vetio North's entrance to the Chinese market.

North America is the largest geographical segment with 79% (81%) of the group's total net revenue. Europe represents 18% (17%), and the Rest of the World represents 3% (2%) of the group's total net revenue.

Europe – 21% of total net revenue



Rest of the World – 3% of total net revenue



Q4 2023

Product and brand distribution

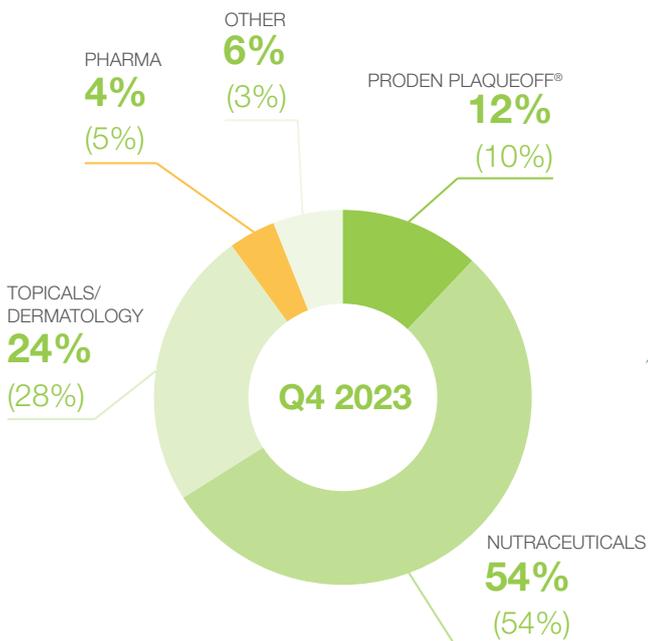
All product groups have shown growth during the quarter. Nutraceuticals have shown growth of 24% compared to the corresponding period of last year and represent the group's largest product category with 54% of the group's total net revenue. The increase is mainly attributed to NaturVet, Nutravet, and Vetio UK, which have increased their sales within this category, but also to Vetio South's soft chew production, which falls under Nutraceuticals.

ProDen PlaqueOff® has shown growth of 46% during the quarter and represents 12% of the group's total net revenue, where all products have shown strong growth of over 30%. It is primarily ProDen PlaqueOff® Powder that is behind the increase. It is well suited for online sales, and our efforts to remove third-party sales of the product at lower prices have begun to yield results, resulting in a higher sales price for the product. Soft chew sales have also doubled compared to the corresponding period of last year, and the product group has only been launched in the American market. The launch in the European market is expected to take place during the current quarter.

Despite the Topicals/Dermatology product group increasing by 8% compared to the corresponding period of last year, its share of the group's total net revenue has decreased by 4 percentage points and represents 24% of the group's total net revenue. This is partly because the ingredient Chlorhexidine, found in many of our topical products sold on Amazon, has complicated the sales on the platform in the USA. Chlorhexidine is a prescription ingredient for humans but not for pet products; however, Amazon's algorithms and guidelines are still influenced by this. This is estimated to have resulted in lost revenue of 28 MSEK for the full year. Sales of Pharma (contract development and manufacturing) have increased by 18% and represent 4% of the group's net revenue.

During Q4 2023, net sales were distributed by product category according to the graphic.

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



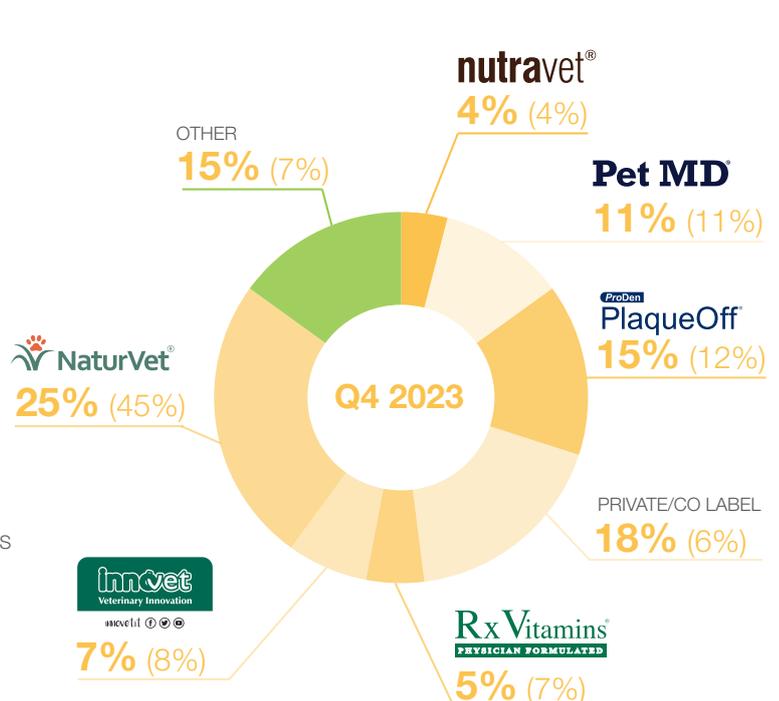
Full year 2023

Product and brand distribution

Swedencare has in recent years built a broad product portfolio with several strong brands. Nutraceuticals represent the group's largest product category at 53% (50%) and have shown a growth of 35% compared to the corresponding period of last year, primarily explained by the fact that the majority of NaturVet, Innovet, and Vetio UK's sales are products in this category, but also by Nutravet and FAV whose sales within this product group have increased during the year.

ProDen PlaqueOff® has increased by 50% during the year and represents 12% (10%) of the group's total net revenue. Topicals/Dermatology, accounting for 24% (31%) of net revenue, has decreased during the year, partly due to Chlorhexidine and partly due to the larger contracts signed during the year where sales did not pick up but are expected to have an impact in 2024. Pharma has increased by 5% during the year, mainly influenced by a smaller share of development projects.

During Q4 2023, net sales were distributed by brand according to the graphic.



*Does not include contract manufacturing

Q4 2023

Profit

The operational gross margin during the fourth quarter amounted to 58.2% (59.2%), which is the strongest of the year. During the fourth quarter the operational gross margin was positively impacted by 3.6 percentage points due to a reclassification between indirect and direct labor costs (see note 4) for the full year. The operational gross margin is negatively impacted by a write-off of 14.3 MSEK of the inventory, mainly due to deregistered products from online platforms and expired items. Excluding the effects of inventory write-offs and reclassification of costs for the year which occurred during the last quarter of the year, the gross margin amounts to 56.9% which is the strongest of the year.

The external costs amount to 122.0 MSEK (104.3 MSEK), corresponding to 19% of the total net sales, mainly impacted by a reservation for anticipated and confirmed customer losses of 10.7 MSEK during the quarter and higher marketing costs associated with sales to Amazon. One-time costs related to the relocation of Rx Vitamins from New York to Florida amounted to 1.2 MSEK during the fourth quarter. During the second half of 2023 personnel costs have been impacted with double expenses for several services which were terminated at the year-end.

The operational operating profit before amortization (EBITA) amounted to 115.4 MSEK (102.0 MSEK), corresponding to an operational EBITA margin of 18.4% (20.5%).

Of the 20.1 MSEK (18. MSEK) in depreciation of tangible assets in the quarter, is 9.7 MSEK (9.3 MSEK) is attributable to IFRS16 (leasing assets).

Exchange rate variations affected the period's profit with an exchange rate loss of -5.1 MSEK (-1.9 MSEK). During the quarter, the interest costs for loans taken out in connection with the acquisitions amounted to 21.6 MSEK (13.5 MSEK). Despite a higher average interest rate, interest expenses decreased compared to the previous quarter (22.1 MSEK) due to lower indebtedness.

The period's tax expense amounted to 145.9% (10.7%) of the pre-tax income. This is because during the fourth quarter, the annual tax expense for the American unit was recorded. The full-year impact of the tax booking in the USA, along with changes in tax rates in both the UK and the USA, affected the quarter's tax expense. The net income for the quarter amounted to -13.0 MSEK (15.8 MSEK) corresponding to a profit margin of -2.1% (3.2%) and was impacted by the calculation of the deferred tax for the full year 2023, which impacted the last quarter of the year with -33.8 MSEK. An assessment of the deferred tax for the year will be conducted quarterly going forward. Earnings per share during the fourth quarter amounted to -0.08 SEK (0.10 SEK) calculated on a weighted average number of shares of 158 731 900 (158 522 955) as of December 31st, 2023.

Full year 2023

Profit

The operational gross margin of 55.4% for 2023 can be compared with 57.5% for the full year 2022. The lower gross margin compared to last year is mainly affected by raw material costs, product mix, and higher inventory write-offs. For 2023 has 22.3 MSEK been reclassified from cost of sales to personnel costs which has a positive impact on the operational gross margin. The proportion of in-house production has increased from 76% in 2022 to 84% in 2023.

The external- and personnel costs, adjusted for acquisition costs and the reclassification, increase in line with the growth and for the period amounted to 779.4 MSEK (625.7 MSEK), 34% of net revenue which is on the same level as 2022. This year's write-offs of anticipated and confirmed customer losses amounts to 10.7 MSEK (0 MSEK). 35% of the external costs during 2023, are marketing costs associated with sales to Amazon, compared to 25% during 2022. The remaining external costs have decreased as a proportion of net sales from 14.1% during 2022 to 12.6% during 2023 which shows a scalable operation.

The operational operating profit before amortization (EBITA) for full year 2023 amounted to 421.4 MSEK (376.1 MSEK), corresponding to an operational EBITA margin of 18.1% (20.6%). The adjustments relate to one-time costs associated with change in inventory value estimates and judgments of 9.7 MSEK, Symrise AG's mandatory bid of 0.4 MSEK, acquisition costs of 0.4 MSEK and a non-cash flow-affected inventory value adjustment of 0.5 MSEK.

Of the 78.0 MSEK (63.5 MSEK) in depreciation of tangible assets, 38.9 MSEK (32.9 MSEK) is attributable to IFRS16 (leasing assets).

Exchange rate variations affected EBITA with an exchange rate loss of -3.4 MSEK (11.5 MSEK). During 2023 the interest costs for loans taken out in connection with the acquisitions amounted to 81.5 MSEK (30.6 MSEK).

The period's tax expense amounted to 27.8% (-18.0%) of the pre-tax income. Excluding acquisition related depreciation and related deferred tax, the group's effective tax rate amounts to 10.7% for the period. This year's tax expense is mainly affected by changes in tax rates in UK and USA and the limitation of interest deduction in Sweden. Last year's positive effect on the tax expense is mainly due to a reassessment of tax loss carry-forwards in the USA. The year's net income amounted to 58.6 MSEK (94.5 MSEK) corresponding to a profit margin of 2.5% (5.2%).

Company structural change in the USA that was carried out in 2022 together with tax write-offs on NaturVet's surplus value has a positive impact on the result also in 2023. In 2023 this resulted in utilized tax write-offs of 312.8 MSEK (29.5 MUSD) which means 0% in tax cost. This means a lower tax of 79.2 MSEK (7.5 MUSD) for 2023, based on the average tax rate of 25.31%, didn't influence Swedencare's cash flow. The assessment is that previous losses and deferred tax receivables from previous years will be able to be used and positively affect the result to the same extent for the next 13 years.

Q4 2023

Cash flow

Cash flow from operating activities amounted to 126.3 MSEK (96.0 MSEK) as a result of another positive change of working capital of 10.7 MSEK (14.6 MSEK). It is driven by lower working capital tied up in inventories and receivables.

On October 3rd, 2023, Swedencare acquired 30% of the American company which includes the brand Riley's®. The acquisition was financed through operating cash flow and amounted to 25.0 MSEK. Provided capital contributions to associated companies amount to 1.1 MSEK during the fourth quarter. Investments in tangible and intangible fixed assets amounted to 8.1 MSEK (6.1 MSEK) during the fourth quarter.

The total interest-bearing liabilities have continued to reduce through amortizations by 75.0 MSEK during the quarter. During the last quarter of 2023, the cash flow amounted to 8.0 MSEK (48.6 MSEK).

Full year 2023

Cash flow

In 2023, cash flow from operating activities amounted to 444.0 MSEK (260.2 MSEK). Change of working capital positively affected cash flow from operating activities with 59.5 MSEK (-90.8 MSEK). Reduced capital tied up in inventories, increased operating liabilities and continued positive result development resulted in a positive development of the year's cash flow from operating activities which in 2023 amounted to 19% of net revenue compared to 14% in 2022.

Investments in tangible and intangible fixed assets amounted to 36.1 MSEK (67.2 MSEK) and amounts to 1.6% (3.7%) of the Group's net revenue.

The total interest-bearing liabilities have decreased by 200.6 MSEK during the year through amortization. For 2023, the cash flow amounted to -4.0 MSEK (88.5 MSEK).

In 2023, the implementation of a cash pooling structure in the USA was initiated with the aim of optimizing cash management by centralizing cash flows from subsidiaries into a single main account. The process is expected to be completed for all companies by H1 2024. The benefits of cash pooling include reduced financing costs and improved liquidity management. Additionally, it can in the future, help reduce external financing needs, enhance internal control, and increase flexibility in the company's financial strategy.

Other financial comments

Financial position

Swedencare's equity as of December 31st, 2023, amounted to 7,206.8 MSEK (7,460.7 MSEK), of which 1.6 MSEK (1.6 MSEK) is restricted equity. As of December 31st, 2023, Swedencare's cash and cash equivalents amounted to 237.3 MSEK (245.1 MSEK), as of the same date, the group had interest-bearing long-term and short-term liabilities of a total of 1,658.6 MSEK (1,902.2 MSEK). As of December 31st, 2023, Swedencare had a net debt of 1,421.3 MSEK (1,657.1 MSEK).

Personnel

As of December 31st, 2023, Swedencare had a total of 560 employees spread over Sweden (14), England (36), Italy (19), France (2), Greece (10), Ireland (17), Spain (2), the United States (401) and Canada (59). The gender distribution is 48% women and 52% men. As of December 31st, 2022, Swedencare had a total of 486 employees.

Financing

Swedencare's debts to credit institutions amounted to 1,443 MSEK as of December 31st, 2023. The group has a Revolving Credit Facility (RCF) of 1,000 MSEK, of which the utilized amount amounted to 625 MSEK as of December 31st, 2023. The amount used is divided into three withdrawals which fall due at 3-month intervals and run at variable interest (STIBOR+margin) linked to net debt. The weighted average interest rate as of December 31st was 5.74%. The revolving loan extends to September 2025 with the possibility of one extension option of one year, which gives a possible final maturity in September 2026. As of December 31st, the group has unused credit facilities of 375 MSEK.

The remaining loan to credit institutions is a term loan of 818 MSEK. The agreement extends to September 2025 with the possibility of one extension option of one year, which gives a possible final maturity in September 2026. The loan runs at a variable interest rate (STIBOR+margin). The weighted average interest rate as of December 31st was 5.79%. The financial covenants are Net Debt to EBITDA ratio as well as ratio of EBITDA to Interest Payable. As of December 31st, 2023, the reported net debt amounted to in relation to EBITDA 2.63. This is compared to 3.39 as of December 31st 2022. Swedencare has, for all reconciliations, fulfilled the covenants set by the bank in connection with loans.

Swedencare's Sustainability Work

For Swedencare, sustainability means that we take long-term responsibility for the environmental, social, and financial impact that our operations have on our planet. We are working to implement a structure that ensures that we reduce our impact as far as possible. Swedencare closely follows the development of sustainability-related issues and risks. The risks are identified, managed, and analyzed systematically by management. Our sustainability work is clearly anchored in the global development goals adopted by the UN General Assembly with the aim of achieving a better and more sustainable future for everyone. We have chosen to focus on the five goals where we, as a producer of health care products for pets, have a direct or indirect impact and which can affect sustainability throughout the entire value chain: Gender equality, Decent working conditions and economic growth, Responsible consumption and production, Climate action and Life below water.

During the fourth quarter, some examples of our focus on sustainability are as follows:

We have completed the implementation of a sustainability platform where relevant KPI's for measuring and monitoring our sustainability performance have been carefully selected. By tracking these KPI's, we can objectively evaluate our progress and make informed decisions to further optimize our ecological footprint.

We have conducted a life cycle analysis for ProDen PlaqueOff® 60g, which has provided us with a deeper understanding of the product's environmental impact. By evaluating each phase of the product's life cycle, from raw material sourcing to production and use, we have identified opportunities to reduce our ecological footprint. The results of this analysis will guide our future decisions and actions to ensure a more sustainable and environmentally friendly production process.

We have donated to Déise Animal Sanctuary, where many dogs, cats, and horses will receive specialized nutritional support from our donation this winter, and sponsored the Kansas City Animal Health Corridor Summit, which is a hub for innovation in animal health.

We have published a digital advent calendar, which is a charity initiative to promote adoptions and improve the quality of life for many shelter dogs. For every 100 calendars filled out, we remotely adopt one of the dogs in the calendar for one year.

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



Expansion into new markets

To fortify our global reach, Swedencare and its subsidiaries have achieved successful market expansions into new international territories. This underscores our dedication to extending the availability of high-quality animal health products to a broader audience. As we navigate towards new horizons, these expansions exemplify the group's dynamic strategy and unwavering commitment to promoting animal health on a global scale.

Here, we introduce some of the new markets we are excited to follow:

NUTRAVET TO CANADA & POLAND

In the last quarter of 2023, Nutravet successfully launched the Nutravet range in two additional international markets, contributing to the fast-growing export sales channel. Nutravet products are now available in Montreal, Québec, Canada, via Vet Strategy practices. Montreal marks the pioneering region to embrace the Nutravet product range, setting the stage for an extensive nationwide roll-out scheduled for 2024 across Canada.

Nutravet has also made a noteworthy entry into the Polish market, forging a strategic partnership with Azan. Azan has been instrumental in supporting the launch through engaging trade show activities and featuring the products in trade magazine publications. Since the initial launch in November 2023, Nutravet products have already secured listings in over 140 practices across Poland, underlining the brand's rapid acceptance and adoption in the region.

Looking ahead, the Nutravet team is fueled by ambitious plans to further amplify the international footprint of the business throughout 2024. These initiatives underscore Nutravet's commitment to providing pet owners and veterinary professionals globally with high-quality, innovative solutions for animal health and well-being.

nutravet[®]



PRODEN PLAQUEOFF[®] TO MEXICO

Sunipet, Swedencare's trusted distributor for the past five years, has achieved remarkable success in Chile and is now ready to extend its triumphs to the Mexican market. Sunipet SPA, known for its prowess in nutraceuticals, has introduced the ProDen PlaqueOff[®] Project, a groundbreaking initiative in pet oral health. This Chilean powerhouse is now making waves in Mexico through Sunipet International, with a mission to replicate its successful Chilean journey and establish ProDen PlaqueOff[®] as the go-to solution for pet oral health across Mexico.

The journey so far has been nothing short of spectacular. The grand unveiling of ProDen PlaqueOff[®] Powder at Mexico's premier Veterinary congress was a resounding success, creating buzz among veterinarians. Their distribution network is already thriving in states like Queretaro, San Luis Potosi, and Michoacan. Plus, their tailored social media and digital marketing strategies are capturing hearts and minds in the digital realm.

In 2024, Sunipet aims to enhance brand and product awareness, captivating Mexican pet owners with the unique and visibly effective results of ProDen PlaqueOff[®]. A strategic masterstroke involves partnering with key distributors in high-density states like Mexico City, Jalisco, and Monterrey. Additionally, Sunipet is actively engaging in the growing e-commerce market, utilizing platforms such as Mercado Libre and Amazon to reach discerning pet owners. With strategic partnerships, innovative e-commerce approaches, and a keen understanding of the Mexican market, Sunipet International is not just entering the market – they're set to redefine it.





VETIO TO ASIA

Vetio formed a partnership with a prominent pharmaceutical company in Asia to develop and commercialize multiple veterinary drug products. The initial focus involves leveraging Vetio's patented Soft Chew drug delivery system for the first two projects. Two projects were initiated in 2023, with commercial launches expected in 2025 and 2026. With a strong market position in Asia, Vetio's new partner aims to expand their presence in the US and EU markets, strengthening their animal health portfolio.

With the addition of this new customer from Asia, Vetio has achieved a significant milestone by establishing a diverse clientele spanning five continents globally. Actively involved in veterinary pharmaceutical development projects worldwide, Vetio proudly stands as a dependable Contract Development & Manufacturing Organization dedicated to advancing animal well-being, irrespective of their geographical location.



NUTRISCIENCE TO THE MIDDLE EAST

Cityfarma for Veterinary Services, our promising lead secured during the Dubai International Horse Fair 2023, is a newly established veterinary company dedicated to serving the wholesale and retail equine market in Doha, Qatar. Specializing in equine veterinary services, Cityfarma is strategically positioned with two sister companies, Injaz Veterinary Clinic and Alqemma Veterinary, with branches in the Al Shahaniya and Al Khor districts.

Having received their opening order in December, which included a comprehensive selection of the NutriScience equine product range, Cityfarma is currently in its infancy stages of product introduction. Initial feedback has been overwhelmingly positive, with some products experiencing rapid sell-through. The company boasts robust connections within the Qatar Equestrian Federation, Racing & Equestrian Club, and various private stables and trainers. Their enthusiasm and commitment to promoting the NutriScience brand make them an ideal partner for the small yet affluent nation of Qatar.

As Cityfarma continues to establish its presence, we anticipate further expansion strategies and collaboration opportunities, solidifying our position in the burgeoning equine market of Qatar.

NutriScience



Stock

	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Number of shares* at the end of the period	158 731 900	158 731 900	118 150 028	104 423 715
Share price* at the end of the period	61.0	30.8	153.9	65.0

*Converted to the number of shares after the share split 5:1 that took place in May 2021

The ten largest shareholders (the table summarizes Swedencare's ownership structure as of December 31st, 2023)

	Number of shares	Ownership
Symrise AG	56 923 063	35.9%
Håkan Svanberg & Co Health Care AB	23 077 775	14.5%
Första AP-fonden	7 633 268	4.8%
JCC Group Invest Sweden AB (<i>Johan Bergdahl through company</i>)	7 526 755	4.7%
Mastan AB (<i>Håkan Lagerberg through company</i>)	5 675 202	3.6%
AMF Pension och Fonder	5 366 500	3.4%
Scott Garmon	3 722 691	2.3%
Grandeur Peak Global Advisors, LLC	3 386 624	2.1%
SEB Fonder	2 999 822	1.9%
Deka Investments	2 455 000	1.6%
Other	39 965 200	25.2%
Total	158 731 900	100%
Free Float*	60 517 212	38.1%

Holdings include related parties

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

Financial overview

Consolidated profit and loss (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue	627.2	497.4	2,324.6	1,829.5
Other revenue	2.0	1.8	13.7	13.9
Total revenue	629.2	499.2	2,338.3	1,843.4
Cost of sales	-262.2	-208.2	-1,047.5	-813.9
Other external costs	-122.0	-104.3	-449.2	-358.6
Personnel costs	-109.6	-74.4	-353.3	-281.1
Operating profit before depreciation (EBITDA)	135.4	112.3	488.3	389.8
Depreciation and write-offs of tangible fixed assets	-20.1	-18.2	-78.0	-63.5
Operating profit before interest, taxes and amortization (EBITA)	115.3	94.2	410.3	326.3
Amortization of intangible fixed assets	-58.3	-58.5	-231.8	-205.8
Other costs	-1.8	-0.4	-5.3	-0.5
Operating profit (EBIT)	55.2	35.3	173.2	120.0
Financial income	1.6	0.3	1.8	3.3
Financial costs	-28.9	-17.7	-94.1	-43.0
Results from shares in associated companies	0.4	-0.2	0.1	-0.2
Profit after financial costs	28.3	17.7	81.1	80.1
Net income before tax	28.3	17.7	81.1	80.1
Tax on profit	-7.5	-10.5	-28.4	-25.7
Deferred tax	-33.8	8.6	5.9	40.1
Net income	-13.0	15.8	58.6	94.5
Earnings per share before dilution (SEK)	-0.08	0.10	0.37	0.61
Earnings per share after dilution (SEK)	-0.08	0.10	0.37	0.61

Consolidated statement of comprehensive income (MSEK)

Net income	-13.0	15.8	58.6	94.5
Exchange difference foreign subs.	-633.4	-499.0	-277.6	909.7
TOTAL PROFIT	-646.4	-483.2	-219.0	1,004.2

Consolidated balance sheet (MSEK)

	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Goodwill	3,967.5	4,067.5
Other intangible assets	3,941.5	4,301.9
Shares in associated companies	24.1	0.2
Buildings and land	141.1	150.9
Right of use according to IFRS - Buildings and land	206.1	248.7
Machinery and other tech assets	132.1	137.5
Right of use according to IFRS - Machinery and other tech assets	4.9	8.4
Tools, furniture, and fixtures	9.3	10.2
Deposits	0.6	0.8
Deferred tax asset	102.9	71.6
Total non-current assets	8,530.0	8,997.9
Current assets		
Inventory	398.1	441.5
Accounts receivables	228.5	228.8
Tax receivables	63.3	36.2
Other receivables	4.8	15.0
Prepaid costs and deferred revenue	60.2	40.3
Cash	237.3	245.1
Total current assets	992.1	1,006.8
TOTAL ASSETS	9,522.1	10,004.7

Consolidated balance sheet (MSEK) - cont.

	30 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	1.6	1.6
Share premium	6,209.6	6,209.6
Conversion reserves	769.3	1,046.2
Retained earnings including net income	226.3	203.3
Total equity	7,206.8	7,460.7
Long term liabilities		
Debt to credit institutions	1,441.2	1,641.0
Other interest-bearing liabilities	179.6	221.4
Deferred tax liability	386.8	367.4
Debts to employees	4.7	4.2
Other long-term liabilities	5.0	-
Short term liabilities		
Accounts payable	83.8	66.9
Tax liabilities	75.6	49.5
Other interest-bearing liabilities	37.8	39.8
Other liabilities	21.4	106.3
Deferred costs and prepaid income	79.4	47.5
Total liabilities	2,315.3	2,544.0
TOTAL EQUITY AND LIABILITIES	9,522.1	10,004.7

Consolidated cash flow statement (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating income before financial costs	55.2	35.3	173.2	120.0
Paid interest	-20.8	-13.2	-72.6	-30.3
Depreciation	78.4	76.6	309.8	269.3
Paid tax	-7.1	-18.1	-29.2	-30.9
Non-cash flow items	9.9	0.8	3.3	22.9
Operating cash flow before change of working capital	115.6	81.4	384.5	351.0
<i>Change in working capital</i>				
Change in inventory	10.9	18.4	31.0	-41.5
Change of accounts receivable	14.0	13.4	-16.8	5.4
Change of other receivables	-4.9	-4.3	-11.3	-4.9
Change of accounts payable	1.9	-14.1	20.3	-40.0
Change in current liabilities	-11.2	1.2	36.3	-9.7
Operating cash flow	126.3	96.0	444.0	260.2
<i>Investment activities</i>				
Acquisitions	-26.1	-109.1	-140.3	-4,359.3
Acquisitions – payment of acquired debts	-	-	-	-239.8
Purchases of intangible assets	-0.3	-0.9	-2.2	-3.7
Sales of intangible assets	-	11.2	-	11.2
Purchases of buildings	-1.6	-3.2	-7.5	-23.3
Purchases of machines	-5.4	-11.9	-21.7	-48.0
Purchases of tools, furniture, and fixtures	-0.8	-1.3	-4.7	-3.4
Cash flow from investment activities	-34.2	-115.2	-176.4	-4,666.3
<i>Financial activities</i>				
New share issue	-	-	-	3,550.0
Warrants	-	1.1	-	1.1
Share issue costs	-	-0.5	-	-17.5
Paid dividend	-	-	-34.9	-31.6
Loan	-	100.0	25.0	1,050.0
Amortization on interest-bearing loan	-75.0	-24.4	-225.5	-27.6
Amortization on lease	-9.1	-8.5	-36.2	-29.8
Cash flow from financial activities	-84.1	67.8	-271.6	4,494.6
Cash flow for the period	8.0	48.6	-4.0	88.5
Cash balance at beginning of period	243.2	194.3	245.1	136.1
Exchange difference in cash	-13.9	2.1	-3.8	20.5
Cash balance at end of period	237.3	245.1	237.3	245.1

Consolidated change of equity (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Beginning balance	7,853.2	7,916.7	7,460.7	2,419.8
New share issued	-	26.1	-	4,067.2
Warrants	-	1.1	-	1.1
Paid dividend	-	-	-34.9	-31.6
Total profit	-646.4	-483.2	-219.0	1,004.2
Ending balance	7,206.8	7,460.7	7,206.8	7,460.7

Note 1 Operating segment the Group (MSEK)

An operating segment is a component of the group that conducts operations from which it can generate revenues and incur costs, whose operating results are regularly reviewed by the Group's chief operating decision maker and for which discrete financial information is available. The Group's operations are reported per geographical area (North America, Europe) as well as per manufacturing units and the Parent Company. The operating segments are reported in a manner consistent with the internal

reporting provided to the chief operating decision maker, who is responsible for allocating resources and monitoring the operating segments' results. In the Swedencare group, this function has been identified as the CEO and CFO. The CEO and CFO use the same operating segments in their reporting of the group's financial development to the Board of Directors, which confirms that the external and internal reporting are consistent.

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

The European operating segment includes eight sales companies in Europe.

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

The period October-December	North America		Europe		Production		Parent company		Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue external	397.9	321.0	96.2	82.1	125.2	80.5	7.9	7.7	-	6.1	627.2	497.4
Net revenue internal	9.9	15.5	0.6	0.3	42.1	13.8	7.0	5.8	-59.6	-35.4	-	-
Net sales	407.8	336.5	96.8	82.4	167.3	94.3	14.9	13.5	-59.6	-29.4	627.2	497.4
Other revenue external	0.1	-	0.8	1.9	0.4	0.1	0.7	-	-	-0.1	1.9	1.9
Other revenue internal	-	-	0.3	-	-	-	4.6	5.1	-4.9	-5.1	-	-
Total revenue	407.9	336.5	97.9	84.4	167.7	94.4	20.1	18.6	-64.5	-34.6	629.2	499.2
Cost of sales	-199.7	-152.2	-33.9	-24.0	-91.9	-58.6	-4.9	-4.2	68.2	30.7	-262.2	-208.2
Other external costs	-97.0	-77.4	-19.7	-16.7	-15.3	-14.8	-5.7	-6.7	15.8	11.3	-122.0	-104.3
Personnel costs	-60.7	-44.1	-11.1	-7.9	-31.1	-16.3	-6.6	-5.3	-	-0.8	-109.6	-74.4
EBITDA	50.5	62.8	33.1	35.8	29.5	4.7	2.8	2.4	19.5	6.6	135.4	112.3
Depreciation and write-offs of tangible fixed assets	-4.7	-3.5	-0.2	-0.2	-5.6	-4.9	-	-	-9.7	-9.5	-20.1	-18.2
EBITA	45.8	59.2	33.0	35.6	23.9	-0.2	2.8	2.4	9.8	-2.9	115.3	94.2
Amortization of intangible fixed assets	-6.3	-6.4	-7.2	-6.8	-1.3	-1.2	-0.2	-0.2	-43.2	-43.9	-58.3	-58.5
Other costs	-	0.1	-0.7	-0.6	-	0.5	-1.0	-0.3	-	-	-1.8	-0.4
EBIT	39.4	53.0	25.0	28.2	22.7	-1.0	1.6	1.8	-33.4	-46.7	55.2	35.3
Financial costs	0.1	-	-2.1	-2.7	52.1	-0.2	48.4	71.7	-125.7	-86.2	-27.3	-17.4
Results from shares in associated companies	-	-	-	-	-	-	-	-	0.4	-0.2	0.4	-0.2
Profit after financial costs	39.5	52.9	22.9	25.5	74.7	-1.1	50.0	73.5	-159.2	-132.9	28.3	17.7
Net income before tax	39.5	52.9	22.9	25.5	74.7	-1.1	50.0	73.5	-159.2	-132.9	28.3	17.7
Tax on profit	22.3	21.9	-6.2	-6.1	-23.5	-25.9	-	-	-	-0.4	-7.5	-10.5
Deferred tax	-71.8	-70.7	0.1	0.4	31.2	54.8	-	-	6.8	24.1	-33.8	8.6
Net income	-10.1	4.1	16.8	19.8	82.4	27.8	50.0	73.5	-152.4	-109.3	-13.0	15.8

The period January-December	North America		Europe		Production		Parent company		Group adjustments		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue external	1,536.7	1,196.3	348.7	278.4	401.4	319.9	37.8	28.8	-	6.1	2,324.6	1,829.5
Net revenue internal	76.2	60.9	2.1	1.1	136.2	88.9	33.8	20.0	-248.3	-170.9	-	-
Net sales	1,612.8	1,257.2	350.8	279.5	537.6	408.8	71.6	48.8	-248.3	-164.8	2,324.6	1,829.5
Other revenue external	8.8	-	2.3	4.8	0.6	2.3	2.0	6.9	-	-0.2	13.7	13.9
Other revenue internal	1.0	-	0.3	-	0.2	0.5	4.6	5.1	-6.1	-5.6	-	-
Total revenue	1,622.6	1,257.2	353.4	284.3	538.4	411.6	78.2	60.8	-254.4	-170.5	2,338.3	1,843.4
Cost of sales	-823.7	-589.4	-113.6	-91.4	-325.4	-238.0	-23.2	-15.5	238.4	120.4	-1,047.5	-813.9
Other external costs	-335.1	-250.6	-80.4	-56.9	-63.8	-58.6	-19.5	-19.4	49.5	27.0	-449.2	-358.6
Personnel costs	-202.9	-162.5	-41.2	-32.8	-87.1	-65.2	-22.2	-19.9	-	-0.7	-353.3	-281.1
EBITDA	261.0	254.6	118.2	103.2	62.2	49.8	13.3	6.0	33.5	-23.8	488.3	389.8
Depreciation and write-offs of tangible fixed assets	-17.6	-13.2	-0.7	-0.6	-20.9	-16.6	-	-	-38.8	-33.1	-78.0	-63.5
EBITA	243.4	241.4	117.5	102.6	41.3	33.2	13.3	5.9	-5.2	-56.9	410.3	326.3
Amortization of intangible fixed assets	-25.2	-24.0	-28.8	-22.1	-5.0	-4.6	-1.0	-1.0	-171.8	-154.1	-231.8	-205.8
Other costs	-0.1	0.1	-1.5	-0.8	-2.0	-	-1.8	-	-	0.2	-5.3	-0.5
EBIT	218.1	217.5	87.2	79.7	34.4	28.7	10.5	5.0	-177.1	-210.8	173.2	120.0
Financial costs	-0.2	-0.4	-1.8	-2.7	330.3	-0.4	331.9	145.3	-752.4	-181.4	-92.2	-39.7
Results from shares in associated companies	-	-	-	-	-	-	-	-	0.1	-0.2	0.1	-0.2
Profit after financial costs	218.0	217.1	85.4	76.9	364.7	28.2	342.4	150.3	-929.4	-392.2	81.1	80.1
Net income before tax	218.0	217.1	85.4	76.9	364.7	28.2	342.4	150.3	-929.4	-392.2	81.1	80.1
Tax on profit	21.1	19.8	-22.1	-18.2	-26.8	-27.0	-0.5	-	-	-0.4	-28.4	-25.7
Deferred tax	-71.8	-70.7	0.1	0.4	31.1	54.8	-	-	46.5	55.6	5.9	40.1
Net income	167.2	166.2	63.4	59.2	368.9	56.1	341.8	150.3	-882.9	-337.0	58.6	94.5

Not 2 Acquisitions completed during the year

Axiom Direct (Vet Buyers Direct) – Acquisition of an American company with a focus on memberships for veterinarians

On April 3rd, 2023, Swedencare acquired 100% of the American company Axiom Direct, Inc. (Vet Buyers Direct). Axiom uses a membership model where veterinary clinics and other customers pay a monthly fee to be a member and gain access to products, services, brands, and favorable prices.

The purchase price of a total of 25.6 MSEK (2.5 MUSD) is paid through a cash settlement, on a debt- and cash-free basis, of 20.1 MSEK (2.0 MUSD) upon entry. A condition-based purchase price (earn-out) of a maximum of approximately 4.8 MSEK (0.5 MUSD) may be paid if certain conditions are met as of April 3, 2026, this part of the purchase price is settled in cash. Axiom is a newly founded company from July 2022 with a fast growing program which will have a marginal impact in 2023 on Swedencare's revenue and results. Through the acquisition, Swedencare gets a new sales channel established by salesperson and entrepreneur Lynn Bowgren. Lynn, who will continue to run the company in the Swedencare group, has extensive experience in sales to the veterinary industry. No part of reported goodwill is expected to be deductible in income taxation.

Riley's® Organics - Acquisition of an American brand that sells and markets organic premium "treats" for dogs

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

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

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

Acquired after the
end of the period
(January 2nd, 2024)

Acquisition:	Axiom direct Inc.	Riley's
<i>Purchase price:</i>		
Cash payment for this year's acquisition	20.8	78.4
Additional purchase price*	5.2	-
Present value calculation additional purchase price	-0.4	-
Total Purchase price	25.6	78.4
<i>Payments for acquisitions:</i>		
Payment for this year's acquisition	25.6	78.4
Acquired cash and bank balances	-0.7	-2.1
Transaction costs that are included in Net income as Other external costs	0.3	0.1
Total paid	25.2	76.4
Contributions from acquired companies:		
<i>Contribution from the time when the controlling influence existed</i>		
Total revenue	0.3	-
Net income	-0.1	-
<i>Contribution if the acquisition had been made January 1st, 2023</i>		
Total revenue	0.8	23.2
Net income	-0.1	8.6
	Final acquisition analysis	Preliminary acquisition analysis
Acquired assets and liabilities		
Intangible assets	-	53.6
Tangible assets	-	0.2
Inventory	-	7.1
Accounts receivable	0.2	2.1
Cash	0.7	2.1
Total acquired net assets	0.9	65.1
Accounts payable	-	-1.6
Deferred tax liability	-	-12.8
Other current assets	-	-0.5
Total acquired net liabilities	-	-14.9
Goodwill	24.8	28.2
Total	25.6	78.4



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

The board and the managing director guarantee that the year end report provides a fair overview of the Company's operations, position, and results. When evaluating Swedencare's future development, it is important to consider risk factors in addition to potential revenue and profit growth. Swedencare's operations are affected by several risks that can have an effect on the company's results and financial position to varying extents. For a description of Swedencare's risks, refer to the management report on pages 61-67 and in note 34 in the annual report for 2022. It is deemed that there have been no significant changes in these risks and uncertainty factors as of December 31st, 2023.

Note 4 Accounting principles

This year end report is prepared for the group in accordance with IAS 34, Year end reporting and the Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act. The same accounting principles and basis of calculation have been used as in the last annual report; however, exchange rate gains have not been reported in the operating profit in previous years.

From January 1st, 2024, has Swedencare performed an accounting change involving reclassification between direct and indirect labor costs. For 2023, 22.3 MSEK has been reclassified from costs of goods sold to personnel costs. The change has no impact on Swedencare's operating results.

Note 5 Change in accounting estimates

Swedencare has made a change in accounting estimates for allocation and calculation of overheads included in the total inventory value of finished products in NaturVet. The change occurs due to changes in the circumstances which were the basis for the estimate as well as increased experience of the company's operations. The change means that the difference in the calculation of recorded inventory value of finished products is reported in the income statement during Q2 2023 when the implementation took place. Because the change is not recurring as part of the current business notes about the profit effects are included in Operational key figures.

Note 6 Transactions with related parties

Besides compensations to senior executives and certain members of the management team acquiring shares as part of the 2022/2026 incentive program, there have been no significant related-party transactions during 2023. The parent company's related party transactions refer only to transactions with related companies within the group and transactions in the form of dividends within the group.

Note 7 Fair value

Financial liabilities

Swedencare has a financial liability regarding to the additional purchase price (earn-out) in business acquisitions, which is valued at fair value through profit and loss. The additional purchase price is attributable to the acquisition of Axiom Direct and is based on Axiom Direct's sales until 2026.

The additional purchase price was valued at fair value in connection with the acquisition on April 3rd, 2023, and was revalued at fair value as of December 31st, 2023. The valuation is based on expected future cash flows that are calculated at a present value using the discount rate. The discount rate (WACC) for the additional purchase price corresponds to the risk-free rate for 10-year US Treasury bonds, which increased from 2.3% at the time of acquisition to 3.9% as of December 31st, 2023. Swedencare's assessment of the fair value of the financial liability related to the additional purchase price as of December 31st, 2023, amounts to 0.4 MSEK. The adjustment of the value is recognized as a financial expense of 0.1 MSEK in the fourth quarter.

Definition of KPI's

In this report, Swedencare reports information that the company management uses to assess the group's development. Some of the key figures presented are not defined according to IFRS. The company believes that these measures provide valuable supplementary information to stakeholders and the company's management as they contribute to the evaluation of relevant trends and the company's performance. Since not all companies calculate KPI's in the same way, these are not always comparable to measures used by other companies. These key figures should therefore not be seen as a replacement for measures defined according to IFRS. ESMA's guidelines on "alternative performance measures" are applied, which means extended disclosure requirements regarding key figures that are not defined according to IFRS. Below is a reconciliation of the key figures that Swedencare considers relevant according to these guidelines. From 2023, margins are calculated as a percent of net sales instead of a percent of total revenue. The comparison figures have therefore been adjusted to give a fairer picture.

Net revenue

The main revenue of the Company

Change of revenue (%)

Net revenue in relation to the previous corresponding period

Gross profit

Sales revenue minus costs for raw materials, components, merchandise and transportation costs

Gross margin (%)

Gross profit as a percentage of net revenue

EBITDA

Operating profit before depreciation and other operating expenses

EBITDA-margin (%)

EBITDA as a percentage of net revenue

EBITA

Operating profit before amortization and other operating expenses

EBITA-margin (%)

Operating profit before amortization and other operating expenses as a percentage of net revenue

EBIT

Operating profit

EBIT-margin (%)

EBIT as a percentage of net revenue

Net income margin (%)

Profit after tax as a percentage of net revenue

Solvency (%)

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

Interest-bearing net debt

Interest-bearing debt including financial leasing minus cash

Earnings per share

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

Equity per share

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

Organic Growth

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

Definition of operational KPI's

Operational Gross Profit

Gross profit excluding items affecting comparability

Operational Gross-Margin (%)

Op. Gross profit as a percentage of net revenue

Operational EBITDA

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

Operational EBITDA-margin (%)

Op. EBITDA as a percentage of net revenue

Operational EBITA

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

Operational EBITA-margin (%)

Op. EBITA as a percentage of net revenue

Operational EBIT

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

Operational EBIT-margin (%)

Op. EBIT as a percentage of net revenue

Items affecting comparability

Items affecting comparability refer to events and transactions whose profit effects are important to pay attention to when the period's results are compared with previous periods and include items of a one-off nature that are not directly related to the ongoing operations, and which are adjusted due to specific events.

Items affecting comparison are a designation for items which excluded shows the group's earnings excluding items which by their nature are not recurring as part of its ongoing operations. In addition, peer comp analysis is facilitated of companies that do not make acquisitions, while analysis and assessment of acquisition objects becomes more clear and transparent than their EBIT contribution coincides with the actual contribution to the group after consolidation. It is also important to note that the effect of the acquisitions is reflected in the group's capital structure and net debt in accordance with accepted accounting rules.

Consolidated KPI's

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Profit measures (MSEK)				
Net revenue	627.2	497.4	2,324.6	1,829.5
Total revenue	629.2	499.2	2,338.3	1,843.4
Change of revenue (%)	26.1%	95.4%	27.1%	137.2%
Gross margin (%)	58.2%	58.1%	54.9%	55.5%
EBITA	115.3	94.2	410.3	326.3
EBITA-margin (%)	18.4%	18.9%	17.7%	17.8%
EBIT	55.2	35.3	173.2	120.0
EBIT-margin (%)	8.8%	7.1%	7.5%	6.6%
Net income	-13.0	15.8	58.6	94.5
Net income margin (%)	-2.1%	3.2%	2.5%	5.2%
Share data (SEK)				
Outstanding shares at period close	158 731 900	158 731 900	158 731 900	158 731 900
Average outstanding shares	158 731 900	158 522 955	158 731 900	155 346 212
Earnings per share (SEK)	-0.08	0.10	0.37	0.61
Equity per share (SEK)	45.40	47.00	45.40	47.00
Other information (MSEK)				
Cash	237.3	245.1	237.3	245.1
Interest-bearing net debt	1,421.3	1,657.1	1,421.3	1,657.1
Equity	7,206.8	7,460.7	7,206.8	7,460.7
Balance sheet total	9,522.1	10,004.7	9,522.1	10,004.7
Solvency (%)	75.7%	74.6%	75.7%	74.6%

*KPI's defined according to IFRS.

Consolidated Operational KPI's (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue	627.2	497.4	2,324.6	1,829.5
Operational gross profit	365.0	294.2	1,287.3	1,051.3
<i>Operational gross margin</i>	58.2%	59.2%	55.4%	57.5%
Revaluation of acquisition stock to fair value	-	5.1	0.5	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-
Gross profit	365.0	289.1	1,277.1	1,015.6
<i>Gross margin</i>	58.2%	58.1%	54.9%	55.5%
Operational EBITDA	135.5	120.2	499.3	439.6
<i>Operational EBITDA-margin</i>	21.6%	24.2%	21.5%	24.0%
Acquisition costs	0.1	2.8	0.4	14.0
Revaluation of acquisition stock to fair value	-	5.1	0.5	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-
EBITDA	135.4	112.3	488.3	389.8
<i>EBITDA margin</i>	21.6%	22.6%	21.0%	21.3%
Operational EBITA	115.4	102.0	421.4	376.1
<i>Operational EBITA-margin</i>	18.4%	20.5%	18.1%	20.6%
Acquisition costs	0.1	2.8	0.4	14.0
Revaluation of acquisition stock to fair value	-	5.1	0.5	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-
EBITA	115.3	94.2	410.3	326.3
<i>EBITA margin</i>	18.4%	18.9%	17.7%	17.8%
Operational EBIT	113.3	100.5	414.8	373.8
<i>Operational EBIT-margin</i>	18.1%	20.2%	17.8%	20.4%
Acquisitions costs	0.1	2.8	0.4	14.0
Revaluation of acquisition stock to fair value	-	5.1	0.5	35.8
Effect of changes in inventory value estimates and judgments	-	-	9.7	-
Costs associated with Symrise AG mandatory bid offer	-	-	0.4	-
Depreciation of acquisition-related intangible assets	57.9	57.3	230.5	204.1
EBIT	55.2	35.3	173.2	120.0
<i>EBIT margin</i>	8.8%	7.1%	7.5%	6.6%

Consolidated revenue breakdown (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Change %
Product areas			
ProDen PlaqueOff®	73.2	50.0	46%
Nutraceuticals	337.8	271.6	24%
Topicals/Dermatology	150.6	139.2	8%
Pharma	27.6	23.4	18%
Other	38.0	13.2	188%
Total	627.2	497.4	26%
Time of revenue recognition			
The performance commitment is met over time	89.8	76.0	18%
The performance commitment is met a certain time	537.4	421.4	28%
Total	627.2	497.4	26%
Geographic market			
North America	474.7	398.7	19%
Europe	134.3	88.0	53%
Rest of the World	18.2	10.7	70%
Total	627.2	497.4	26%
Product areas			
ProDen PlaqueOff®	269.6	179.2	50%
Nutraceuticals	1,239.7	916.6	35%
Topicals/Dermatology	555.6	563.2	-1%
Pharma	96.8	91.9	5%
Other	162.9	78.6	107%
Total	2,324.6	1,829.5	27%
Time of revenue recognition			
The performance commitment is met over time	331.7	303.3	9%
The performance commitment is met a certain time	1,992.9	1,526.2	31%
Total	2,324.6	1,829.5	27%
Geographic market			
North America	1,827.0	1,479.4	23%
Europe	432.2	306.9	41%
Rest of the World	65.4	43.2	51%
Total	2,324.6	1,829.5	27%

Parent company profit and loss (MSEK)

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net revenue	14.9	13.5	71.6	48.8
Other revenue	5.2	5.1	6.6	12.0
Total revenue	20.1	18.6	78.2	60.8
Cost of sales	-4.9	-4.2	-23.2	-15.5
Other external costs	-5.7	-6.7	-19.5	-19.4
Personnel costs	-6.6	-5.3	-22.2	-19.9
Operating profit before depreciation (EBITDA)	2.8	2.4	13.3	6.0
Depreciation and write-offs of tangible fixed assets	-	-	-	-
Operating profit before interest, taxes and amortization (EBITA)	2.8	2.4	13.3	6.0
Amortization of intangible fixed assets	-0.2	-0.2	-1.0	-1.0
Other costs	-1.0	-0.3	-1.8	-
Operating profit (EBIT)	1.6	1.8	10.5	5.0
Financial income	73.2	84.6	416.2	176.2
Financial costs	-26.8	-15.6	-86.2	-33.6
Profit after financial costs	48.1	70.8	340.4	147.6
Year-end adjustments	1.9	2.7	1.9	2.7
Net income before tax	50.0	73.5	342.4	150.3
Tax on profit	-	-	-0.5	-
Net income	50.0	73.5	341.8	150.3

Parent company balance sheet (MSEK)

ASSETS	31 Dec 2023	31 Dec 2022
Non current-assets		
Trademarks	1.6	2.6
Tools, furniture and fixtures	0.1	0.1
Shares in subsidiaries	8,116.7	8,065.6
Shares in associated companies	1.6	0.4
Total non current assets	8,120.0	8,068.7
Current assets		
Inventory	6.3	4.9
Accounts receivable	4.3	5.2
Tax claims	-	2.4
Intercompany receivables	43.1	30.8
Other receivables	0.5	1.0
Prepaid costs and deferred revenue	1.7	1.5
Cash and bank balances	96.2	85.2
Total current assets	152.1	131.0
TOTAL ASSETS	8,272.1	8,199.7
EQUITY AND LIABILITIES		
Equity		
Share capital	1.6	1.6
Reserves	6,208.5	6,208.5
Retained earnings including net income	547.7	240.8
Total equity	6,757.8	6,450.9
Long term liabilities		
Debt to credit institutions	1,441.2	1,640.4
Short term liabilities		
Accounts payable	4.8	1.9
Intercompany payables	53.0	94.1
Other liabilities	1.4	1.1
Tax liabilities	0.2	-
Deferred costs and prepaid income	13.8	11.3
Total liabilities	1,514.3	1,748.8
TOTAL EQUITY AND LIABILITIES	8,272.1	8,199.7

Malmö February 15th, 2024

Håkan Lagerberg
CEO

Håkan Svanberg
Board Chairman

Johan Bergdahl
Board Member

Heinz-Jürgen Bertram
Board Member

Sara Brandt
Board Member

Thomas Eklund
Board Member

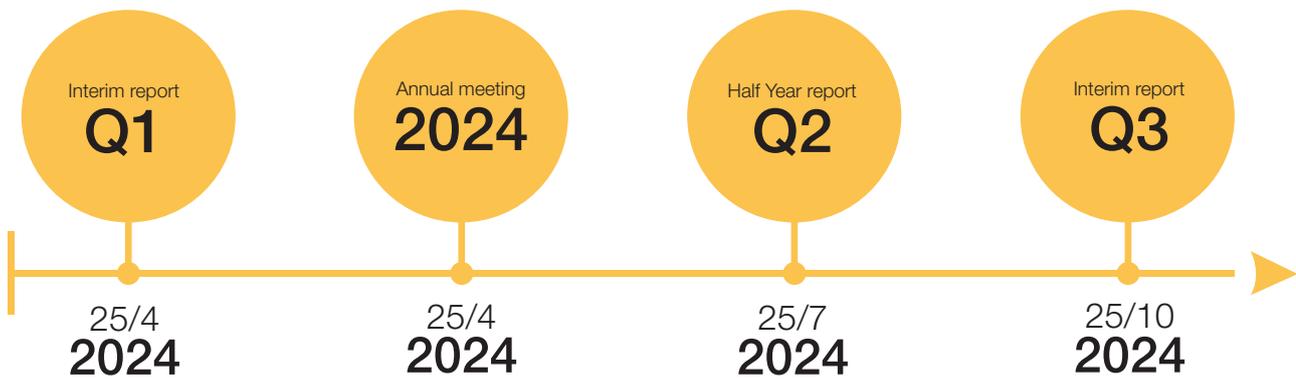
Jean-Yves Parisot
Board Member

Ulrika Valassi
Board Member

Auditor's review

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

Future reporting schedule



The annual reports for 2023 will tentatively be published on April 4th, 2024 on www.swedencare.com.

Contact

Swedencare AB (publ), Org.nr. 556470-3790
Medeon Science Park
Per Albin Hanssons väg 41
205 12 Malmö

Visit our website www.swedencare.com

Håkan Lagerberg, CEO Swedencare
Phone: +46 (0)73 517 0170
E-mail: hakan.lagerberg@swedencare.se

Jenny Graflind, CFO Swedencare
Phone: +46 (0)73 944 8554
E-mail: jenny.graflind@swedencare.se





Premium Pet Health Care products.

Read more at swedencare.com

